瀾起

MONTAGE TECHNOLOGY

瀾起科技股份有限公司
Montage Technology Co., Ltd.

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

Stock Code : 6809

2025
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Howard C. Yang
Mr. Stephen Kuong-Io Tai

Non-executive Directors

Dr. Wang Rui
Ms. Fang Zhoujie

Independent Non-executive Directors

Dr. Li Ruoshan
Professor Ko Ping Keung
Dr. Yuhua Cheng
Dr. Shan Hailing

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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JOINT COMPANY SECRETARIES

Ms. Fu Xiao
Ms. Lai Siu Kuen

AUTHORIZED REPRESENTATIVES

Dr. Howard C. Yang
Ms. Lai Siu Kuen

AUDIT COMMITTEE

Dr. Li Ruoshan *(Chairman)*
Dr. Yuhua Cheng
Dr. Shan Hailing

REMUNERATION AND APPRAISAL COMMITTEE

Dr. Yuhua Cheng *(Chairman)*
Professor Ko Ping Keung
Dr. Shan Hailing
Ms. Fang Zhoujie

NOMINATION COMMITTEE

Dr. Shan Hailing *(Chairman)*
Dr. Li Ruoshan
Dr. Howard C. Yang

STRATEGY AND ESG COMMITTEE

Dr. Howard C. Yang *(Chairman)*
Mr. Stephen Kuong-Io Tai
Dr. Wang Rui
Professor Ko Ping Keung

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PRC Auditor:
Ernst & Young Hua Ming Accountants LLP

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www.montage-tech.com

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
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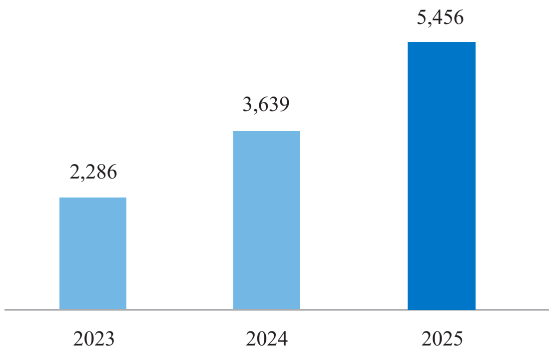
FINANCIAL SUMMARY

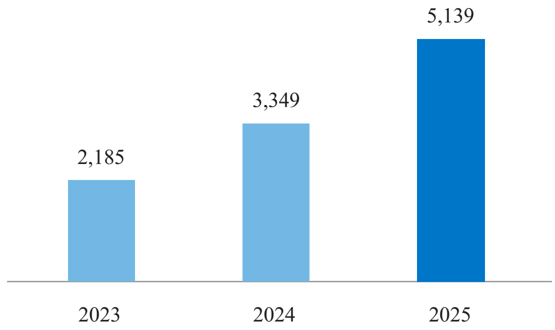
Revenue

(in RMB million)



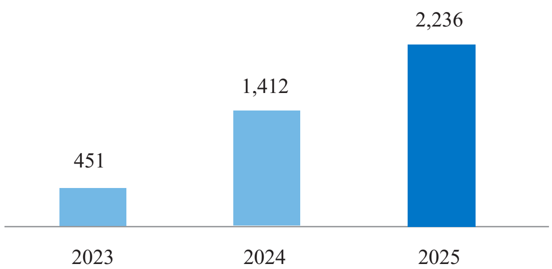
Interconnect chips revenue

(in RMB million)



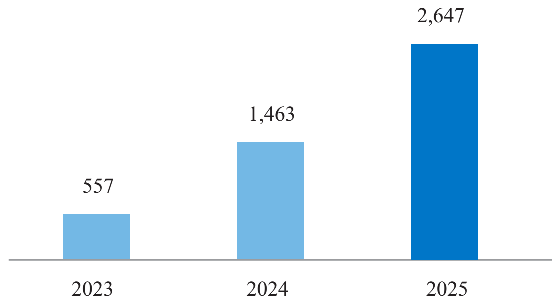
Profit attributable to shareholders of the parent

(in RMB million)

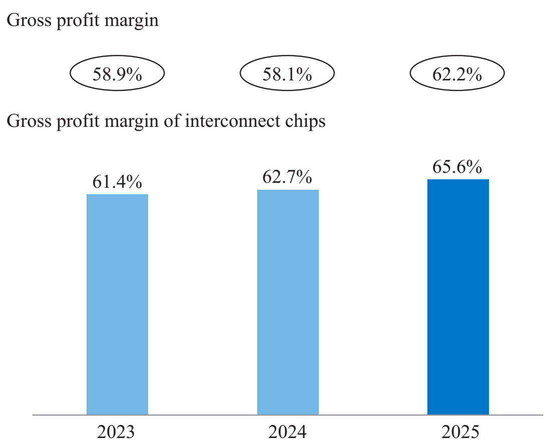


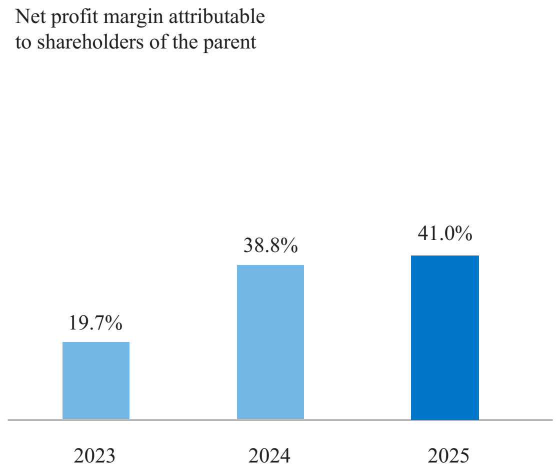
Profit attributable to shareholders of the parent after excluding the impact of share-based payment expenses

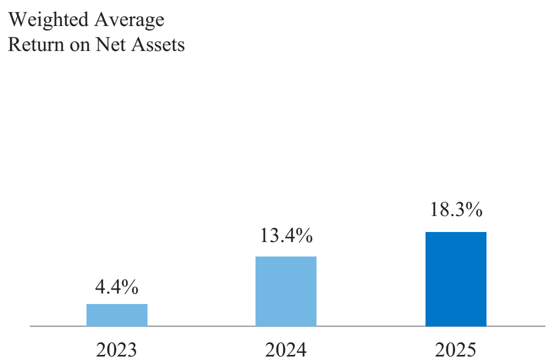
(in RMB million)

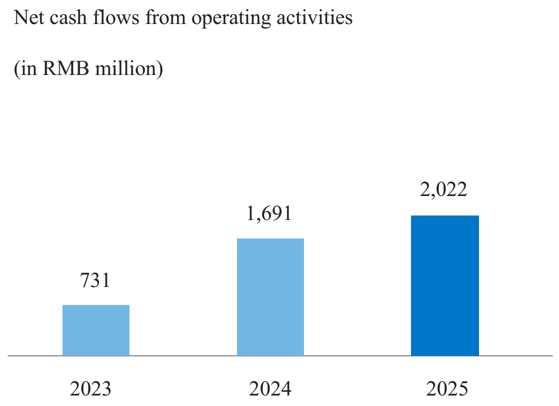


FINANCIAL SUMMARY









CHAIRMAN'S STATEMENT

As time advances and a new chapter unfolds, the transformative wave of artificial intelligence is reshaping the global technology landscape with immense momentum. In early 2026, Montage Technology achieved a major milestone – our successful listing on the Main Board of The Stock Exchange of Hong Kong. From this new vantage point in the international capital markets, we reflect on 2025: the Montage team strategically embraced the AI era, further reinforcing our product fundamentals through technological innovation. While continuously delivering exceptional value to our customers, we remain steadfast in pursuing steady and sustainable long-term growth.

Strategic Leadership: Building Our Interconnect Strength Amid the AI Wave

The advancement of artificial intelligence is elevating interconnectivity in data transmission to a strategic level on par with computing and memory. Building on our position as a global leader in memory interconnect chips, Montage Technology is expanding into the broader high-speed interconnect market, steadily progressing toward our vision: to become a leading global provider of interconnect semiconductor solutions.

We strategically capitalized on the dual opportunities presented by the DDR5 iteration and the AI industry surge, continuously advancing product innovation and upgrades. During the Reporting Period, shipments of our memory interconnect chips grew substantially. We introduced a range of new products, including DDR5 Gen 5 RCD chips, Gen 2 MRCD/MDB chips, and the latest generation of CKD chips. We also led the development of relevant international standards at JEDEC, advancing innovation in memory interconnect technology. These efforts have further solidified our market leadership in this field.

In the PCIe high-speed interconnect domain, we continue to expand our product portfolio. Building on our in-house high-speed SerDes technology, and following the successful commercialization of PCIe 5.0 Retimer chips, we have launched PCIe 6.x/CXL 3.x Retimer chips along with corresponding Active Electrical Cable (AEC) solutions. Meanwhile, development of PCIe 7.0 Retimer and PCIe Switch chips is progressing steadily, as we move toward offering customers a more comprehensive and competitive suite of PCIe interconnect solutions.

The CXL technology ecosystem is thriving. As the first company worldwide to introduce Memory Expansion Controller (MXC) chips, we have collaborated with partners to drive the maturation and commercialization of CXL technology. During the Reporting Period, we launched MXC chips compliant with the CXL 3.1 standard and have begun sampling to key customers. We are encouraged to observe CXL memory pooling and expansion applications gaining traction, with AI inference emerging as a key catalyst for their widespread adoption.

Ethernet and optical interconnect are critical components in high-speed connectivity and a key strategic focus for our expansion. Currently, we are engaged in the development of Ethernet PHY Retimer chips to accelerate our product layout in this field. Leveraging our long-term expertise in high-speed SerDes technology and proven industrialization capabilities, we are well-positioned to achieve new breakthroughs in both technology and the market.

Innovation is the cornerstone of Montage Technology's development. Over the past year, a clear product strategy, efficient R&D execution, and sharp market insights have driven the Company to record-high performance. In 2025, the Company recorded revenue of RMB5.456 billion, up 49.9% year-on-year; net profit attributable to owners of the parent was RMB2.236 billion, an increase of 58.4% year-on-year, representing leapfrog growth.

People First: Building a World-Class Hard-Tech Team

As an innovation-driven hard-tech company, we regard talent as our most valuable asset. Keeping pace with global technological frontiers, we continue to attract and cultivate top-tier R&D and management professionals, forging a team with global vision and systems engineering excellence.

Guided by our "People First" principle, we foster a diverse and inclusive workplace and support the growth of our people alongside the Company. We implement a comprehensive talent strategy – attracting talent with meaningful careers, uniting them with our culture, and motivating them through institutional mechanisms – by establishing a market-competitive compensation structure, multi-tiered welfare benefits, and a broad-based employee stock ownership plan. These efforts strengthen the alignment of interests among our employees, the Company, and shareholders. We are committed to our employees' professional development and physical and mental well-being, and we nurture individual and collective potential through systematic talent development, thereby building a sustainable talent foundation for the Company's long-term competitiveness and growth in the global marketplace.

In 2025, our global R&D technical team continued to grow, reaching a total of 583 members, accounting for 74% of the total employee headcount. Within the R&D team, 64% hold master's degrees or above.

Governance Foundation: Safeguarding Long-Term Value with Transparency and Compliance

Corporate governance is the cornerstone of enterprise sustainable development. Leveraging our listing on the Main Board of the Stock Exchange of Hong Kong (H-share listing), we have continuously optimized the Board structure, enhanced the internal control system, and strengthened business ethics and compliance management, further establishing a sound governance mechanism with clear accountability and efficient operations. We added one new independent director to the Board, increasing the proportion of independent directors to 50% and making the Board structure more diverse and balanced. We are committed to responsible practices and actively manage our operations and supply chain in accordance with the standards of the Responsible Business Alliance (RBA) for the global electronics industry, striving to foster an ethical, transparent, and sustainable business ecosystem. Our information disclosure has been rated Grade A (Excellent) by the Shanghai Stock Exchange (SSE) for three consecutive years. We were included as a constituent stock of the SSE 50 Index for the first time, further elevating our capital market profile.

We place great emphasis on shareholder returns, sharing development achievements with investors through continuous dividends and share repurchases. During the Reporting Period, the Company paid cash dividends of RMB0.67 billion and repurchased shares worth RMB0.42 billion; from the A-share listing in July 2019 to the end of 2025, we have cumulatively paid cash dividends of RMB2.37 billion and repurchased shares worth RMB1.43 billion. We have incorporated market capitalization into the executive assessment framework for four consecutive years, guiding management to focus on long-term value creation.

Green Operations: Low-Carbon Development and Fulfilling Environmental Responsibilities

Montage Technology integrates sustainability principles into product R&D and corporate operations. In product design, we adhere to a low-power design philosophy. Our DDR5 Gen 5 RCD chips reduce power consumption by nearly 40% at equivalent speeds compared to our DDR5 Gen 1 RCD chips, helping to enhance energy efficiency in data centers through technological innovation. In supply chain management, we collaborate with partners to build a responsible supply chain and strictly implement the conflict-free minerals policy. In our operations, we continuously promote energy conservation and emission reduction, optimize waste recovery and resource recycling, and gradually expand the accounting and disclosure of Scope 3 carbon emissions, fulfilling our environmental responsibilities with a more transparent approach.

Giving Back to Society: Commitment to Social Responsibility

Our growth is rooted in society, and we are committed to giving back. During the Reporting Period, we actively engaged in initiatives to strengthen the industry ecosystem and support social welfare. Through philanthropic programs focused on education and community care, we fulfilled our responsibilities as a corporate citizen, extending the positive impact of technological progress to more communities.

Our listing on the international capital market in early 2026 marks a new beginning for Montage Technology. We are grateful for this milestone and mindful of the responsibility it brings. Moving forward, we will continue to uphold the corporate spirit of "accelerating with focus & innovation", driving industrial advancement through technology, ensuring sustainable growth through sound governance, protecting our environment through green operations, and contributing sincerely to society. Together with all our stakeholders, we look forward to interconnecting infinite possibilities and powering a better future in the unfolding journey of the artificial intelligence era.

Dr. Howard C. Yang
Montage Technology Co., Ltd.
Chairman of the Board, Chief Executive Officer and Chief Scientist

BUSINESS OVERVIEW

OUR PRODUCTS

We are a leading global fabless IC design company dedicated to providing innovative, reliable and power-efficient IC interconnect solutions for cloud computing and AI infrastructure. We currently have two major product lines: interconnect chips and the Jintide products. Our interconnect chips primarily include memory interface chips, memory module supporting chips, PCIe Retimer chips, CXL MXC chips and clock chips. Our Jintide products mainly consists of our Jintide CPU and Security & Trust Computing Accelerator. The following chart provides an overview of our products along with their functions and applications.

	Main Products	Function Introduction	Major Applications
Interconnect Chips			
Memory Interconnect Chips	RCD、DB、MRCD、MDB、CKD	• Serve as a pathway for CPUs to access memory data, enhance the speed and stability of memory data access	Server and PC memory modules
	SPD、PMIC、TS	• Memory module supporting chips that function as the communication center between the system master and the components on the memory module, provide power support for other chips on the memory module, and enable temperature monitoring of memory modules	
PCIe/CXL Interconnect Chips	PCIe Retimer	• Mainly used to address signal issues in high-speed, long-distance transmission scenarios, such as timing misalignment, attenuation, and integrity degradation	Server
	CXL MXC	• Facilitate memory pooling and memory expansion	Server
Clock Chips	clock generator chips、clock buffer、spread-spectrum oscillator	• Provide precise clock pulse signals to various system devices to ensure reliable system operation	Widely applicable to various electronic systems
Jintide Products			
Jintide Products	Jintide CPU	• Jintide CPU is an x86 architecture CPU with PrC (Pre-Check) or DSC (Dynamic Security Check) features	Server
	Security & Trust Computing Accelerator	• Address the demand for high-concurrency data encryption and decryption	Server

Interconnect Chips

Memory Interconnect Chips

- ***Memory Interface Chips (RCD/DB, MRCD/MDB and CKD)***

  Memory interface chips are the core components of server memory modules and serve as a pathway for server CPUs to access memory data. Their primary function is to optimize data transfer speeds, improve signal integrity, and ensure stability for the computing systems. These chips must be compatible with other components of memory modules produced by different manufacturers and undergo rigorous qualification processes from server CPU vendors and memory modules manufacturers before they can be deployed at scale in commercial applications.

  Our memory interface products are founded on memory interface technologies, which act as high-speed bridges between processors and memory modules to realize faster and more reliable access to the computer's memory, so as to keep up with the increasingly higher demand in speed and capacity of CPUs. The development of these technologies closely follows the evolution of memory module standards set by the JEDEC. Among the most widely adopted standards is DDR SDRAM (Double Data Rate Synchronous Dynamic Random Access Memory), which improves data throughput by transferring data on both the rising and falling edges of the clock signal. Since the commercial launch of DDR1 around 2000, DDR standards have advanced significantly, with each new generation offering substantial improvements in data transfer speed, bandwidth, capacity, and power efficiency.

  Currently, we are experiencing the industry's shift from DDR4 to DDR5, with DDR5 now becoming the mainstream standard, especially in server and high-throughput applications. DDR4, which became widely adopted in 2016, was available in several speed grades to meet diverse computing needs. DDR5 further delivered higher data rates, increased bandwidth, and greater power efficiency. JEDEC has already standardized multiple sub-generations of DDR5. Furthermore, to accommodate higher transfer rates and emerging requirements, JEDEC has also defined new memory module architectures such as MRDIMM (for servers) and CUDIMM/CSODIMM (for desktops and laptops), and is developing standards related to DDR6.

  I. *RCD/DB*

     Typically, DDR4 and DDR5 memory interface chips used for RDIMM and LRDIMM can be divided into two types according to their functions: one is the RCD, which is used to buffer addresses, commands, clocks, and control signals from the memory controller; the second is the DB, which is used to buffer data signals from memory controllers or DRAM dies.

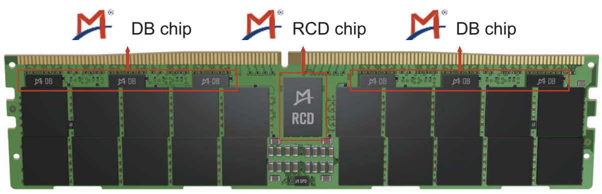
     As JEDEC standards and memory technologies have evolved, we have successively introduced a comprehensive set of industry-leading of DDR2 to DDR5 memory interface chips. Compared to DDR4, DDR5 offers higher data transfer speeds, greater memory capacity, improved power efficiency, and enhanced performance: DDR5 memory module operates at a lower voltage of 1.1V, making it more power-efficient. The final sub-generation of DDR4 products support a data rate of 3,200 MT/s. In contrast, DDR5 RCD chips have six sub-generations, with data rates continuing to increase across each iteration. Specifically, DDR5 Gen5 RCD chips can support a data transfer rate of 8,000 MT/s, which is 2.5 times the JEDEC standard maximum speed of DDR4.

We are at the forefront of the industry in terms of technological innovations. During the DDR4 generation, we innovatively adopted a distributed architecture consisting of one RCD chip and nine DB chips. This design significantly reduces the load effect between the CPU and DRAM chips, lowers signal transmission loss, and resolved the trade-off between high capacity and high speed in memory subsystems. This technical architecture was ultimately adopted by JEDEC and became the international standard for DDR4 LRDIMM, substantially enhancing the Company's international influence. In the DDR5 generation, the "1+9" architecture evolved into the "1+10" architecture, continuing to serve as the international standard for LRDIMM and has further developed into the international standard for a new type of high bandwidth memory module MRDIMM.

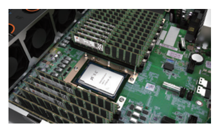
Our DDR5 memory interface chips are now widely deployed across global mainstream memory modules and servers, occupying a significant share of the global market. Our DDR5 Gen6 RCD chips which are currently developing will support data rates up to 9,200 MT/s.

The following diagram sets forth an illustration of the DDR5 LRDIMM memory module and the placement of our memory interface chips.

Memory interface chips (RCD, DB)



DDR5 LRDIMM memory module



Enterprise Server

II. *MRCD/MDB*

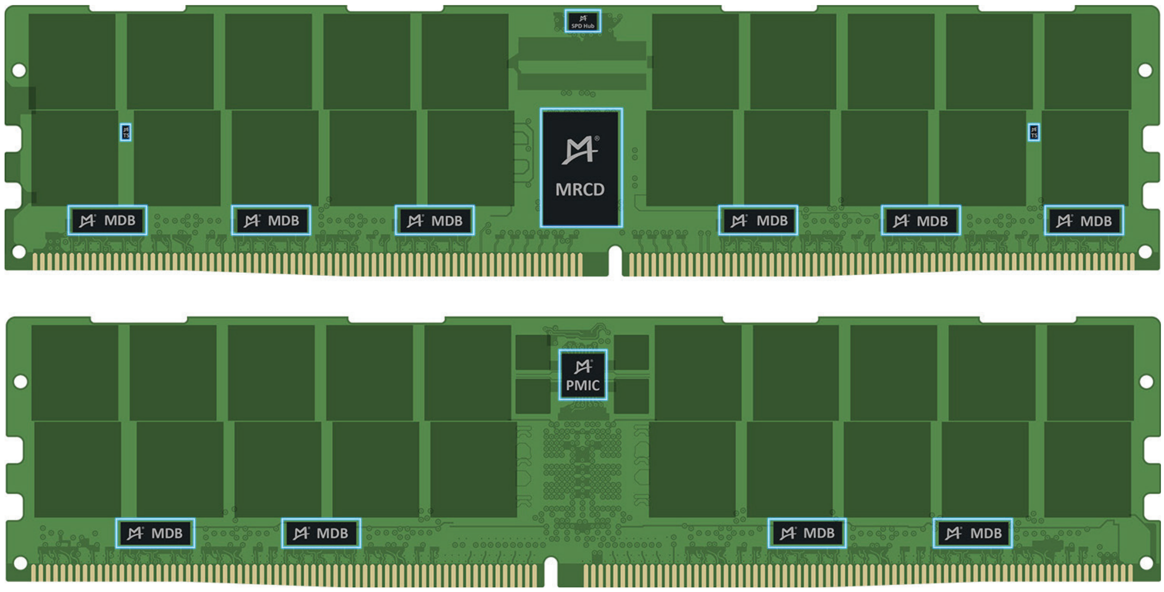
The MRCD and MDB chips serve as core logic devices for a new type of high-bandwidth server memory modules — MRDIMM. MRCD chip is used to buffer addresses, commands, clocks, and control signals from the memory controller. MDB chip is used to buffer data signals from either the memory controller or DRAM chips. At standard data rates, the MDB chip allows simultaneous access to two DRAM arrays (whereas conventional RDIMMs can only access one array), thereby achieving double the bandwidth.

Our first-generation MRCD and MDB products support data rates of up to 8,800MT/s, meeting the high memory bandwidth demands of applications such as cloud computing and AI infrastructure. We are one of the only two global suppliers who can mass produce first-generation MRCD and MDB chips, with significant advantages in key technical metrics such as power consumption. These advancements position us as a leader in the high-bandwidth memory interface chips market.

In January 2025, we launched second-generation MRCD and MDB chips, which support a data rate of up to 12,800MT/s, representing a 45% improvement compared to the first-generation products. This substantial performance boost addresses the growing demand for higher bandwidth in applications requiring high-speed and reliable computing. As the JEDEC SPEC owner MDB chips, we drive innovation in this space to maintain our industry leadership in empowering next-generation memory solutions.

BUSINESS OVERVIEW

The following diagram sets forth an illustration of our MRCD and MDB chips and their positioning in a MRDIMM.

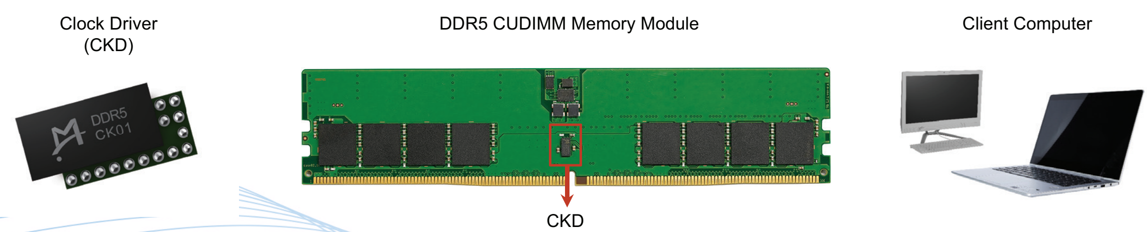


III. CKD

CKD is used in PC memory module to buffer and re-drive clock signals in order to maintain the integrity and reliability of high-speed clock signals. According to the JEDEC standard, when DDR5 data rates reach 6,400MT/s or higher, PC memory modules will need to introduce a dedicated CKD chip. Our CKD chip is compliant with the JEDEC specification, and Gen 1 products support data rates up to 7,200MT/s. Prior to the adoption of DDR5 memory module, the clock driving functionality was integrated into the RCD chip and primarily used in server memory modules. This feature was not deployed in PC memory modules at the early stage of DDR5, such as those for PCs. However, as DDR5 data transfer rates continue to increase, the clock signal frequencies have also risen significantly, leading to growing challenges with signal integrity.

DDR5 CKD chip is designed for the PC memory modules to enhance the speed and stability of memory data access, matching the increasing CPU operating speed and performance. The Group launched a new generation of CKD chips during the Reporting Period, which support data rates up to 9,200MT/s.

The following diagram sets forth an illustration of our CKD chip and its positioning in a CUDIMM and application in a PC.



- ***Memory Module Supporting Chips (SPD, TS and PMIC)***

  According to JEDEC standard, along with key memory interface chips, we have also rolled out supporting devices for DDR5 memory modules, including SPD, PMIC and TS. These devices deliver one-stop memory interface solutions with improved performance and greater capacity for servers and PCs based on their wide applications in DDR5 memory modules.

  The SPD chip facilitates communication between the main control devices and other components, allowing the main control devices to efficiently exchange data with other components to ensure smooth operation and optimal performance. The TS chip monitors the temperature of the memory module, ensuring that the memory module operates reliably, even under heavy workloads or high-temperature conditions. The PMIC performs a primary function to provide stable and efficient power support to other components on the memory module.

  The following diagram sets forth an illustration of our SPD, TS and PMIC products and their positioning in a typical memory module.

PCIe/CXL Interconnect Chips

PCIe Retimer

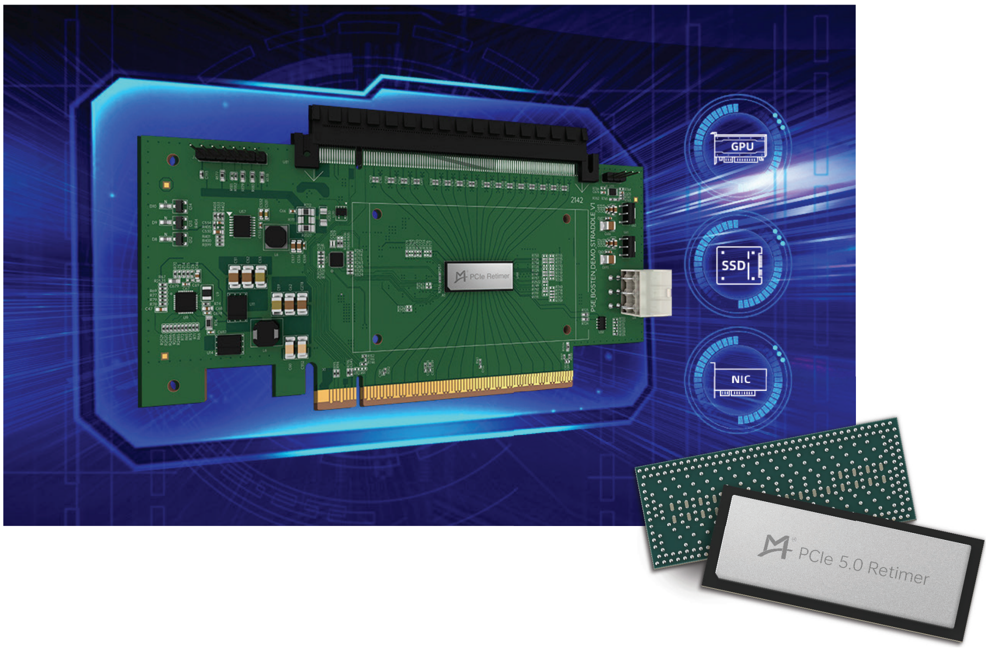
PCIe Retimer is an ultra-high-speed signal conditioning chip designed for the PCIe data transmission protocol. The protocol is a high-speed serial expansion bus standard that serves as a core technology for fast data interconnection in data centers and servers. Since its introduction in 2003, the evolution of PCIe from 1.0 (2.5GT/s), 2.0 (5GT/s), 3.0 (8 GT/s) to 4.0 (16 GT/s), 5.0 (32 GT/s), and now moving toward 6.0 (64 GT/s) and 7.0 (128 GT/s) has brought exponential increases in data transfer rates. This protocol has enabled the development of a wide range of chip products, such as PCIe Retimers and PCIe Switches, which enhance signal integrity and expand connectivity in complex computing environments. However, these advancements have also led to challenges, such as signal attenuation and reference clock timing issues, demanding for optimization of high-speed circuit and interconnect designs.

To address these challenges, PCIe Retimer chips have gradually become indispensable key components in high-speed circuits. Particularly in high-speed and long-distance data transmission scenarios within data centers, they can effectively address issues such as unaligned signal timing, severe signal attenuation, and poor signal integrity. Our PCIe Retimer utilizes advanced signal conditioning technology, which compensates for channel losses and eliminates the effects of various jitter sources. This enhances signal integrity and extends the effective transmission distance of high-speed signals, providing a reliable and efficient PCIe interconnect solution for applications such as servers, storage devices, and hardware accelerators.

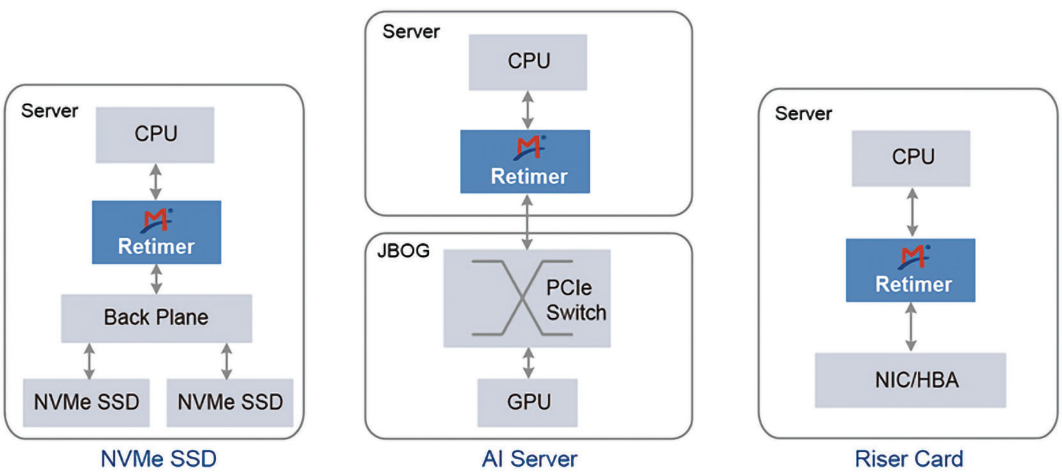
Our mass produced PCIe Retimer portfolio consists of a PCIe 4.0 Retimer and PCIe 5.0/CXL 2.0 Retimer. Our PCIe 4.0 Retimer complies with the PCIe 4.0 specification, supports a 16 GT/s transmission rate, and can compensate for up to 28 dB of channel loss. Our PCIe 5.0/CXL 2.0 Retimer meets the PCIe 5.0 and CXL 2.0 specifications, supports a 32 GT/s transmission rate, and compensates for up to 36 dB of channel loss. It is compatible with mainstream industry packaging standards, with outstanding performance metrics including power consumption and transmission latency. Both PCIe 4.0 Retimer and PCIe 5.0/CXL 2.0 Retimer have undergone extensive interoperability testing with CPUs, PCIe Switches, NVMe SSDs, GPUs, and NICs.

In addition, we have introduced the PCIe 6.x/CXL 3.x Retimer, which supports a 64 GT/s transmission rate and utilizes PAM4 SerDes technology. This retimer achieves superior signal integrity with link budget up to 43dB while maintaining low latency, and is designed for various applications, including AI servers, active electrical cables (AEC), and storage devices.

The following diagram sets forth an illustration of our PCIe Retimer chip in a PCIe card.



The following graphics illustrate the typical application scenarios of our PCIe Retimer chip.



CXL MXC

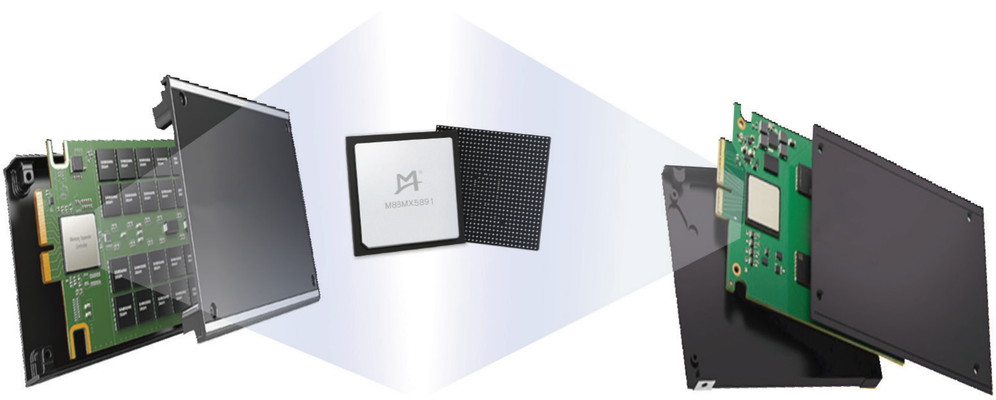
MXC is a Type 3 CXL DRAM memory expander controller. MXC chip offers high-bandwidth and low-latency interconnect between the CPU and the CXL-based devices, allowing them to share memory for enhanced performance and less complicated software stacking, therefore lowering the total cost of ownership (TCO) of data centers.

The Compute Express Link (CXL) protocol was introduced in 2019 and it leverages the PCIe physical layer to facilitate high-speed, low-latency data exchange among CPUs, GPUs, and memory modules. Through its three foundational protocols, CXL.io, CXL.cache, and CXL.memory, CXL supports diverse application scenarios, including direct memory access between smart devices and CPUs, as well as memory expansion and pooling.

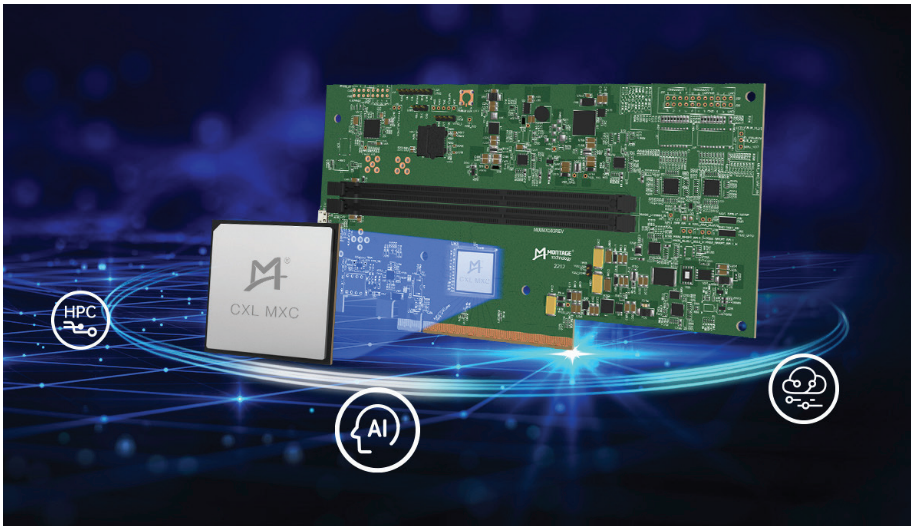
In May 2022, we released the world's first CXL MXC chip and supported memory manufacturers such as Samsung Electronics and SK Hynix in introducing related CXL memory modules, accelerating the commercialization process of next-generation memory solutions. Our MXC chip has successfully passed dozens of rigorous tests by the CXL Consortium and is listed as a compliant supplier for both CXL 1.1 and CXL 2.0 standards. We collaborate with a broad range of partners, including CPU/GPU manufacturers, DRAM manufacturers, cloud service providers (CSPs), and server OEM/ODMs, to drive the broader adoption of CXL.

In the age of AI, CXL technology facilitates efficient collaboration between accelerators such as GPUs and FPGAs (field-programmable gate arrays) with the main processor, significantly enhancing the speed of AI model training and inference, and enabling low latency, high-speed data transmission to greatly improve computational efficiency. Meanwhile, CXL technology supports memory expansion and memory sharing, providing AI applications with greater memory capacity and more flexible resource allocation.

MXC chips are primarily used in two application scenarios: (i) AIC (Add-in Card) connected to standard DDR5/4 memory modules and (ii) EDSFF modules. The following graphics illustrate such applications:

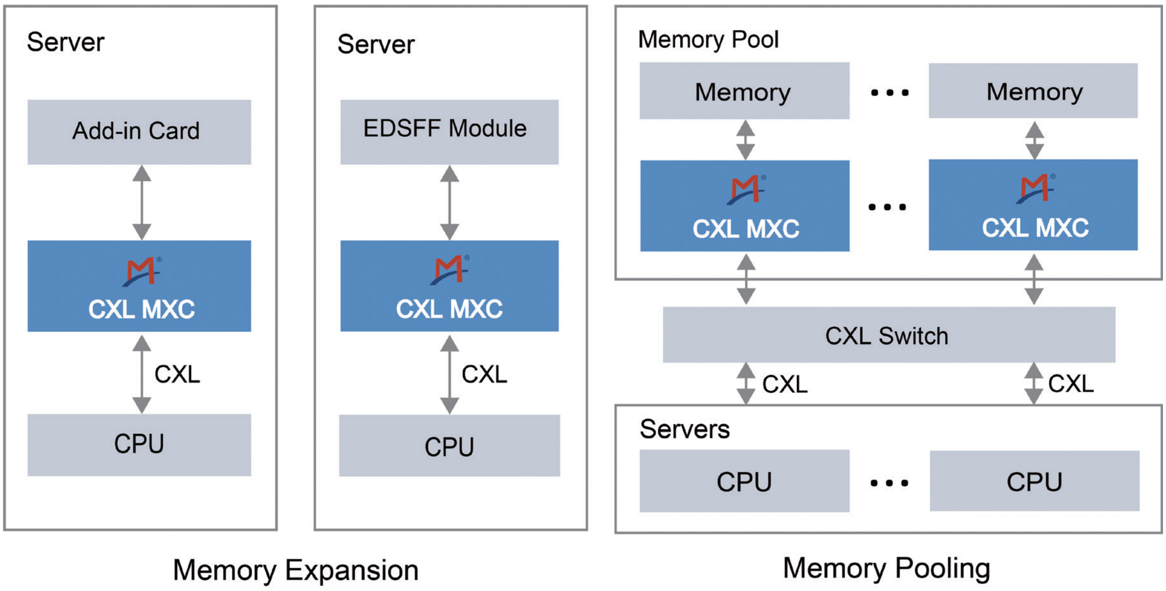


MXC application in AIC



MXC application in EDSFF

The following graphics illustrate the typical application scenarios of our MXC chips.



Clock Chips

A clock chip is designed to provide the essential clock pulses required for the operation of electronic systems. It provides a unified timing reference for different chips and functional modules within the system, ensuring coordinated and stable operation of all components. Main types of clock chips include clock generator chips, clock buffers, jitter attenuator chips, oscillators and real-time clock chips (RTC), etc.

The portfolios of our clock chips consist of clock generator chips, clock buffer and spread-spectrum oscillator (differential oscillator with spread-spectrum capability) products. Our clock Generators support up to 4 independent differential outputs and deliver highly accurate timing signals; our clock buffers provide 4 to 10 scalable outputs for lossless signal distribution; our spread-spectrum oscillator effectively suppress electromagnetic interference (EMI) to enhance system stability while providing high-precision clock source. The clock chips adopt advanced mixed-signal architecture for industry-leading ultra-low output phase noise. Each channel output can separately configure relevant parameters, such as I/O type, drive strength, voltage, frequency, spread spectrum, for precise receiver alignment. All of these can enhance signal integrity, reduce power consumption and lower design complexity.

With the rapid growth of AI computing power, continuous upgrading of 5G communications, and ongoing advancement of industrial automation, the market has imposed increasingly stringent requirements on the accuracy and stability of clock signals. Our clock chips, offering high reliability, low jitter, and multi-application flexibility, have passed stringent validation by leading industry partners. These products will be well-suited for deployment in data centers, communication infrastructure, industrial control systems, consumer electronics, and automotive electronics in the future.

The following diagram sets forth an illustration of our clock chips.

Jintide Products

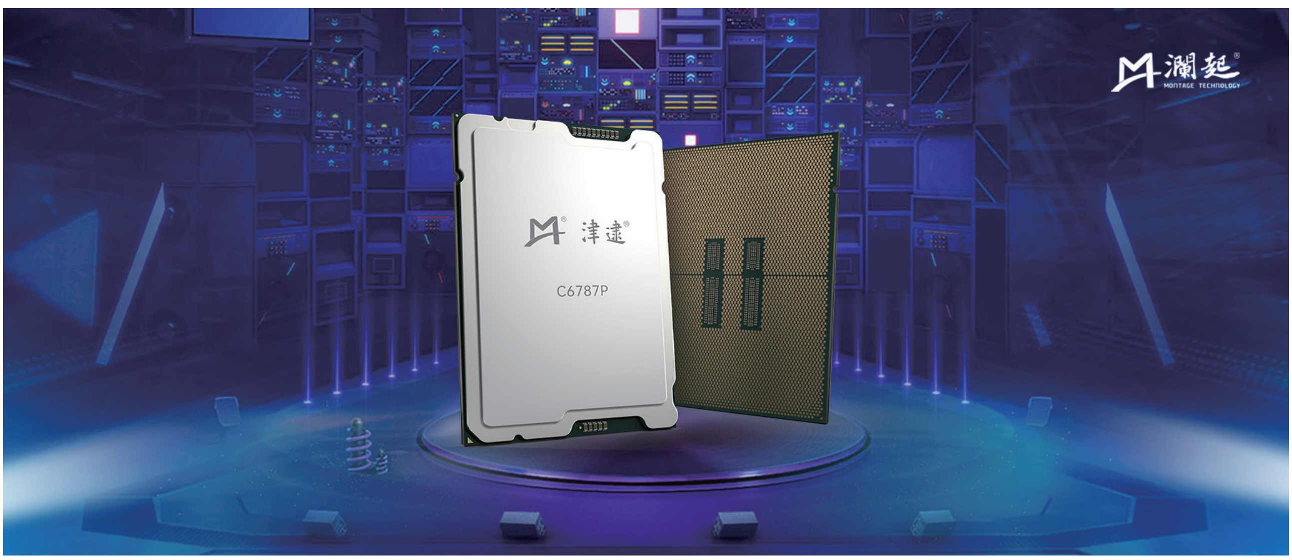
Our Jintide products encompass Jintide CPU and Security & Trust Computing Accelerator.

Jintide CPU

With the x86 cores that we procured from Intel, we have developed Jintide CPU, an x86 processor family with PrC (Pre-Check) or DSC (Dynamic Security Check) features. In August 2025, we released our latest Jintide Gen6 P-core CPU. Each CPU supports up to 86 Performance-cores, 172 threads and a maximum Level 3 cache capacity of 336MB. The Jintide CPU has eight memory channels, supporting DDR5 RDIMM with a data rate of up to 6,400 MT/s or MRDIMM with a data rate of up to 8000 MT/s. In terms of I/O capabilities, the Jintide CPU supports PCIe 5.0 and CXL 2.0 extensions, offering up to 88 PCIe lanes, providing outstanding scalability for advanced computing and data-intensive applications.

As a domestic brand of server CPU, our Jintide CPU supports the world's mainstream server operation systems including RHEL (Red Hat Enterprise Linux), Windows Server, VMWare ESXi (a bare-metal hypervisor developed by VMware) and SLES (SUSE Linux Enterprise Server), among other applications, and has completed compatibility certification with a number of partners on products covering operating system, cloud infrastructure, database and hardware (such as SSD, GPU and memory). Multiple domestic server OEM/ODMs have been closely collaborating with us to develop servers based on Jintide CPU. These servers have been widely deployed in many industries.

The following diagram sets forth an illustration of our Jintide CPU.



Security & Trust Computing Accelerator

Leveraging our proprietary Mont-TSSE (Trust & Security System Extension) technology architecture and technology, our Security & Trust Computing Accelerator integrates two essential functions, hardware-level data encryption/decryption and platform trust computing measurement, onto a single chip. It could serve as a Hardware Root of Trust (HRoT), a foundational security mechanism built into hardware to secure a system, or for use in commercial cryptography and decryptography applications.

The TSSE technology utilized in the Security & Trust Computing Accelerator is an extension of the DSC functionality originally developed for the Jintide CPU. The Security & Trust Computing Accelerator can be offered as a standalone product or integrated into Jintide CPU.

OUR CORE TECHNOLOGIES

We have developed a proprietary IC design platform, which encompasses key technologies such as digital signal processing, memory management and data buffering, analog design, high-speed logic and interface circuit design, low-jitter clock design, and low-power design. With a high degree of integration, our IC design platform can improve energy efficiency and product performance.

Memory Interface Technologies

Through rigorous R&D, we have established ourselves as one of the few global suppliers capable of delivering a comprehensive set of memory interface chips spanning DDR2 to DDR5.

In the DDR4 generation, our invention of the “1+9” distributed buffer memory subsystem architecture was adopted by JEDEC as the international standard for LRDIMM. In the DDR5 generation, it evolved into the “1+10” architecture, continuing to serve as the international standard for LRDIMM and has further developed into the international standard for a new type of high bandwidth memory module MRDIMM.

We have introduced multiple innovative circuits and algorithms to address the signal integrity challenges of DDR5’s high-speed parallel bus. On the circuit level, we developed high-speed, low-noise transceivers, supplemented by multi-tap decision feedback equalization (DFE) to compensate for far-end crosstalk and inter-symbol interference. On the algorithm level, we proposed bias calibration and adaptive algorithms tailored for complex electromagnetic environments, utilizing a DFE training algorithm with adaptive equalization coefficients to enhance the voltage and timing margins of the signal eye diagram. Additionally, we introduced innovative technologies such as adaptive power management and dynamic clock distribution, significantly reducing the power consumption of memory interface chips.

At the industry forefront, our latest DDR5 Gen 5 RCD supports data rates of up to 8,000 MT/s, while our released DDR5 Gen2 MRCD/MDB chips support data rates of up to 12,800 MT/s.

We are steadily advancing the upgrade of memory interface technologies. Our DDR5 Gen 3 MRCD/MDB chips which are currently under development will support data rates of up to 16,000 MT/s.

High-speed SerDes (Serializer/Deserializer) Serial Interface Technologies

SerDes (Serializer/Deserializer) is a foundational technology in the field of high-speed interconnects. It is a mainstream time-division multiplexing and point-to-point serial communication technology. At the transmitter side, SerDes converts multiple low-speed parallel signals into a high-speed serial signal, which is transmitted through a medium such as optical fiber or copper cables, and then reconverted it to low-speed parallel signals at the receiver side. As the physical layer foundation for various high-speed transmission technologies, including PCIe, USB, and Ethernet, SerDes plays a critical role in enabling reliable, high-speed data transfer. Its broad applications span servers, heterogeneous computing, automotive electronics, and communication systems, making it an essential component in modern high-speed interconnect solutions.

We have consistently invested in the R&D of SerDes technology, achieving significant breakthroughs that lay a solid foundation for the development of innovative solutions. We have developed 32GT/s SerDes IP, which has been applied to the PCIe 5.0/CXL 2.0 Retimer, a product that has secured large-scale procurement from downstream customers in 2024. Building on this success, we further developed 64GT/s SerDes IP, which has been applied into the PCIe 6.x/CXL 3.x Retimer.

We seek to continue advancing the SerDes technology. We are currently in the processing of researching and developing PCIe 7.0 SerDes IP, which could support data rates of up to 128GT/s, positioning us at the forefront of high-speed interconnect solution.

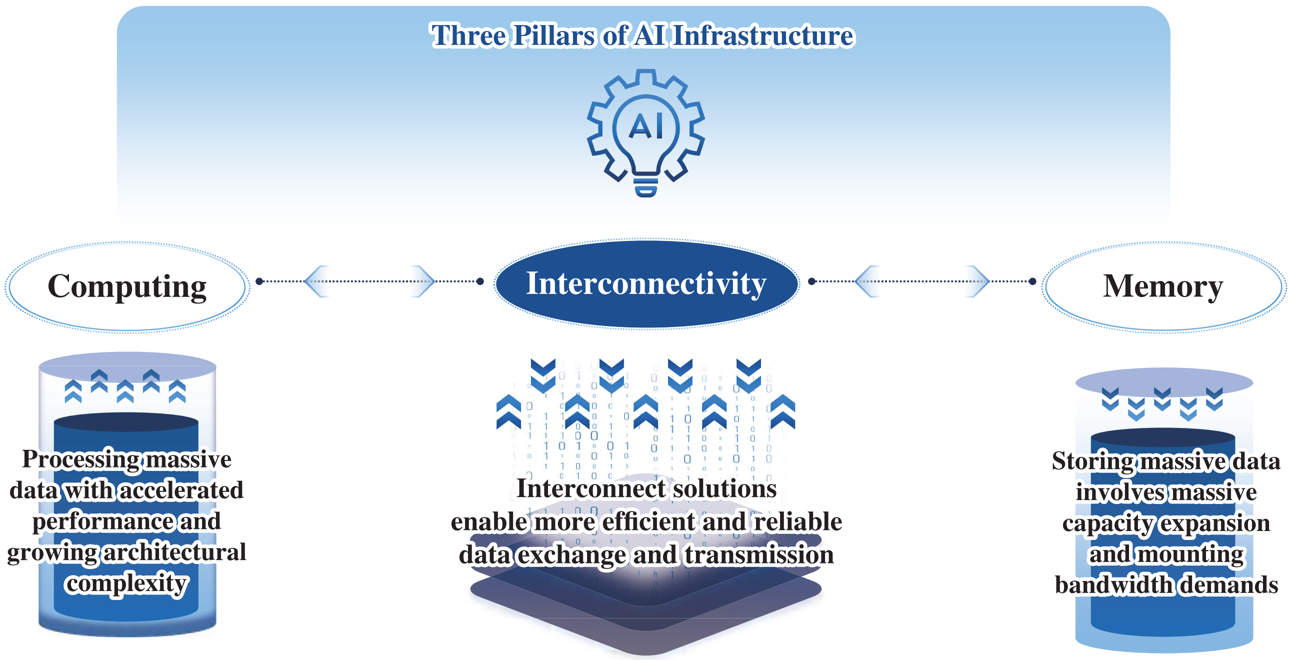
INDUSTRY TRENDS AND LANDSCAPE

Amid rapid advancements in artificial intelligence, the industry is undergoing a profound transformation from general computing to intelligent computing. Generative AI and large language models (LLMs) are poised to reshape the technology sector and exert a far-reaching influence across numerous facets of daily life. The rapid development of generative AI is expected to drive robust growth in the AI server market. According to TrendForce projections, the total addressable market value of AI servers is forecast to reach US$300 billion in 2025, representing a year-on-year increase of 46.1%, with AI servers accounting for over 72% of the total value of the overall server market.

Against the backdrop of a thriving AI industry, the underlying infrastructure is set to maintain strong growth momentum. AI infrastructure rests on three core pillars: (1) Computing – primarily GPUs, CPUs, and various AI accelerators that perform complex computational operations, typically representing the most critical and costly component of the system; (2) Memory – including DRAM, NVMe SSDs, HBM, and other storage media, which provide efficient and reliable data access to support AI model training and inference, serving as the data foundation for AI workloads; (3) Interconnectivity – referring to the multi-layer connectivity and communication capabilities that span chips, servers, clusters, and data centers.

BUSINESS OVERVIEW

As AI infrastructure grows more complex, the role of interconnect becomes increasingly critical. It relies on a variety of high-speed interconnect chips to ensure efficient, stable and low-latency collaboration and data flow among components, thereby comprehensively enhancing the overall efficiency, reliability and scalability of data centers.



We possess profound technological expertise in the field of high-speed interconnect chips. Leveraging open industry standards, we have established ourselves as a market leader in memory interconnect and continue to deepen our capabilities and drive innovation. Through proprietary key technologies such as in-house high-speed SerDes, we have extended our competitive advantages into the PCIe/CXL interconnect domain. Our products are committed to reducing interconnect bottlenecks, delivering substantial improvements in data transfer rates, bandwidth, reliability, and system energy efficiency.

Memory Interconnect Chip Market

Development Trends in Memory Interconnect Chip Market

The development of the memory interconnect chip market is characterized by two key trends:

- Surge in computing drives growing demand for memory capacity and bandwidth

  The strong demand for computing in large model training and inference continues to drive upgrades in memory capacity and bandwidth. Large language models represented by GPT and Deepseek have surpassed the trillion-parameter scale, prompting significant upgrades in memory configurations for AI servers. A typical AI server generally requires more than 20 DDR5 memory modules, with memory capacity and quantity far exceeding those of general-purpose servers. Meanwhile, the computing boom has also raised higher requirements for memory bandwidth. DDR5 Gen1 RDIMMs support speeds of 4,800 MT/s, DDR5 Gen6 RDIMMs are expected to exceed 9,200 MT/s, and DDR5 Gen3 MRDIMMs will reach speeds of 16,000 MT/s. As technologies mature and the ecosystem evolves, MRDIMMs, with their higher bandwidth and overall performance, are expected to replace RDIMMs as the preferred main memory solution for AI server systems, driving a sharp increase in demand for MRCD/MDB chips. The PC segment is also experiencing rapid development, with DDR5 accelerating its penetration into high-end devices such as gaming laptops and AI PCs, where module speeds are gradually iterating to 6,400 MT/s and above. To ensure signal integrity under high-speed operation, nearly all PC memory modules are expected to be equipped with CKD chips as standard by 2029 to 2030.

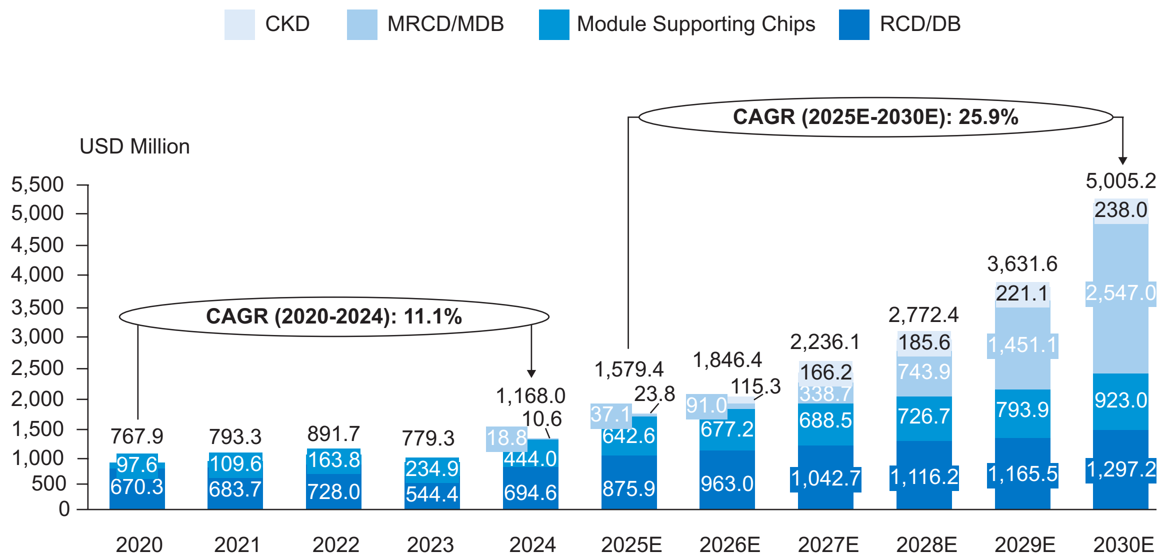
- Significantly shortened technical iteration cycles

  Memory interconnect chip technologies are evolving rapidly along the path of “protocol upgrades – transmission speed enhancements – increasingly complex chip functions”. Technologies such as high-speed signal processing and low-power design have become core competitive advantages, and the value content of memory interconnect chips will continue to rise. In the server market, DDR4 underwent only four generations of iteration, with each generation cycle lasting approximately 18 to 24 months. By contrast, DDR5 is expected to have six generations, and the current iteration cycle has shortened to 12 to 18 months, representing a significant acceleration in technological evolution compared with the DDR4 era.

Market Size of Memory Interconnect Chips

According to forecasts by industry consultant, the global market size of memory interconnect chips is expected to further expand from USD1,579 million in 2025 to USD5,005 million in 2030.

Market Size of Memory Interconnect Chips (by Revenue), Breakdown by Product types, 2020-2030E



Source: Frost & Sullivan, 2025-2030 are estimated data (as of July 2025).

Competitive Landscape and Our Key Strategic Directions in Memory Interconnect Chip Market

As an active JEDEC board member with several committee chair level positions, we play a critical role in shaping and establishing international standards for memory interconnects. We are the JEDEC spec owner of DDR5 RCD, MDB and CKD chips, driving the innovation and migration of memory interface technologies. Our memory interconnect chips hold a significant share of the global market. According to Frost & Sullivan, we have emerged as the largest memory interconnect chip supplier in the world, with 36.8% market share in terms of revenue in 2024.

Our key strategic directions in the memory interconnect chip market are as follows:

On the one hand, we will continue to drive the iteration of our DDR5 memory interface chips and expand into DDR6 memory interconnect chips. With the ongoing penetration and generational advancement of DDR5, our industry leadership in traditional memory interface chips will be further consolidated. At present, the JEDEC organization has initiated preliminary technical discussions and standard-setting for DDR6 DRAM and its associated memory interconnect technologies, in which we are deeply involved.

On the other hand, we will lead innovation in memory interconnect technologies and facilitating the commercialization of new products. As the industry's demand for higher memory bandwidth and faster data transfer rates continues to grow, new products in memory interconnect domain are gradually moving into commercial-scale deployment, including MRCD/MDB chips for high-bandwidth server memory modules and CKD chips for PC memory modules. Leveraging our leading technological capabilities and superior product performance, we will fully benefit from the rapid development of new technologies and the widespread adoption of new products in the memory interconnect industry.

PCIe Interconnect Chip Market

Development Trends in PCIe Interconnect Chip Market

PCIe, as the core bus standard in modern computing, has become the cornerstone for high-speed data transfer between hosts and peripheral devices, owing to its flexible topology, low-latency architectural design, and excellent compatibility. The future development of the PCIe interconnect chip market is primarily driven by the following key factors:

- Surge in AI server shipments drives robust demand for related chips

  As the number of GPUs and AI chips continues to rise and model sizes expand rapidly, demand for system bandwidth and high-speed interconnectivity has increased substantially. PCIe interconnect chips have become critical components for high-speed interconnect between devices. Taking a typical AI server equipped with eight GPUs as an example, such a system generally requires two to four PCIe switches for topology expansion, together with eight to 16 Retimers to extend the effective transmission distance between the CPU and peripheral devices. Demand for PCIe interconnect chips is therefore positively correlated with shipments of such AI servers.

- Continuous upgrading of the PCIe protocol expand the application scenarios

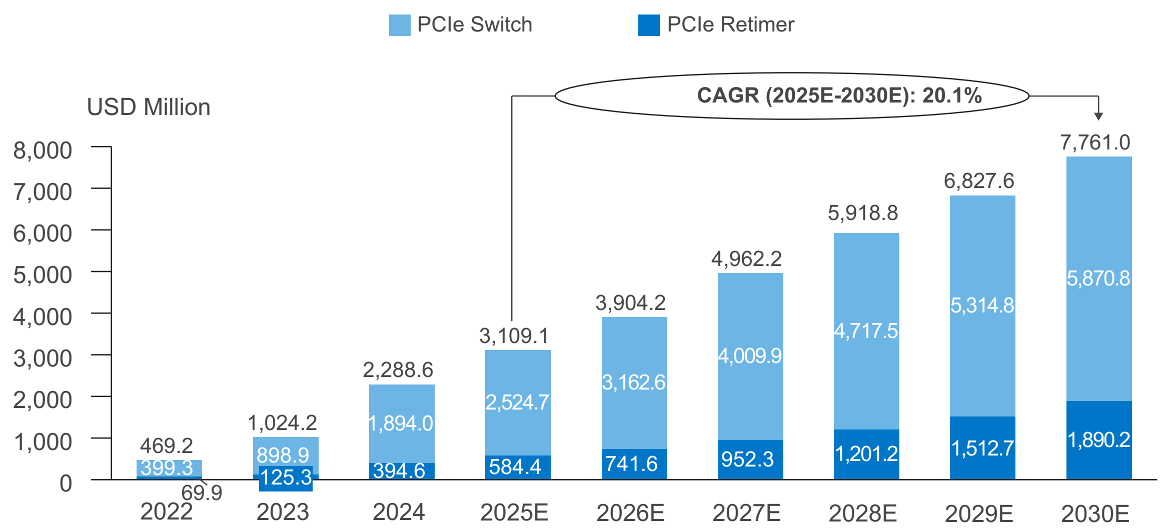
  PCIe 5.0 is gradually becoming mainstream in the market and will further evolve toward PCIe 6.0 and PCIe 7.0 in the future. Each iteration of PCIe protocol doubles data transfer rates, driving two major growth dynamics. On the one hand, higher speeds give rise to more complex signal integrity challenges, extending the application scope of PCIe Retimers from current interconnect among CPUs, GPUs, AI accelerators, SSDs and network interface cards to connection-intensive scenarios such as active electrical cables (AEC), edge computing devices and intelligent vehicles. On the other hand, protocol iteration fuels demand for server cluster networking. PCIe switches are tasked with optimizing multi-device bandwidth and upgrading topology architectures, rendering them increasingly important in AI inference services and high-density data center deployments.

BUSINESS OVERVIEW

Market Size of PCIe Interconnect Chips

According to forecasts by industry consultant, the global PCIe interconnect chip market is expected to further expand from USD3,109 million in 2025 to USD7,761 million in 2030.

Market Size of PCIe Interconnect Chips (by Revenue), Breakdown by Product Types, Global, 2022-2030E



Source: Frost & Sullivan, 2025-2030 are estimated data (as of July 2025).

Competitive Landscape and Our Key Strategic Directions in PCIe Interconnect Chip Market

PCIe Retimer

We are one of the world's three leading suppliers of PCIe 4.0 Retimer chips. In the PCIe 5.0 era, we became the second company globally to achieve mass production of PCIe 5.0/CXL 2.0 Retimers, incorporating our proprietary SerDes IP in the process. Driven by rapidly growing demand for AI servers and the maturing PCIe 5.0 ecosystem, the global PCIe Retimer market has experienced explosive growth. Leveraging our products' strengths in low latency and channel flexibility, we have captured this market opportunity, achieving rapid shipment growth and significant market share gains over the past two years. As a result, we are now one of the two primary global suppliers of PCIe Retimer chips. According to Frost & Sullivan, we accounted for 10.9% of the global PCIe Retimer market by revenue in 2024, ranking second worldwide.

In January 2025, we introduced a PCIe 6.x/CXL 3.x Retimer chip supporting data rates of up to 64 GT/s, with low transmission latency and a link budget of up to 43 dB. Compared to PCIe 5.0, PCIe 6.0's shift from NRZ to PAM4 encoding significantly increases SerDes IP design complexity. Through sustained R&D innovation, we have successfully developed PCIe 6.0 SerDes technology and integrated it into this new-generation product, underscoring our technological leadership in PCIe interconnect solutions. In 2026, we launched a PCIe 6.x/CXL 3.x AEC (Aggregated Endpoint Chip) solution designed to address the evolution of data center architecture from within-rack to rack-to-rack configurations, delivering high-bandwidth, low-latency interconnects for hyperscale data centers and high-performance server platforms. We are currently developing PCIe 7.0 Retimer chips, which will further elevate PCIe interconnect performance with a maximum data rate of 128 GT/s.

Looking ahead, we will continue to monitor the iterative advancement of PCIe interconnect technology. Through persistent technological innovation and product optimisation, we will provide customers with higher-quality and more comprehensive PCIe interconnect chip solutions, further enhance our core competitiveness and market share in this sector, and build a solid foundation for the Group's global market competition.

PCIe Switch

In addition to PCIe Retimer chips, AI servers also require PCIe Switch chips to enable non-blocking, high-throughput and low-latency switching, supporting high-performance interconnect between CPUs and GPUs, as well as between GPUs and peripherals including network interface cards and NVMe SSDs. Building on our technological expertise and customer base accumulated in PCIe Retimer chips, we are steadily advancing the development of PCIe Switch chips.

CXL Interconnect Chip Market

Development Trends in CXL Interconnect Chip Market

Amid the rapid development of AI and cloud computing, market demand for computing performance and storage capacity continues to grow. CXL interconnect technology, with its advantages in cache coherence, low latency, and scalability, is emerging as a key enabler for large-scale computing applications. CXL-based new memory solutions, capable of delivering high-speed interfaces and elastic expansion, have demonstrated significant market potential. The future growth of the CXL interconnect chip market is primarily driven by two factors:

- Deep integration in AI drives chip demand

  In AI training and inference, CXL technology enables efficient collaboration between accelerators such as GPUs and FPGAs with CPUs, delivering low-latency, high-bandwidth data transmission and substantially improving computing efficiency. Meanwhile, CXL supports memory expansion and sharing mechanisms, providing larger memory capacity and more flexible resource allocation for AI applications and effectively alleviating memory bandwidth bottlenecks. As a key evolutionary direction for AI memory and heterogeneous computing, Global chip companies are increasing their investments in CXL. As an essential enabler for the deployment of this technology, demand for CXL interconnect chips in the AI field will continue to rise.

- Evolution of system architecture and rising connection complexity expand application scenarios

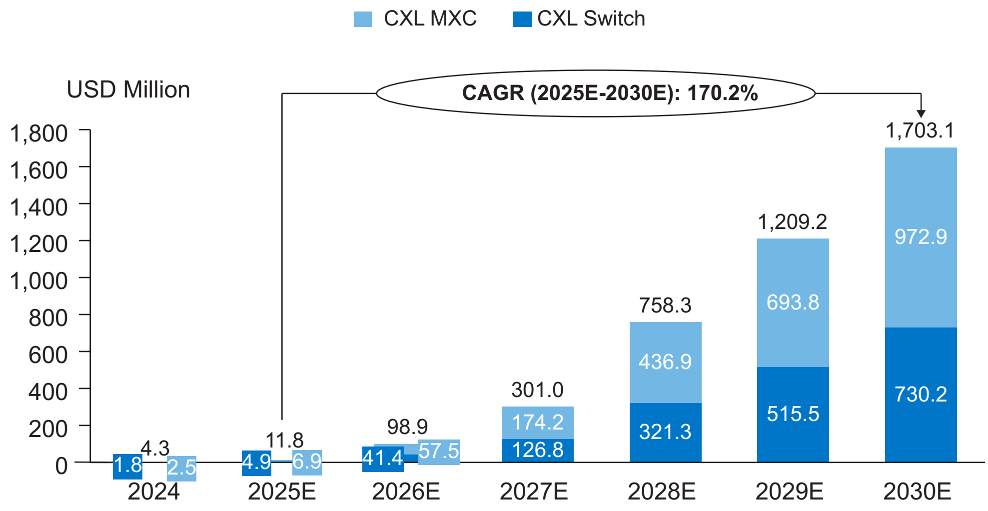
  AIGC has driven data centers to evolve towards ten-thousand-card clusters, leading to an exponential increase in interconnect complexity across chips, servers and data centers. Traditional interconnect solutions can no longer meet the requirements for terabit-level bandwidth and hundreds of nanosecond-scale latency. CXL enables architectural upgrades through memory pooling and high-speed interconnection. CXL MXC significantly enhances capacity and bandwidth in memory expansion and pooling, making it suitable for data-intensive applications such as cloud computing and AI. In AI inference scenarios, HBM struggles to effectively support continuously growing model sizes and KV caches due to capacity constraints. CXL's memory expansion and pooling capabilities can effectively fill this gap, improving GPU utilization and overall inference performance.

  Leading international cloud service providers have already deployed CXL memory pools in new-generation server clusters, where a single memory pool typically incorporates 16 to 32 CXL MXC chips and 2 to 4 CXL Switch chips. With the widespread adoption of such architectures, the CXL interconnect chip market is expected to experience explosive growth.

Market Size of CXL Interconnect Chips

According to forecasts by industry consultant, the CXL interconnect chip was still in the early stage of commercialization in 2025, with an estimated market size of approximately USD11.8 million. It is projected to grow significantly, reaching USD1,703 million by 2030.

Market Size of CXL Interconnect Chips, Global,
Breakdown by Product Types, Global, 2024-2030E



Source: Frost & Sullivan, 2025-2030 are projected data (as of July 2025).

Competitive Landscape and Our Key Strategic Directions in CXL Interconnect Chip Market

We are a pioneer in CXL interconnect technology. In 2022, we launched the world's first CXL MXC chip, collaborating with multiple memory manufacturers to advance the commercialization of CXL memory. In 2023, we became the first MXC chip supplier globally to be included in the CXL Compliance Vendor List. In January 2025, we once again demonstrated our technical strength by being listed among the first suppliers compliant with the CXL 2.0 standard. Notably, Samsung Electronics and SK hynix, which were listed concurrently, used our MXC chips in their tested products. In September of the same year, we introduced our CXL 3.1 MXC chip, which has begun sampling to key customers for testing. Leveraging our profound technological expertise and continuous innovation, we maintain a relatively leading position in product development. Through close collaboration with industry chain partners, we contribute to the advancement of the CXL ecosystem. In November 2025, the CXL Consortium released the latest CXL 4.0 specification, which doubles the data transfer rate compared to CXL 3.x, reaching 128 GT/s – corresponding to the speed of PCIe 7.0.

At present, memory expansion applications based on CXL are becoming increasingly mature. The ecosystem and applications relating to CXL memory pooling and sharing are expected to further mature in the next one to two years. We will continue to invest in innovative R&D of CXL interconnect technology, capitalize on our first-mover advantage to gain an edge in the MXC chip market, and provide more efficient and reliable CXL memory solutions for AI and data center applications.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW IN 2025

We are a leading global fabless IC design company focused on offering innovative, reliable and power-efficient interconnect solutions for cloud computing and AI infrastructure. In 2025, benefiting from the AI industry trend and strong market demand, our shipments of interconnect chips increased significantly, driving substantial growth in the Group's operating performance in 2025 compared with the previous year with multiple key financial metrics reaching record highs. During the Reporting Period, the Group's operating results were as follows:

1. Significant Growth in Operating Performance with Continuous Improvement in Business Quality

During the Reporting Period, we actively seized the industry opportunity presented by the AI industry trend. By intensifying our R&D innovation and market expansion, we achieved a substantial growth in operational results by leveraging our core technological advantage, alongside continuous improvement in development quality. In 2025, the Group achieved revenue of RMB5,456 million, representing an increase of 49.9% over the previous year. The gross profit margin was 62.2%, up 4.1 percentage points over the previous year. Profit attributable to shareholders of the parent was RMB2,236 million, representing an increase of 58.4% over the previous year. Profit after deduction of non-recurring profit or loss attributable to shareholders of the parent was RMB2,022 million, representing an increase of 62.0% over the previous year. The Group's net profit margin attributable to shareholders of the parent was 41.0%, representing an increase of 2.2 percentage points over the previous year. Net cash flows from operating activities were RMB2,022 million, achieving growth for the fourth consecutive year, highlighting our robust profitability and operational quality.

In 2025, our interconnect chip product line achieved sales revenue of RMB5,139 million, representing an increase of 53.4% over the previous year. Its gross profit margin was 65.6%, up 2.9 percentage points over the previous year, mainly due to the increased revenue contribution from products with higher gross profit margin. The Jintide product line achieved sales revenue of RMB308 million, representing an increase of 10.2% over the previous year.

In 2025, our revenue, sales revenue from interconnect chips, profit attributable to shareholders of the parent, profit after deduction of non-recurring profit or loss attributable to shareholders of the parent, and net cash flows from operating activities all reached record highs.

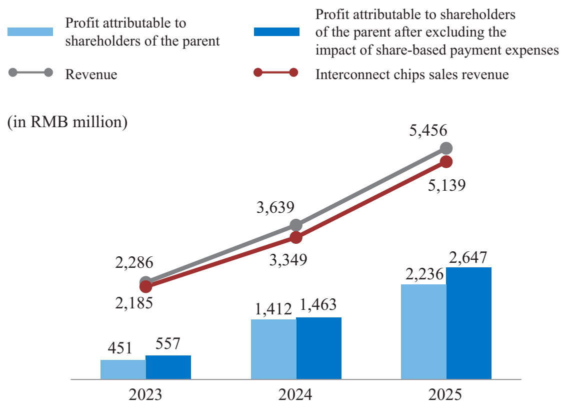


Exhibit: 2023-2025 key financial data of the Group

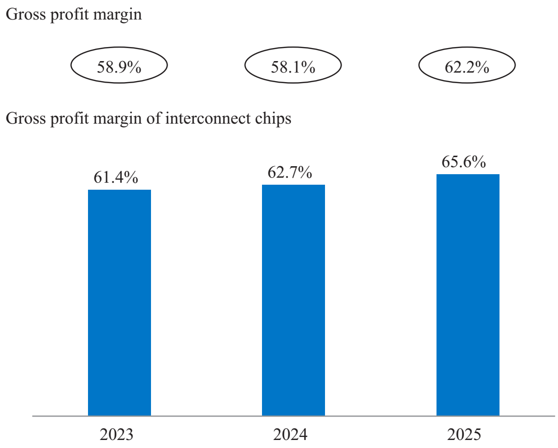


Exhibit: 2023-2025 gross profit margin of the Group

In 2025, the Group's share-based payment expenses amounted to RMB431 million, which were recognized in recurring profit or loss. The impact of such expenses on profit attributable to shareholders of the parent was RMB412 million (after considering the effect of related income tax expenses). Accordingly, the profit attributable to shareholders of the parent after excluding the impact of share-based payment expenses in 2025 was RMB2,647 million, representing an increase of 81.0% over the previous year. The profit after deduction of non-recurring profit or loss attributable to shareholders of the parent after excluding the impact of share-based payment expenses was RMB2,433 million, representing an increase of 87.3% over the previous year.

In the fourth quarter of 2025, we achieved revenue of RMB1,399 million, representing a year-on-year increase of 31.0%, of which the sales revenue from the interconnect chips product line was RMB1,306 million, representing a year-on-year increase of 34.4%, with a gross profit margin of 67.8%, representing an increase of 2.1 percentage points compared with the third quarter. Profit attributable to shareholders of the parent was RMB603 million, representing a year-on-year increase of 39.1%; profit after deduction of non-recurring profit or loss attributable to shareholders of the parent was RMB554 million, representing a year-on-year increase of 48.0%.

2. Rapid DDR5 Penetration and Progressive Adoption of New Products Consolidate the Leading Position in Memory Interconnect Domain

(1) Continuous downstream penetration of DDR5 products and iterations of their sub-generations

In 2025, as a result of the growth of demand in the server market driven by rapid development of the global AI industry, the downstream penetration of DDR5 products rose quickly with continuous iterations of their sub-generations. As a leader in the memory interconnect chip industry and in formulating international standards for DDR5 RCD chips, we have maintained a leading global position in the DDR5 market.

During the Reporting Period, we capitalized on the dual industry trends of DDR5 evolution and AI development to advance our product roadmap. This led to a substantial increase in shipments of our DDR5 RCD chips. Notably, during the DDR5 generational iterations, our Gen 3 RCD chips ramped up to volume shipment, while our Gen 4 RCD chips (with data rates of 7200MT/s) entered mass production. In the second half of 2025, our sales revenue from DDR5 Gen 3 RCD chips outpaced that of Gen 2 products, further solidifying our market leadership in driving the DDR5 generational iteration. Building on our outstanding technological capabilities and highly stable and reliable products, we have successfully captured the opportunities presented by the DDR5 iteration, thereby strengthening our industry-leading position. Driven by the strong growth of DDR5-related products, our interconnect chips product line achieved sales revenue of RMB5,139 million during the Reporting Period, a year-on-year increase of 53.4%. Its gross profit margin was 65.6%, up 2.9 percentage points from the previous year, reflecting the continuous improvement in our product competitiveness.

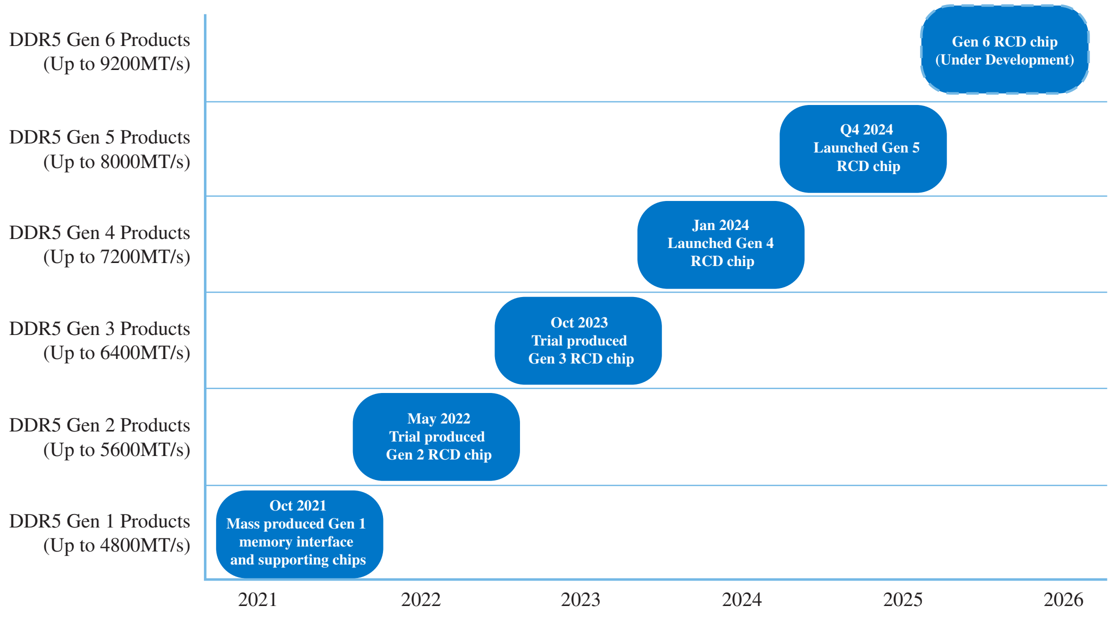


Exhibit: Constant leading position of the Group in R&D of DDR5 memory interface chips

(2) Leading Innovation in DDR Interface Technology and Accelerating Commercialization of New Memory Interconnect Products

Leveraging our core technology in memory interfaces, our innovative products – MRCD/MDB and CKD chips – have undergone continuous iteration and achieved widespread market adoption during the Reporting Period.

- MRCD/MDB chips are the key components for a new type of high-bandwidth server memory module known as MRDIMM, and are used in AI and cloud computing applications with stringent memory bandwidth requirements. As defined by JEDEC, each MRDIMM shall be standard-equipped with one MRCD chip and ten MDB chips. As one of the only two suppliers capable of supplying DDR5 Gen 1 MRCD/MDB chips in the world, in January 2025, the Group introduced the Gen 2 products which support a data rate of up to 12800MT/s, representing a 45% improvement compared to the Gen 1 products. Since the fourth quarter of 2025, our Gen 2 MRCD/MDB chips shipments have increased significantly and have been well-received by customers for the outstanding performance and excellent stability, positioning us strongly for the upcoming market expansion.

- CKD chips are key components for the PC memory modules known as CUDIMM and CSODIMM. As defined by JEDEC, when DDR5 data rates reach 6400MT/s or above, PC memory modules are required to adopt a dedicated CKD chip to buffer and re-drive clock signals, in order to maintain the integrity and reliability of high-speed clock signals. Following our pioneering of the industry's first trial production of DDR5 CKD chips supporting up to 7200MT/s in 2024, the Group launched a new generation of CKD chips during the Reporting Period, which support data rates up to 9200MT/s. This advancement provides crucial technological support for the next generation of advanced PCs. Throughout 2025, the industry penetration rate of CKD chips increased substantially, driving a rapid rise in our product shipments.

As the JEDEC spec owner of DDR5 RCD, MDB and CKD chips, we pioneer technological innovation in the memory interconnect field and consistently maintain our industry leadership through superior product quality and technical support.

3. Expanding Our Product Portfolio with Solid Technical Expertise to Enhance Our Comprehensive Competitiveness in the PCIe/CXL Interconnect Domain

(1) Strong growth trajectory for PCIe Retimer chips

PCIe Retimer chips are core high-speed interconnect components for AI servers, mainly used in applications such as AI servers, active electrical cables (AEC), NVMe SSDs, and Riser cards. For example, a typical AI server equipped with 8 GPUs generally requires 8 to 16 PCIe Retimer chips while certain domestic AI servers are equipped with 24 PCIe Retimer chips in order to meet scalable demands. Consequently, the growth in AI server shipments will directly drive increasing demand for these chips.

During the Reporting Period, we have continuously expanded our market presence. Leveraging our leading technical capabilities and superior product performance, our PCIe Retimer chips have shown a strong growth trajectory. As one of the two major companies supplying PCIe 5.0 Retimer chips in the world, our in-house SerDes IP provides a solid foundation for continuous product iteration. In January 2025, we launched and began sampling PCIe 6.x/CXL 3.x Retimer chips to customers. In January 2026, we released PCIe 6.x/CXL 3.x AEC solutions. At present, we are actively processing in the R&D of PCIe 7.0 Retimer chips.

Looking ahead, as demand for AI servers continues to grow and PCIe protocol data rates constantly improve, PCIe Retimer chips are playing an increasingly vital role. Their application scenarios are expected to further expand, driving sustained growth in the market scale.

(2) Steadily Advancing the R&D of PCIe Switch Chips

PCIe Switch chips are core interconnect components in data centers, AI acceleration and storage systems. They expand PCIe topology to enable efficient communication among multiple devices, addressing bandwidth bottlenecks between hosts and peripheral devices. High-speed SerDes technology is the core technology for both PCIe Switch chips and PCIe Retimer chips, which share largely overlapping customer bases: server OEMs/ODMs as direct customers and cloud computing service providers as end users. Through the successful in-house development of SerDes technology and the industrialization of PCIe Retimer chips, the Group has accumulated profound expertise in SerDes and a broad customer network, laying a solid foundation for the rollout of PCIe Switch chips. During the Reporting Period, we made steady progress in the engineering development of PCIe Switch chips.

(3) Accelerating CXL MXC Chip Product Upgrades and Market Adoption

CXL MXC chips, as the third type of device defined by the CXL protocol, are mainly used for memory expansion and memory pooling, which can effectively enhance memory capacity and bandwidth to meet the needs of data-intensive applications such as cloud computing and AI. During the Reporting Period, we have continuously driven the commercialization of CXL technology together with our partners. More and more server manufacturers have introduced CXL memory expansion solutions based on Montage's MXC chips, and the CXL-related ecosystem is maturing. In January 2025, our MXC chips were successfully added to CXL 2.0 Integrators list as one of the first suppliers. Both Samsung Electronics and SK Hynix, as memory suppliers on the list, used our MXC chips in their tested products. In September 2025, we launched MXC chips which comply with CXL 3.1 standards and began sampling the chips to major customers.

As an industry cutting-edge technology, CXL is currently in an emerging field. Looking ahead, with the maturing CXL ecosystem and the technology's broadening adoption, the market for MXC chips is poised for vast growth opportunities.

4. Committed to Innovation-Driven Development, Continuously Strengthening R&D Investment and Technical Capabilities

As a technology-driven and innovative enterprise, we have always adhered to innovation-driven development and consistently increased the R&D investment to enhance our core competitiveness. In 2025, our R&D expenses amounted to RMB915 million, representing an increase of 19.9% over the previous year and accounting for 16.8% of our revenue. Our R&D expenses have increased annually since our listing on the Shanghai Stock Exchange STAR Market in 2019. Our R&D team is composed of internationally experienced personnel with excellent expertise. As at the end of 2025, the Group had 583 R&D staff, representing 74.4% of our total employees. Approximately 64% of these R&D personnel held a master's degree or higher.

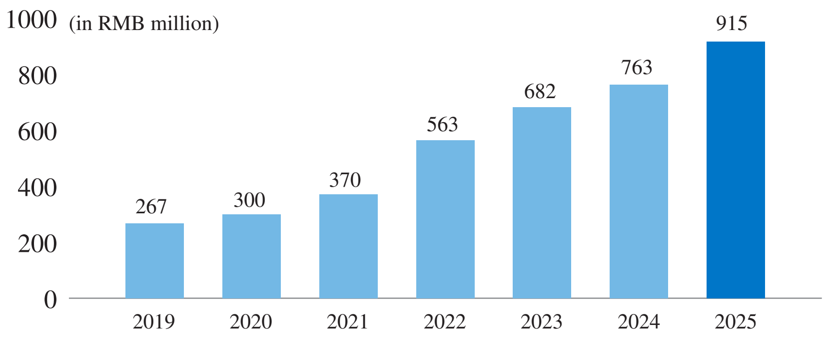


Exhibit: Our R&D investment from 2019 to 2025

During the Reporting Period, we achieved the following R&D milestones:

Interconnect chips product line:

(1) Memory Interconnect Chips: Successfully achieved mass production of DDR5 Gen 4 RCD chips and completed the development of the mass production versions of DDR5 Gen 5 RCD chips, Gen 2 MRCD/MDB chips, and a new generation of CKD chips.

(2) PCIe Interconnect Chips: Advanced the development of the mass production version of PCIe 6.x/CXL 3.x Retimer chips, applying them in PCIe 6.x/CXL 3.x AEC solutions. We also actively advanced the engineering development of PCIe 7.0 Retimer chips and PCIe Switch chips.

(3) CXL Interconnect Chips: Completed the development of the mass production version of CXL 2.0 MXC chips and the engineering development of CXL 3.x MXC chips.

(4) Clock Chips: Completed the engineering development of the first batch of Clock Buffers and Spread-Spectrum Oscillators.

Jintide product line: Launched the 6th Gen Jintide P-core CPU.

Intellectual Property: We filed 40 new invention patent applications and were granted 36 invention patents. We also filed 19 new applications for integrated circuit layout design registrations and obtained 24 integrated circuit layout design certificates. As at the end of 2025, we had a total of 224 granted invention patents, 1 utility model patent, 103 integrated circuit layout design registration certificates, and 13 computer software copyright registration certificates.

5. Establishing a Long-Term Return Mechanism and Sharing Our Success with Shareholders

Upholding our investor-oriented development philosophy, we strive to balance performance growth with high-quality, sustainable development. At the same time, we remain committed to establishing a long-term reward mechanism to share the Company's growth and development results with our shareholders. During the Reporting Period, we implemented the 2024 annual and the 2025 interim profit distribution plans, distributing a total cash dividend of approximately RMB670 million. For the 2025 annual dividend proposal, we proposed a cash dividend of RMB3.90 (tax inclusive) per 10 shares, with an estimated total cash dividend of RMB472 million. In addition to cash dividends, the Company launched two share repurchase schemes during the Reporting Period. The first scheme, intended for employee incentive plans and/or stock ownership plans, has been completed with a total repurchase amount of RMB200 million. The second scheme aims to reduce the Company's registered capital, with a planned total investment of between RMB200 million and RMB400 million; as at the end of 2025, the Company had repurchased shares totaling RMB220 million. Since our listing on the Shanghai Stock Exchange STAR Market in July 2019 and as at the end of 2025, we have distributed a total cash dividend of RMB2,367 million and completed share repurchases totaling RMB1,430 million. Furthermore, the Group has continuously refined its market capitalization management mechanism, incorporating market cap into the annual performance appraisal of senior management for four consecutive years to further align management's focus with value creation and shareholder interests.

We attach great importance to investor relations and are committed to establishing transparent and effective communication mechanisms to effectively communicate corporate value. Recognized for our strong performance in investor relations, during the Reporting Period, the Group received multiple awards from the capital market, including “TOP 5 Listed Companies Most Favored by Institutions (STAR Market)” and “Tianma Award for Investor Relations Management” by Securities Times, “Best Practice in Investor Relations Management for Listed Companies in 2024” and “Best Practice in 2024 Annual Results Presentation by Listed Companies” by China Association for Public Companies, etc.

During the Reporting Period, the Company was honored as one of “Forbes China’s 50 Most Innovative Companies 2025” and “Fortune China Technology 50”. Our first inclusion in the SSE 50 Index significantly boosted our profile in the capital market.

6. Advancing Our International Strategy and Achieving a Successful H-Share Listing

To advance the Group’s international strategy, continuously attract and retain top-tier R&D and management talent, and bolster our offshore financing capabilities, while further enhancing our global influence and core competitiveness, during and after the Reporting Period, we steadily moved forward the issuance of H shares and listing on the Stock Exchange of Hong Kong in response to our development strategy and operational needs.

In July 2025, the Group submitted its application to the Stock Exchange of Hong Kong for the offering and listing of H shares. In December 2025, we successfully completed the overseas listing filing with China Securities Regulatory Commission and passed the listing hearing in the Stock Exchange of Hong Kong. In February 2026, the Company was listed on the Main Board of the Stock Exchange of Hong Kong and commenced trading (stock code: 6809.HK), through which we have established our A+H dual platform for capital raising, laying a solid foundation for our global business layout and long-term and sustainable development. Our global offering of H shares received strong interest from international investors: in respect of cornerstone investors, we introduced multiple top-tier international long-term investors, strategic investors and renowned technology-focused funds, with subscription by cornerstone investors accounting for 50% of the base offering size. In respect of anchor investors, we received more than 500 orders in the international placement, with order sizes exceeding US$30 billion, representing an oversubscription multiple of over 60 times the amount allocated to them. This demonstrated the high recognition from the global capital market for the Group’s development strategy and investment value.

CORE COMPETITIVENESS

1. Sustained Innovation & R&D Capabilities and Leading Technological Advantages

Since its establishment, the Group has maintained a strong focus on technological R&D as well as product innovation. We own proprietary integrated circuit design platforms covering digital signal processing, memory management and data buffering, analog circuit design, high-speed logic and interface circuit design, low-jitter clock design and low-power design technologies. Our highly integrated solutions effectively enhance system energy efficiency and product performance.

(1) In the field of memory interconnect technology, building on technological innovation, we invented the DDR4 full-buffered “1+9” architecture, which was ultimately adopted as a JEDEC international standard. In the DDR5 generation, the “1+9” architecture evolved into the “1+10” architecture, continuing to serve as the international standard for LRDIMM and has further developed into the international standard for MRDIMM. We maintained our global leadership in the DDR5 generation and further consolidated our technological edge. In emerging technologies, we led industry innovation by launching MRCD/MDB chips for server high-bandwidth memory modules and CKD chips for PC memory modules, both expected to drive substantial market growth in the coming years.

(2) In the PCIe interconnect segment, we are one of only three companies worldwide with mass-produced PCIe 4.0 Retimer chips, and one of the two major global suppliers of PCIe 5.0/CXL 2.0 Retimer chips. Our in-house developed PCIe SerDes technology has been successfully deployed in related products. Proprietary IP delivers superior integration, and our products hold competitive advantages in latency and channel adaptability. In January 2025, we launched our PCIe 6.x/CXL 3.x Retimer chip and successfully delivered samples to customers.

(3) In the CXL interconnect sector, we maintain an industry-leading position. We maintain close communication and collaboration with ecosystem partners including CPU/GPU manufacturers, DRAM suppliers, cloud service providers (CSPs), and server OEM/ODM vendors, promoting wider adoption and smooth end-customer deployment of CXL solutions.

Our core technologies are built on independent intellectual property rights, supported by a structured and strategic patent portfolio. As of the end of the Reporting Period, we held 224 granted invention patents globally.

2. Pioneer in the Formulation of Industry Standards

As a member of the JEDEC Board of Directors with several committee chair and vice-chair positions, we play a pivotal role in establishing and formulating international memory interconnect standards. We have taken the lead in formulating international standards for DDR5 RCD, MDB, and CKD chips.

In this field, we have secured a critical first-mover advantage by establishing and leading industry standards. Memory interconnect chips feature high entry barriers in terms of R&D capabilities and technical expertise. New entrants require years of intensive R&D to keep pace with the latest industry standards and product iteration cycles, while also completing stringent product validation and qualification processes. Leveraging our profound technological accumulation, we deliver each generation of product solutions to high specifications, enabling us to continuously capture market share and solidify our leading position in the industry.

Leveraging our profound expertise in memory interconnects, we have successfully expanded into other high-speed interconnect fields including PCIe/CXL, and hold membership in international industry alliances such as PCI-SIG, CXL and UA Link.

3. Leading Market Position and Brand Strength

With over 20 years of development and accumulation, we have grown into a globally renowned integrated circuit design company. Our memory interconnect chips and PCIe Retimer chips are widely deployed in various servers and computers, securing a leading position in the industry.

According to Frost & Sullivan: In 2024, the global memory interconnect chip market was highly concentrated, with the top three players accounting for 93.4% of total revenue; we ranked first globally with a market share of approximately 36.8%. In the 2024 global PCIe Retimer chip market, the top two companies captured 96.9% of the market. As a new entrant, we achieved rapid shipment growth in 2024, ranking second globally with a market share of around 10.9%.

We have received numerous industry awards since our founding, including Forbes China Top 50 Most Innovative Companies and Fortune’s Top 50 Chinese Tech Companies. In addition, we have received the Best Supplier Award from Samsung Electronics, the Best Supplier Award from SK Hynix, as well as the Outstanding Performance Award (Semiconductor Devices) and Outstanding Quality Award (Packaging & Test Materials for Semiconductor Devices) from Micron Technology. We have established a distinct brand advantage that reflects strong market recognition of the Montage brand.

4. Visionary and Experienced Management and R&D Team

Our management and core R&D teams comprise experienced and visionary leaders with profound expertise in the innovation and development of interconnect solutions.

Our founders Dr. Yang Chonghe and Mr. Stephen Tai each bring more than 30 years of industry experience in integrated circuit design and R&D. Prior to co-founding Montage Technology in 2004, Dr. Yang founded Newave Technology (Shanghai) Co., Ltd., a company mainly engaged in the design of integrated circuit which was later merged into Integrated Device Technology, Inc. Dr. Yang was elected as Fellow of the Institute of Electrical and Electronics Engineers (IEEE) in 2010, and elevated to IEEE Life Fellow in 2023. Dr. Yang has received numerous awards, including the IEEE CAS Pioneer Award, the JEDEC Outstanding Leadership Award, the Magnolia Gold Award, etc. Dr Yang was also named to EY Entrepreneur of The Year 2023 Chinese Mainland Award, and was inducted into 2024 Engineering Hall of Fame Oregon State University. In 2025, Dr. Yang is named to the 2025 Forbes China Best CEOs list. Our co-founder Mr. Tai has extensive experience in engineering design, research and development, and corporate management. Before co-founding our Company, Mr. Tai participated in the founding of Marvell Technology Group and served as the director of engineering and research and development thereof, where he was responsible for leading the research and development of key products, including hard disk read channel, Ethernet Gigabit PHY, and Wi-Fi technologies. Mr. Tai is recognized with the Shanghai Magnolia Gold Award.

Most members of our core team graduated from prestigious universities worldwide and possess extensive experience and proven track records in technology R&D, sales, engineering management and other fields. Approximately 74% of our employees are R&D technical personnel, of whom around 64% hold master's degrees or above, providing a strong talent foundation for sustained technological innovation.

5. Strong Industry Ecosystem Advantages and Globalized Industrial Layout

Building on over two decades of deep engagement in interconnect solutions, we have built a strong industry reputation and established and maintained strategic cooperative relationships with globally renowned enterprises across the AI infrastructure ecosystem, including memory module manufacturers, server OEM/ODM vendors, CPU and GPU suppliers, and cloud service providers.

We have established long-term partnerships with world-leading CPU and GPU manufacturers to jointly develop next-generation interconnect products for cloud computing and AI infrastructure. Within the global supply chain, we maintain in-depth cooperation with leading global integrated circuit wafer foundries and packaging & testing enterprises to ensure the production and delivery of products meeting customers' high-quality standards.

Rooted in China, we have also established branches or offices in the United States, South Korea and other regions, forming a global operational footprint.

FUTURE OUTLOOK AND STRATEGIES

Our Growth Strategies

Our strategic objective is to gradually evolve into a leading global interconnect chip design company. With a primary focus on the interconnect chip sector, we aim to provide customers with a diverse portfolio of high-speed interconnect solutions, building synergistic competitive advantages through continuous R&D and innovation. Our mission is to enable more efficient and stable data interconnect for the cloud computing and AI infrastructure. Our development strategy encompasses the following four aspects:

1. **Focus On R&D Innovation to Enrich Our Product Portfolio and Expand Our Business Footprint**
   We will continue to focus on developing industry-leading interconnect solutions through rigorous R&D. We seek to further enrich our product portfolio and expand our business footprint, enabling us to deliver a wide range of innovative interconnect chip solutions that create synergistic competitiveness. These solutions will support more efficient and stable data transmission for cloud computing and AI infrastructure, thus laying a solid foundation for the sustained expansion of our business in the era of AI. To achieve these strategic initiatives, we will primarily advance our business expansion along three key dimensions:

   (1) Memory interconnect: We will continue to invest in upgrading our DDR memory interface products, enhancing their performance and quality while driving technological innovation for next-generation products such as MRCD/MDB and CKD chips. We seek to address market demand for memory interconnect chip solutions with enhanced data transfer speed, reliability and efficiency, further strengthening our technological and market leadership in the memory interconnect sector.

   (2) PCIe/CXL interconnect: We will continue to enhance our R&D efforts in core fundamental technologies, including SerDes, to drive the evolution of PCIe/CXL Retimer and CXL MXC products while actively capturing market share. We will also further deepen our strategic cooperation with cloud service providers (CSP), server OEMs/ODMs, CPU/GPU vendors, and DRAM memory suppliers. Leveraging our in-house developed SerDes technology, we are developing new product lines such as PCIe Switch, providing customers with comprehensive PCIe/CXL interconnect chip solutions, steadily broadening our market presence in this sector and further enhancing our comprehensive competitiveness and market influence.

   (3) Ethernet and optical interconnect: Ethernet and optical interconnect are important avenues for high-speed interconnect with promising growth potential. We plan to leverage our extensive technological expertise in the memory interconnect and PCIe/CXL interconnect domains to further explore novel markets aligned with our strategic goals. Through flexible strategies including in-house R&D, partnerships, and investments, we plan to expand our product portfolio to the field of Ethernet and optical interconnect, injecting new momentum into our business growth.

2. **Continue Our Talent-Centric Strategy to Advance Strategic Development and Management Efficiency**

   We aim to attract top-tier R&D and management talent to build world-class teams with global vision and strong system-level engineering capabilities. This talent strategy is not only a critical pillar for maintaining our technological leadership and enhancing global competitiveness but also the fundamental driving force behind our long-term sustainable growth. As our business operations continue to expand, we place an even greater emphasis on the strategic value of our talent. On the one hand, we will focus on attracting top-tier talent, particularly strengthening our R&D team. We plan to utilize various channels including expert referral networks and campus recruitment to precisely reach and engage top-tier candidates. On the other hand, we plan to implement talent incentive programs to unlock employee potential, fostering a dynamic and collaborative work environment and cultivating R&D talent with technological creativity and team spirit. We aim to build a deep talent pipeline that supports our long-term growth.

3. **Maintain Technological and Market Leadership, and Drive Collaborative Developments in the Interconnect Chip Industry**

   We will continue to drive the development and refinement of technical standards and ecosystems for the interconnect chip industry. Our high-speed interconnect chips adhere to the industry standards defined by international standardization organizations and/or align with the specifications and frameworks of industry alliances. We will continue to actively participate in various international standards organizations and industry alliances, collaborating closely with global industry partners. We are committed to deeply engaging in the development of relevant product industry standards, exploring new advancements and innovation directions in high-speed interconnect technology, and driving technological innovation and the evolution of the industry ecosystem. Leveraging these emerging technical standards and directions, we seek to develop a range of innovative interconnect chips with enhanced data transfer speed, reliability and efficiency. These products will play a key role in the AI era, enabling more efficient and reliable data transmission to help us maintain our technological and market leadership.

   Meanwhile, we will partner with industry stakeholders to accelerate the adoption of cutting-edge technologies and new products. We will continue to deepen our strategic collaborations with industry partners, including CPU/GPU vendors, DRAM memory suppliers, cloud service providers (CSPs) and server OEMs/ODMs to expedite customer validation and adoption of our new products. These collaborations will expand our market presence and customer base, further solidifying our market leadership. Through a comprehensive product lifecycle quality management system and a robust customer service process, we will continue to deliver premium products and services to our customers. Furthermore, we will continue to strengthen collaboration with our suppliers, to enhance the stability and reliability of our supply chain.

4. **Pursue Investment, Collaboration and M&A Opportunities to Strategically Enhance Our Capacity for Growth**

   We plan to drive organic high-quality growth through R&D, while leveraging our resources to actively explore strategic investments, collaborations and M&A opportunities aligned with our strategic goals. We will focus on identifying qualified targets in the interconnect sector and related fields, particularly those with strong technical expertise and unique competitive advantages in specialized segments. Through strategic investments and acquisitions, we plan to further enhance our technology capabilities and expand our product portfolio, broaden our addressable markets, and accelerate our growth.

Business Plan in 2026

Our business plan and key work priorities for 2026 are outlined below:

1. **Consolidate Leadership in Memory Interconnect and Seize New Product Market Penetration Opportunities**
   We will track market demand and technical trends in the memory interconnect chip market, while continuously optimizing our product performance and quality to consolidate our market leadership. Driven by the AI industry wave, the global memory interconnect chip market is poised for significant growth opportunities. We will steadily advance the generational iterations of DDR5 RCD chips and increase shipments of our Gen 3 and Gen 4 products. The Group will focus on opportunities for market penetration of new products such as MRCD/MDB and CKD chips and respond rapidly to customer demand with superior product performance to further strengthen our competitiveness.

2. **Expand PCIe/CXL Business footprint to Drive Sustainable Revenue Growth**
   We will deepen strategic cooperation with cloud computing service providers, server OEM/ODMs, and GPU/CPU vendors, accelerate the adoption of our new generation of PCIe Retimer and CXL MXC chips in customers' supply chains to lay a solid foundation for ramping up shipments. In addition, we will further expand the market to drive sustainable revenue growth of related products. Through continued technological innovation, the Group aims at improving its comprehensive competitiveness and industrial influence by providing comprehensive and leading PCIe/CXL interconnect solutions.

3. **Deepen Expertise in Core High-Speed Interconnect Technologies and Continuously Enrich Our Product Portfolio**
   (1) Memory interconnect: As the JEDEC spec owner of DDR5 RCD, MDB and CKD chips, we will continue to lead and invest in the iteration and innovation of memory interface technology to consolidate our technological leadership. Specific plans include: completing the engineering development of DDR5 Gen 6 RCD and Gen 3 MRCD/MDB chips; actively participating in the JEDEC standardization process for DDR6 memory interface chips; and commencing the engineering development of DDR6 Gen 1 memory interconnect products.

   (2) PCIe/CXL interconnect: We will increase R&D investment in core foundational technologies such as high-speed SerDes and actively advance the iteration and new product development for PCIe/CXL interconnect chips. Key plans include: completing the development of mass-production versions of PCIe 6.x/CXL 3.x Retimer and CXL 3.x MXC chips; and completing the tape-out of engineering samples for PCIe 7.0 Retimer and PCIe Switch chips.

   (3) Ethernet interconnect: Leveraging our in-house high-speed SerDes technology and long-standing customer relationships, we will actively advance the R&D of high-speed Ethernet PHY Retimer chips and plan to complete the tape-out of engineering samples.

   (4) Clock chips: We plan to complete the development of mass-production versions for the first and second batches of clock buffer chips.

4. **Strengthen the Talent Development System to Solidify the Foundations for Innovation-Driven Growth**

   In February 2026, the Group achieved its listing on the Main Board of the Stock Exchange of Hong Kong and became an A+H dual-listed company. The milestone elevates our global footprint and broader brand influence. Leveraging the synergistic advantages of dual capital markets, we will continue to attract top-tier, versatile talents globally and further solidify our core talent competitiveness.

   In the face of rapid technological evolution and increasingly complex business demands, we place talent at the core of our strategy. We have established a comprehensive career development path from newcomers to experts, systematically elevating engineers' technical prowess and project management acumen through curated curricula, flagship projects, and critical technology breakthroughs. Simultaneously, we are leveraging AI-driven tools to construct an intelligent knowledge base and a personalized learning platform, enhancing training efficiency and the learning experience. By fostering a culture of innovation through project retrospectives, thematic workshops, technical sharing, and robust incentive mechanisms, we are a continuously evolving learning organization. Ultimately, by synergizing talent development, technological empowerment, and team building, we will create a virtuous cycle of growth, innovation, and sustainable corporate development. These efforts provide a solid talent foundation and innovative momentum for executing our strategy and achieving high-quality, sustainable growth.

5. **Deepen ESG Management to Empower Sustainable Development**

   Building on the momentum from our H-share listing, we will further refine our ESG governance structure to enhance compliance with regulatory requirements of both A-share and H-share markets. We will benchmark our practice against global reporting standards and management best practices, with the aim of enhancing standardization of our ESG data management. We will progressively advance quantitative analysis of financial materiality issues and deeply integrate ESG principles into our daily operations, thereby driving long-term value growth through sustainable development.

FINANCIAL REVIEW

Revenue

Our revenue was RMB5,456 million in 2025, representing a 49.9% increase from RMB3,639 million in 2024. Revenue from interconnect chips, accounting for 94.2% of our revenue, was RMB5,139 million in 2025, a 53.4% increase from RMB3,349 million in 2024, primarily due to increased benefit from the AI industry trend and strong industry demand. Our shipment of interconnect chips increased significantly, driving substantial growth in the Group's operating performance in 2025 compared with the previous year.

Revenue from Jintide products, accounting for 5.6% of our revenue, was RMB308 million in 2025, a 10.2% increase from RMB280 million in 2024.

Revenue from others was RMB10 million in 2025 and RMB10 million in 2024.

The following table sets forth a breakdown of our revenue by business, in absolute amounts and as percentages of total revenue, for the periods indicated:

	For the year ended December 31,			
	2025		2024	
	RMB'000	***%***	*RMB'000*	*%*
Interconnect chips	**5,138,526**	**94.2**	3,349,185	92.0
Jintide products	**308,233**	**5.6**	279,585	7.7
Others	**9,558**	**0.2**	10,141	0.3
Total	**5,456,317**	**100.0**	3,638,911	100.0

Cost of Sales

Our cost of sales is primarily material cost, processing cost and others. Our cost of sales was RMB2,061 million in 2025, a 35.3% increase from RMB1,524 million in 2024. The increase in revenue led to a corresponding rise in cost of sales. The material expenses were RMB1,366 million in 2025 (2024: RMB1,068 million). The processing cost was RMB689 million in 2025 (2024: RMB449 million). The others represent depreciation of our investment properties, which was RMB7 million in 2025 (2024: RMB7 million).

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit was RMB3,395 million in 2025, representing a 60.5% increase from RMB2,115 million in 2024. Our gross profit margin was 62.2% in 2025 and 58.1% in 2024. The overall increase of our gross profit margin was primarily attributable to the increase in the gross profit margin of our interconnect chips, reflecting our enhanced technological capability and competitiveness, as well as a higher proportion of our interconnect chips within our portfolio.

Research and Development ("R&D") Expenses

Our R&D expenses primarily comprise (i) staff costs, (ii) engineering expenses, (iii) tools and licenses, (iv) depreciation and amortization and (v) others. Our R&D expenses were RMB763 million and RMB915 million in 2024 and 2025 respectively.

Administrative Expenses

Our administrative expenses consist of (i) staff costs, (ii) depreciation and amortization, (iii) professional services and consulting fees, (iv) rental fee, (v) office and meeting expenses, (vi) transportation and communication expenses, and (vii) others. Our administrative expenses increased from RMB196 million in 2024 to RMB526 million in 2025, primarily due to an increase in staff costs associated with the Core Management Incentive Plan.

Other income

Other income consists of (i) government grants and (ii) others. Our other income was RMB92 million and RMB116 million in 2024 and 2025 respectively.

Profit attributable to shareholders of the parent for the year

We recorded profit attributable to shareholders of the parent for the year of RMB1,412 million and RMB2,236 million in 2024 and 2025 respectively. The increase is primarily due to (1) the revenue increased by 49.9%, and (2) the gross profit margin increased from 58.1% to 62.2%.

LIQUIDITY AND CAPITAL RESOURCES

We expect our liquidity requirements will be satisfied by a combination of cash generated from operating activities. We currently do not have any plan for material additional external debt or equity financing. We will continue to evaluate potential financing opportunities based on our need for capital resources and market conditions.

We had cash and cash equivalents of RMB6,699 million and RMB8,416 million as at December 31, 2024 and 2025 respectively. The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,	
	2025	2024
	(RMB'000)	*(RMB'000)*
Net cash flows from operating activities	**2,022,021**	1,691,322
Net cash flows from/(used in) investing activities	**850,312**	(443,474)
Net cash flows used in financing activities	**(1,029,064)**	(276,938)
Effect of foreign exchange rate changes, net	**(126,127)**	62,142
Net increase in cash and cash equivalents	**1,717,142**	1,033,052
Cash and cash equivalents at beginning of year	**6,698,932**	5,665,880
Closing balance of cash and cash equivalents	**8,416,074**	6,698,932

Net Cash Flows from Operating Activities

In 2025, net cash flows from operating activities were RMB2,022 million, compared to RMB1,691 million in 2024.

Net Cash Flows from/(Used in) Investing Activities

In 2025, net cash flows from investing activities were RMB850 million, compared to net cash flows used in investing activities of RMB443 million in 2024. This was mainly due to cash receipts from returns of investments exceeding cash payments for investments during the Reporting Period.

Net Cash Flows Used in Financing Activities

In 2025, net cash flows used in financing activities were RMB1,029 million, compared to RMB277 million in 2024, primarily due to (i) cash used in 2025 interim dividend payment of RMB227 million and (ii) cash flows from sale of treasury shares of RMB298 million in 2024.

ANALYSIS OF ASSETS AND LIABILITIES

Assets and liabilities

Unit: RMB'0,000

Items	As at the End of 2025 Amount	Percentage of Total Assets (%)	As at the Beginning of 2025 Amount	Percentage of Total Assets (%)	Year-on-year change of the closing balance (%)	Explanations
Financial assets held for trading	82,330.43	5.99	178,349.48	14.60	-53.84	primarily due to the decrease of structured deposits
Accounts receivable	56,753.22	4.13	38,779.19	3.17	46.35	primarily due to the increase of revenue
Prepayments	13,289.04	0.97	439.42	0.04	2,924.25	primarily due to the increase of prepayments for material purchase
Inventories	89,613.55	6.52	35,219.64	2.88	154.44	primarily due to our advance stocking to meet the strong customer demand
Other current assets	13,097.37	0.95	8,598.61	0.70	52.32	primarily due to the increase in input VAT and the Hong Kong listing expenses
Deferred tax assets	4,329.93	0.31	8,309.74	0.68	-47.89	primarily due to the decrease of deferred tax assets from share-based payment expenses
Contract liabilities	4.57	0.00	2,208.79	0.18	-99.79	primarily due to the decrease of advance payments made by customers.
Taxes and surcharges payable	11,208.15	0.82	6,388.42	0.52	75.44	primarily due to the increase of income tax payables
Lease liabilities	1,936.27	0.14	2,879.87	0.24	-32.77	primarily due to the settlement of some payment obligations for properties leased primarily as our offices
Long-term employee benefits payable	–	–	1,959.30	0.16	-100.00	primarily due to the derecognition of liabilities based on the amendment of Core Management Incentive Plan
Deferred tax liabilities	909.94	0.07	211.30	0.02	330.63	primarily due to the increase of deferred tax liabilities from fair value adjustment

Gearing ratio

The gearing ratio (calculated as total liabilities divided by total assets) of the Company as at December 31, 2025 was 6.4% (December 31, 2024: 6.7%).

The Board and the audit committee of the Company (the "**Audit Committee**") constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Inventories

Our inventories comprise raw materials, finished goods and materials consigned for processing. The following table sets forth the carrying amount of our inventories as of the dates indicated:

	As at December 31,	
	2025	2024
	(RMB'000)	*(RMB'000)*
Raw materials	**101,254**	58,271
Finished goods	**526,303**	349,270
Materials consigned for processing	**463,361**	199,434
Provision for impairment of inventories	**(194,783)**	(254,779)
Total	**896,135**	352,196

PLEDGE OF ASSETS

Save as disclosed in note V.18 to the Consolidated Financial Statements, the Group did not have any other pledged assets as at December 31, 2025.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Company did not have significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSET INVESTMENTS

As at December 31, 2025, the Group had no material investments (including any investments in investee companies whose value accounted for 5% or more of the Group's total assets as of December 31, 2025) with a value representing 5% or more of the Group's total asset value as at December 31, 2025.

As at December 31, 2025, save as disclosed in this annual report and the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group did not have any future plans for material investments or capital assets.

We will act in the best interests of the Group and its shareholders as a whole, and actively seek suitable investment opportunities to enhance the Group's financial performance. The Group will publish announcements as and when appropriate in accordance with applicable rules and regulations.

DIRECTORS AND SENIOR MANAGEMENT

The biography details of the Directors and senior management are set out as follows:

Executive Directors

Dr. Howard C. Yang (楊崇和)

Dr. Howard C. Yang (楊崇和), aged 68, co-founded the Group with Mr. Stephen Kuong-Io Tai in 2004 and has been serving as the chairman of the Board, Director, and the Chief Executive Officer since the conversion of our Company into a joint stock company with limited liability. As a co-founder of the Company, Dr. Yang's wealth of expertise and experience has been instrumental in driving the Group's strategic direction, and technological advancements. He is responsible for overall strategic planning, management and development of our Group. Dr. Yang also serves as a director and/or general manager/manager in 26 of our 30 subsidiaries, including, among others, all of our major subsidiaries.

Dr. Yang has extensive experience in engineering, research and development, and corporate leadership. Dr. Yang first worked on the design and development of integrated circuits at National Semiconductor Corporation from 1990. From 1994, he served as head of new product development at Shanghai Belling Microelectronics Co., Ltd. Dr. Yang founded Newave Technology in September 1997 and served as its president until April 2001 as the same merged with Integrated Device Technology, Inc.

Dr. Yang was elected as a Fellow of the Institute of Electrical and Electronics Engineers (IEEE) in 2010 and was elevated to IEEE Life Fellow in 2023. In addition, Dr. Yang has received several awards, including the IEEE CAS Industrial Pioneer Award, the JEDEC Distinguished Executive Leadership Award, the Magnolia Gold Award, the Ernst & Young Entrepreneur of the Year 2023 Mainland China Award, and has been named to the 2025 Forbes China Best CEOs list as one of the 50 distinguished leaders from over 1,000 publicly listed companies.

Dr. Yang received his master of Science and doctor of philosophy, both in Electronic and Computer Engineering, from Oregon State University in the United States, in June 1987 and December 1989, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Stephen Kuong-Io Tai

Mr. Stephen Kuong-Io Tai, aged 55, co-founded the Group with Dr. Howard C. Yang in 2004, and has been serving as a Director and president of the Company since the conversion of our Company into a joint stock company with limited liability. As a co-founder of the Company, Mr. Stephen Tai's familiarity of and insights into the industry landscape and development has been paramount in, among other things, refining and shaping our management philosophies and sales and marketing strategies. He is responsible for daily operation and management of our Group, with particular focus on sales and marketing. Mr. Stephen Tai also serves as a director and/or general manager/manager in 17 of our 30 subsidiaries including, among others, three of our four major subsidiaries.

Mr. Stephen Tai has extensive experience in engineering design, research and development, and corporate management. From April 1995 to December 2003, Mr. Stephen Tai participated in the founding of Marvell Technology Group and served as the director of engineering and research and development thereof, where he was responsible for leading the research and development of key products, including hard disk read channel, Ethernet Gigabit PHY, and Wi-Fi technologies.

In 2025, Mr. Stephen Tai was awarded the Shanghai Magnolia Gold Award.

Mr. Stephen Tai received his Bachelor of Science degree in Electrical Engineering from the Johns Hopkins University in the United States on May 21, 1992. He further received his Master of Science degree in Electrical Engineering from Stanford University in the United States on January 6, 1994.

Non-executive Directors

Dr. Wang Rui

Dr. Wang Rui, aged 65, joined the Group in January 2024 as a non-executive Director. She is responsible for providing strategic advice and recommendations on the operations and management of the Group.

Dr. Wang Rui joined Intel Corporation in April 1994, she held various positions within Intel Corporation, including: from April 1994 to September 2005, as the technical development manager in the platform engineering division, overseeing product technology development; from September 2005 to January 2013, as the vice president of the platform engineering division and general manager of the mixed-signal IP solutions division, responsible for the development of Intel's analog-digital mixed-signal IP used widely across the company's product portfolio; from January 2013 to July 2016, as the general manager of the technology enabling group, responsible for drive customer adoption of Intel's silicon technology products, overseeing all products, customers, and design cases; from July 2016 to November 2017, as the director of the major customer business of Intel China, responsible for managing business activities with major customers; from November 2017 to September 2021, she was corporate vice president and PRC country manager in the Sales and Marketing Group, responsible for Intel's marketing strategy and operations in China; from September 2021 to September 2025, she served as the senior vice president of Intel Corporation and chairman of Intel China, responsible for leading all businesses and teams in Intel China.

Dr. Wang Rui received her doctoral degree in electronic engineering from Columbia University in the United States in May 1990.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Fang Zhoujie (方周婕)	Ms. Fang Zhoujie (方周婕), aged 30, joined the Group in July 2018 as a specialist of the Board office. Ms. Fang was appointed as an employee-representative Director of the Company in June 2024, and served as an employee representative on the Board. From July 2018 to August 2019, she was a specialist of the Board office, and then became senior specialist from September 2019 to January 2023, and has been supervisor of general affairs for the Board office since February 2023. Ms. Fang previously served as an employee-representative supervisor, participating in supervisory board decisions, from September 2021 to June 2024. Ms. Fang received her bachelor's degree in English from Zhejiang International Studies University in the PRC in June 2018.

Independent Non-executive Directors

Dr. Li Ruoshan (李若山)	Dr. Li Ruoshan (李若山), aged 77, joined the Group as an independent Director in June 2024. Dr. Li is responsible for providing independent opinion and judgment to the Board. Dr. Li has over 40 years of experience in accounting, auditing, and financial management, as well as extensive academic expertise in teaching and research. Prior to joining the Group, Dr. Li held various senior academic roles. Since October 1997, he has been the director of the Department of Finance, a professor and doctoral supervisor at the Department of Accounting at the School of Management, Fudan University in Shanghai, the PRC, and continues to serve as a re-employed professor after retirement. Prior to that, Dr. Li served as the deputy director of the Department of Accounting and the deputy dean of the School of Economics, Xiamen University, in Xiamen, the PRC.

Dr. Li has also served as an independent Director and chairperson of audit committee at other listed companies. Since June 2023, he has been an independent Director and chairperson of audit committee of Spring Airlines Co., Ltd., a company listed on the Shanghai Stock Exchange (SSE: 601021). He has also served as an independent Director and chairperson of audit committee of Shanghai Conglin Environmental Protection Technology Co., Ltd., a company listed on the Shanghai Stock Exchange STAR Market (SSE: 688370), since November 2020. Previously, Dr. Li served as an independent Director of Shenzhen Yantian Port Holdings Co., Ltd., a company listed on the Shenzhen Stock Exchange (SZSE: 000088), from December 2017 to April 2024.

Dr. Li currently serves as chairperson of the Independent Directors Committee of the China Association for Public Companies.

Dr. Li received his bachelor's degree in accounting in July 1982 and a doctoral degree in auditing in July 1989, both from the Department of Accounting at the School of Economics, Xiamen University, in the PRC.

Professor Ko Ping Keung (高秉強)

Professor Ko Ping Keung (高秉強), aged 75, was appointed as an independent Director in July 2025, with effect from the listing date of the H Shares. Professor Ko is responsible for providing independent opinion and judgment to the Board.

From 1982 to 1983, Professor Ko served as a researcher at Bell Labs, Holmdel, leading a research team to develop high-speed MOS technologies for communication circuits. From 1984 to 1993, he successively served as a deputy director, professor and director of the Microelectronics Manufacturing Institute at the University of California, Berkeley. He joined the Hong Kong University of Science and Technology and served as Visiting Professor from August 1993 to April 1995 in the Department of Electronic and Computer Engineering, and as Dean of Engineering from May 1995 through June 2000.

Professor Ko has served as (i) an independent non-executive director of Henderson Investment Limited (HKEX: 0097) and Henderson Land Development Company Limited (HKEX: 0012) since September 2004, VTech Holdings Limited (HKEX: 0303) since January 2018, and Q Technology (Group) Company Limited (HKEX: 1478) between May 2017 and September 2025, and (ii) a director of OneRobotics (Shenzhen) Co., Ltd. since October 2018, and redesignated as a non-executive director since the listing of the company (HKEX: 6600) in December 2025, all of which are Hong Kong listed companies. Professor Ko has also served as an independent director of Primarius Technologies Co., Ltd. (SSE: 688206) during the period from October 2020 to February 2025, a director of Beken Corporation (SSE: 603068) since February 2017, Smartsens Technology (Shanghai) Co., Ltd. (SSE: 688213) since December 2020 and Googol Technology (SZSE: 301510) since June 2021, all of which are PRC listed companies.

Professor Ko has extensive experience serving the industrial as well as the professional and academic communities. He was associate editor of the Institute of Electrical and Electronics Engineers (IEEE) transaction on electron devices from 1988 to 1990, and was on the program committee of many major international conferences. He was the chairman of HK Research Grants Council from January 1994 to July 1999, and a member of the UGC from April 1993 to March 1998.

Professor Ko received his bachelor's degree in physics with special honors from Hong Kong University in 1974, and master's degree in science and doctoral degree in Electrical Engineering from the University of California at Berkeley, in the United States in 1978 and 1982 respectively.

Dr. Yuhua Cheng

Dr. Yuhua Cheng, aged 67, joined the Group as an independent Director in June 2024. Dr. Yuhua Cheng is responsible for providing independent opinion and judgment to the Board.

Dr. Yuhua Cheng has extensive experience in semiconductor research, microelectronics, and corporate management, with a strong academic background and extensive leadership roles in both industry and academia.

Dr. Yuhua Cheng began postdoctoral research at Peking University in the PRC between March 1990 and March 1992, focusing on semiconductor devices. He then served as a lecturer from April 1992 to July 1992 and as an associate professor from August 1992 to March 1996 at Peking University. He also served as a researcher at the University of California, Berkeley from January 1995 to December 1997. Since April 2006, he has been a professor of School of Integrated Circuits at Peking University. Since July 2007, he has been the dean of the Shanghai Microelectronics Institute at Peking University, where he oversees research projects and operational management.

Dr. Yuhua Cheng obtained his master's degree in semiconductor studies from Tianjin University in the PRC in 1985. He then received his doctoral degree in microelectronics from Tsinghua University in the PRC in December 1989. He was elected as a Fellow of the Institute of Electrical and Electronics Engineers (IEEE) in January 2007.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Shan Hailing (單海玲)	Dr. Shan Hailing (單海玲), aged 66, joined the Group as an independent Director in June 2024. Dr. Shan is responsible for providing independent opinion and judgment to the Board. Dr. Shan has over 30 years of academic and professional experience in international law, intellectual property law, and cross-border labor law, with a strong focus on legal research and teaching. From September 2008 to August 2019, Dr. Shan worked at the School of Law, Shanghai University of Finance and Economics, serving successively as a professor and a doctoral supervisor. Before that, Dr. Shan served as an associate professor at East China University of Political Science and Law. Dr. Shan was a member of International Law Association, a member of International Association for the Protection of Intellectual Property, and a standing director of Chinese Society of Private International Law. Dr. Shan received her bachelor's degree in law from East China University of Political Science and Law in the PRC in July 1984. She received her doctoral degree in law at Ghent University in Belgium, in January 2007.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on July 2, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Senior Management

Dr. Howard C. Yang (楊崇和), and Mr. Stephen Kuong-Io Tai are each an executive Director of our Company and also a member of our senior management team. For further details, please see “Directors and Senior Management – Executive Directors” for details of their biography.

Ms. Su Lin
(蘇琳)

Ms. Su Lin (蘇琳), aged 53, joined the Group in September 2007 as our financial director and is currently our vice president and head of finance, and is responsible for the Group’s financial, legal, human resources, and administrative matters.

From September 2007 to December 2011, she was the financial director of the Company, before she was promoted to our vice president of administration and finance from January 2012 to September 2018. Since October 2018, Ms. Su has been serving as the vice president and head of finance of the Company.

Ms. Su has around 30 years of extensive experience in financial management, auditing, and administration. She first served as an audit manager at PricewaterhouseCoopers from July 1995 to June 2003, where she conducted external audits and issued audit reports. She then joined Dow Corning Silicone Trading (Shanghai) Co., Ltd. as financial director from July 2003 to August 2007, where she oversaw financial accounting, taxation, and fund management.

Ms. Su received her bachelor’s degree in management information systems from Fudan University in the PRC in July 1995.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Fu Xiao
(傅曉)

Ms. Fu Xiao (傅曉), aged 40, joined the Group in April 2016 and is currently our Board secretary, responsible for the corporate governance, information disclosure and compliance, investor relations, ESG matters, and capital operations of the Group.

She served as a securities affairs manager from April 2016 to June 2019, responsible for the A-share IPO preparation and application. During July 2019 to August 2021, she served as our securities affairs representative. Since September 2021, Ms. Fu has been serving as our Board secretary.

Ms. Fu has over 13 years of experience in corporate governance, securities affairs, and legal compliance. She has been recognized the 5A-Class Board Secretary by the China Association for Public Companies. Prior to joining the Group, she served as the securities affairs representative and legal officer at Shanghai Golden Bridge Information Co., Ltd., a company listed on the Shanghai Stock Exchange (SSE: 603918) from July 2011 to October 2013, where she managed A-share IPO application and legal affairs. From November 2013 to March 2016, she worked at New Focus Auto Tech Holdings Limited, a company listed on the Hong Kong Stock Exchange (HKEX: 00360), responsible for handling information disclosure of listed company and managing legal affairs.

Ms. Fu received her master's degree in economic law from East China University of Political Science and Law in the PRC in June 2011. Ms. Fu holds the Legal Professional Qualification Certificate in PRC.

DIRECTORS' REPORT

REPORT OF THE DIRECTORS

The Directors of the Company hereby submit the Report of the Directors and the audited financial statements of the Group for the year ended December 31, 2025.

GENERAL INFORMATION

The Company is a limited liability company incorporated in the PRC on May 27, 2004 and restructured into a joint stock company with limited liability in October 2018, and the A Shares of which are listed on the Shanghai Stock Exchange STAR Market (stock code: 688008). The Company's H shares were listed on the Main Board of the Stock Exchange on February 9, 2026.

PRINCIPAL ACTIVITIES

The Company is a leading global fabless IC design company focused on offering innovative, reliable and power-efficient interconnect solutions for cloud computing and AI infrastructure. We currently have two major product lines: interconnect chips and the Jintide products. Our interconnect chips primarily include memory interface chips, memory module supporting chips, PCIe/CXL interconnect chips and clock chips. Our Jintide products mainly consist of our Jintide CPU and Security & Trust Computing Accelerator. There was no significant change in the nature of the Group's principal activities during the Reporting Period.

Particulars of the Company's principal subsidiaries as at December 31, 2025 are set out in Note VIII to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the business of the Group as well as a discussion and analysis of the Group's performance during the Reporting Period and the material factors underlying its financial performance and financial position as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**") can be found in the section headed "Management Discussion and Analysis" of this report.

DIRECTORS

During the period from the listing date of the H Shares and up to the Date of this Report, the Board consists of the following Directors:

Executive Directors

Dr. Howard C. Yang *(Chairman)*
Mr. Stephen Kuong-Io Tai

Non-executive Directors

Dr. Wang Rui
Ms. Fang Zhoujie

Independent Non-executive Directors

Dr. Li Ruoshan
Professor Ko Ping Keung
Dr. Yuhua Cheng
Dr. Shan Hailing

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" of this report.

CHANGES IN INFORMATION OF DIRECTORS

Having made specific enquiry and as confirmed by Directors, save for the biography details as disclosed under the section headed "Directors and Senior Management" of this report, no other changes in the information of Directors which shall be subject to disclosure according to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules shall be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the listing date of the H Shares and up to the Date of this Report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in writing of his/her independence. The Company considers that, during the period from the listing date of the H Shares and up to the Date of this Report, all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

For more information about the service contracts entered into by the Company, please see the Corporate Governance Report in this report for further details.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in relation to the directors' and officers' liability insurance is currently in force and was in force during the period from the listing date of the H Shares and up to the Date of this Report. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the period from the listing date of the H Shares and up to the Date of this Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed public float under Rule 8.08 and Rule 19A.28B(2) of the Listing Rules during the period from the listing date of the H Shares and up to the Date of this Report.

KEY PERFORMANCE INDICATORS

Details of the key performance indicators of the Group as at December 31, 2025 are set out in the section headed "Management Discussion & Analysis" of this report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely, Dr. Li Ruoshan, Dr. Yuhua Cheng and Dr. Shan Hailing. The Audit Committee has reviewed the audited Consolidated Financial Statements for the year ended December 31, 2025 with the management and the auditor of the Company. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks Relating to Our Core Competitiveness

- **Risks Related to Product R&D**
  Our success depends to a significant extent on the development, implementation and acceptance of new products that provide value to our customers. Our ability to develop and launch new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers on a timely basis, are significant factors in determining our competitiveness in our target markets.

  Our risks in new product development mainly arise from the following aspects: (1) Our development of new products is characterized by long cycles and with significant investment. During the product planning stage, there is a risk of misjudging market demand, which may result in incorrect product positioning; (2) Due to the high technical content of our products, there is a risk of misjudging our own capabilities, particularly in assessing technological development capacity. This may result in the failure to realize research and development projects or prolonged development cycles; and (3) Early-mover advantages are critical to our ability to capture market share. If competitors launch next-generation products ahead of us during product cycles, we may lose substantial market share, which would adversely affect our future development.

- **Risks Related to Talent Retention**
  IC design is a highly technology-intensive industry that relies critically on our key engineers. Supported by our research and development team's sustained efforts over the years, our core engineering staff has built strong independent R&D capabilities. We have implemented multiple employee incentive plans to help retain our core technical team. Nevertheless, industry competitors may attempt to recruit our technical personnel by offering more attractive remuneration and benefits. Failure to retain our key technical talent, or their departure for other reasons, could materially disrupt our new product development and technological progress, which may in turn adversely affect our profitability.

- **Risks Related to Technology Leakage**
  Through continuous technological innovation, our research and development technology platform maintains a relatively high industry standing. Since our establishment, we have attached great importance to the protection of our core technologies, promptly applied for patents for our R&D achievements, and established stringent and comprehensive internal control systems to safeguard the confidentiality of our core technologies. Even so, the Company faces the risk of losing core technologies due to turnover of key technical personnel, technology misappropriation or insufficient patent protection. Any such incident would weaken the Company's technological advantages to a certain extent and adversely affect its competitiveness.

Risks Related to Our Operations

- **Risks Related to Customer Concentration**
  Interconnect chips are currently our primary source of profit. Among these, memory interface and memory module supporting chips primarily serve the downstream DRAM market, with our direct customers being memory module manufacturers. According to industry data, Samsung Electronics, SK Hynix and Micron Technology collectively account for more than 90% of the global server DRAM market, resulting in a relatively high level of customer concentration for this product line. Failure to keep pace with market changes and evolving customer demands may impair our ability to expand our customer base or grow business with existing customers, which could adversely affect our operating results. Given our high customer concentration, shifts in the competitive landscape, including significant customer pricing demands or intensified competition, may lead to volatility in our market share and a decline in revenue.

- **Risks Related to Supplier**
  Since our inception, we have adopted a fabless model to operate our business. This approach allows us to focus on design, innovation, and market responsiveness while outsourcing fabrication, packaging and testing to trusted partners. By leveraging this model, we remain agile, cost-effective, and scalable, ensuring we can meet the growing demands of the market effectively. However, the Company faces potential risks including supply shortages, delivery delays due to production scheduling issues at outsourced facilities, or failure of such facilities to comply with the Company's production standards.

  In addition, wafer fabrication, packaging and testing are capital and technology-intensive, resulting in high industry concentration. The Company's supplier base is highly concentrated. Force majeure events affecting these suppliers, or tight foundry and packaging capacity amid strong IC market demand, may lead to insufficient supply to meet the Company's requirements, which could materially adversely affect its operating results. Any shifts in market conditions or supply-demand dynamics that push up raw material prices may also expose the Company to increased costs and compressed gross margins.

- **Risks Related to Product Quality**
  Under its fabless model, the Company concentrates on chip design and research and development, with manufacturing, packaging and testing outsourced to independent third parties. Product quality depends on both the Company's design capabilities and the quality control and production management of its external manufacturing partners. Any failure by such third-party manufacturers to deliver high-quality products or maintain robust production controls, as well as any defects in the Company's product designs, may result in direct financial losses, customer claims, order cancellations or reductions, lower revenue and adversely impact the Company's profitability.

- **Risks Related to Inventory Impairment**
  The IC industry is inherently cyclical. Changes in market conditions, intensifying competition or inventory obsolescence resulting from technological advances may lead to slow-moving products and excess inventory levels, which may adversely affect the Company's profitability.

  The Company's inventories primarily consist of raw materials, finished goods and materials consigned for processing. As at 31 December 2025, the carrying value of the Company's inventory amounted to RMB896 million.

- **Risks Related to Intellectual Property**
  Chip design is a technology-intensive industry involving a wide range of intellectual property rights. The Company's product development entails substantial licensing of IP, including patents and the exclusive rights to layout designs of integrated circuits. Consistent with its long-term strategy, the Company has pursued a research and development approach focused on independent innovation. It actively applies for intellectual property rights in compliance with applicable laws, strengthens the protection of its own IP, and acquires necessary third-party IP rights as needed to avoid infringement. Nevertheless, there can be no assurance that competitors or other third parties will not resort to vexatious litigation to hinder the Company's market expansion. Nor can there be any assurance that the Company's IP will not be misappropriated by competitors for unlawful gain, which may to a certain extent adversely affect the Company's operating results.

Risks Related to Foreign Exchange Gains and Losses

Our group is primarily exposed to exchange rate risk related to the USD. In addition to our domestic subsidiaries, Montage Semiconductor (Kunshan) Co., Ltd., Montage Electronics (Shanghai) Co., Ltd., and Montage Electronics (Zhuhai Hengqin) Co., Ltd. and overseas subsidiaries, which mainly conduct procurement and sales in USD, our other major business activities are settled in RMB. Fluctuations in exchange rates may impact our Group's operating performance. Our Group closely monitors the impact of exchange rate fluctuations and uses methods such as foreign exchange forward contracts to lock in exchange rates and control the impact of exchange rate risk on the Group. For details of the sensitivity analysis please refer to Note X.1.(3) of the financial statements.

Risks Related to the Industry

As an IC design house, the Company is principally engaged in the design, R&D and sale of integrated circuit chips, an upstream segment of the industry. The IC industry is capital and technology-intensive, and exhibits cyclical fluctuations closely tied to macroeconomic cycles amid rapid technological evolution. Material volatility or a downturn in the macroeconomy may trigger industry-wide fluctuations or softer demand, exposing integrated circuit companies including the Company to cyclical risks and adversely affecting their operating results.

Risks Related to the Macroeconomic Environment

- **Risks Related to Global Trade Frictions**
  During the Reporting Period, the Company's principal customers, suppliers and EDA tool licensors were predominantly overseas entities. Global trade frictions have intensified in recent years and, while not having materially adversely affected the Company's business to date, further escalation could increase industrial chain transaction costs, constrain downstream demand and disrupt upstream supply, adversely impacting the Company's operations. Further tightening of relevant semiconductor export control policies may also adversely affect the Company's business and relevant personnel.

- **Risks Related to Tax Policies**
  During the Reporting Period, the Company and its subsidiaries benefited from various preferential tax incentives, including those applicable to key integrated circuit design enterprises and high-technology enterprises. Any future adjustment to such policies, or loss of eligibility for corporate income tax relief, may to a certain extent adversely affect the Company's operating results and profitability.

- **Other Compliance Risks**
  The Company operates globally and is subject to the laws and regulations of multiple jurisdictions with differing requirements governing export controls, trade compliance and antitrust matters. Changes in applicable laws and regulations, or any failure to correctly interpret and comply with overseas regulatory requirements, may to a certain extent adversely affect the Company's business, market positioning and operating results.

  For further details, please refer to the section headed "Risk Factors" in the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As the Company's H Shares have not been listed on the main board of the Stock Exchange as at December 31, 2025, Divisions 7 and 8 of Part XV and section 352 of the SFO are not applicable to the Company's Directors and chief executives as at December 31, 2025.

As at the Date of this Report, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares and Underlying Shares of the Company

Name of Director/ Chief Executive	Nature of interest	Class of Share	Number of Shares directly or indirectly held/Nature of Shares Held	Percentage of the respective type of Shares(1)	Percentage of the total issued share capital(1)
Dr. Howard C. Yang	Beneficial owner(2)	A Shares	13,580,000/long positions	1.18%	1.11%
	Interest of controlled corporations(3)	A Shares	45,012,524/long positions	3.93%	3.68%
Mr. Stephen Tai	Beneficial owner(4)	A Shares	13,580,000/long positions	1.18%	1.11%
	Interest of controlled corporations(3)	A Shares	45,012,524/long positions	3.93%	3.68%
Ms. Fang Zhoujie	Beneficial owner	A Shares	1,066/long positions	0.0001%	0.0001%

Notes:

(1) As at the Date of this Report, the Company had a total of 1,222,200,021 issued shares, comprising 1,146,426,521 A Shares and 75,773,500 H Shares. The above calculation is based on the total number of issued shares and the total number of relevant classes of shares as of the Date of this Report.

(2) This includes 11,400,000 unvested restricted Shares granted under the Core Management Incentive Plan.

(3) WLT Partners is interested in 45,012,524 A Shares in the Company. The general partner of WLT Partners is WYK Co., Ltd. holding 9% of the interest. WYK Co., Ltd. is wholly-owned by Mr. Tai Kuai Lap. The limited partners of WLT Partners are Dr. Howard C. Yang and Mr. Stephen Tai, holding 45.5% and 45.5% of the interest, respectively. As such, each of Dr. Howard C. Yang, Mr. Stephen Tai, WYK Co., Ltd. and Mr. Tai Kuai Lap is deemed to be interested in the Shares beneficially owned by WLT Partners under the SFO.

(4) This includes 11,400,000 unvested restricted Shares granted under the Core Management Incentive Plan.

Save as disclosed above, as at the Date of this Report, so far as is known to any Directors or the chief executive of the Company, none of the Directors nor the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Date of this Report, the following persons (other than the Directors and chief executives whose interests have been disclosed in this annual report), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of securities/ Nature of Shares held	Approximate percentage of shareholding in our A Shares/ H Shares	Approximate percentage of interest in our Company[(1)]
Mr. Tai Kuai Lap[(2)]	Interest of controlled corporations	82,918,511 A share/ Long position	7.23%	6.78%
JPMorgan Chase & Co.	Beneficial owner, investment manager, person having a security interest in shares and approved lending agent[(3)]	7,456,731 H Shares/ long positions[(3)]	9.84%	0.61%
		139,900 H Shares/ short positions[(3)]	0.18%	0.01%
		677,431 H Shares/ lending pool[(3)]	0.89%	0.06%
UBS Group AG	Interest of controlled corporation	5,927,499 H Shares/ long positions	7.82%	0.48%
Morgan Stanley	Interest of controlled corporation	5,245,117 H Shares/ long positions	6.92%	0.43%
		319,854/short positions	0.42%	0.03%
Alisoft China Holding Limited[(4)]	Beneficial owner	5,236,200 H Shares/ long positions	6.91%	0.43%
Yunfeng Investments Limited[(5)]	Interest of controlled corporation	4,814,800 H Shares/ long positions [(5)]	6.35%	0.39%

DIRECTORS' REPORT

Notes:

(1) As at the Date of this Report, the Company had a total of 1,222,200,021 issued shares, comprising 1,146,426,521 A Shares and 75,773,500 H Shares. The above calculation is based on the total number of issued shares and the total number of relevant classes of shares as of the Date of this Report.

(2) Shanghai Rongying is interested in 37,905,987 A Shares in the Company. Its general partners are Ms. Yang Chongyi (楊崇頤) and Ms. Bai Xue (白雪), an Independent Third Party, holding 0.01% and 0.01% of the interest therein, respectively. Ms. Yang Chongyi is Dr. Howard C. Yang's sister. The limited partners of Shanghai Rongying are Jiaxing Heguang Investment Partnership (Limited Partner) (嘉興和光投資合夥企業(有限合夥)) and HARMONIALUX HOLDINGS (HONG KONG) LIMITED, holding 98.30% and 1.68% of the interest therein, respectively. The general partner of Jiaxing Heguang Investment Partnership (Limited Partner) is Ms. Bai Xue holding 0.10% therein. The limited partners of Jiaxing Heguang Investment Partnership (Limited Partner) are HARMONIALUX HOLDINGS (HONG KONG) LIMITED, holding 80% therein, and Zhuting Culture Communication (Shanghai) Co., Ltd. (竹汀文化傳播(上海)有限公司), holding 19.90% therein, which is in turn wholly-owned by HARMONIALUX HOLDINGS (HONG KONG) LIMITED, a company held as to 70% by Mr. Tai Kuai Lap, Mr. Stephen Tai's father.

WLT Partners is interested in 45,012,524 A Shares in the Company. The general partner of WLT Partners is WYK Co., Ltd. holding 9% of the interest. WYK Co., Ltd. is wholly-owned by Mr. Tai Kuai Lap.

As such, Mr. Tai Kuai Lap is deemed to be interested in the Shares beneficially owned by WLT Partners and Shanghai Rongying.

(3) Includes the following interests held in the following capacity:

Capacity	**Number of securities/Nature of Shares held**
Beneficial owner	788,000 H Shares/long positions
	139,900/short positions
Investment manager	5,820,400 H Shares/long positions
Person having a security interest in shares	170,900 H Shares/long positions
Approved lending agent	677,431 H Shares/long positions

(4) Alisoft China Holding Limited is a limited liability company incorporated in Hong Kong and is wholly owned by Alisoft Investment Holding Limited, which is in turn wholly owned by Alisoft Holding Limited. Alisoft China Holding Limited is an indirect wholly-owned subsidiary of Alibaba Group Holding Limited.

(5) Includes 3,282,800 and 1,532,000 H Shares held by New Alternative Limited and New Golden Future Limited, respectively. Both New Alternative Limited and New Golden Future Limited are wholly owned subsidiary of Yunfeng Investments Limited. Yunfeng Investments Limited is majority-owned and controlled by Mr. Yu Feng, with the remaining equity interest held by Mr. Ma Yun.

Save as disclosed above and to the best knowledge of the Directors, as at the Date of this Report, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended December 31, 2025 and up to the Date of this Report, none of the Directors or their respective close associates (as defined in the Listing Rules) is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries, the holding company, a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

A repurchase mandate for repurchase of A Shares for the purpose of the Company's employee incentive plans and/or stock ownership plans was approved by the eighth meeting of the third session of the Board on June 20, 2025. The repurchase mandate was valid for three months from the date of approval of the repurchase mandate by the Board. Between June 23, 2025 and September 19, 2025, the repurchase of A Shares was conducted under the repurchase mandate with a total of 2,339,000 A Shares pursuant to centralized bidding trading transactions at a range of RMB77.79 per A Share to RMB117.00 per A Share. Upon completion of the repurchase, the repurchased A Shares would be held under our Company stock repurchase account as treasury shares and do not carry any shareholders' rights, including but not limited to voting rights at Shareholders' meeting and dividend rights.

A repurchase mandate for repurchase of A Shares for the purpose of reducing the registered capital of our Company was approved by the eighth meeting of the third session of the Board on June 20, 2025 and the first extraordinary general meeting of the Shareholders in 2025 on July 7, 2025. The repurchase mandate was valid for 12 months from the date of approval of the repurchase mandate by the Shareholders, and shall only be implemented after the completion of the aforementioned repurchase for employee incentive plans. Between October 31, 2025 and December 31, 2025, the repurchase of A Shares was conducted under the repurchase mandate with a total of 1,662,000 A Shares pursuant to centralized bidding trading transactions at a range of RMB115.00 per A Share to RMB147.88 per A Share. Upon completion of the repurchase, the repurchased A Shares would be held under our Company stock repurchase account as treasury shares and do not carry any shareholders' rights, including but not limited to voting rights at Shareholders' meeting and dividend rights.

The monthly report on the repurchase of A Shares conducted by the Company for the year ended December 31, 2025 through the trading system of the Shanghai Stock Exchange is as follows:

Month of Repurchase	Number of A Shares repurchased (Shares)	Price Paid per A Share Highest (RMB)	Lowest (RMB)	Total Amount Paid (RMB, excluding transaction fees)
June	1,002,000	81.91	77.79	79,048,550.19
July	918,000	87.18	79.55	75,516,152.47
August	0	–	–	–
September	419,000	117.00	106.35	45,921,319.35
October	700,000	147.88	136.47	96,530,614.74
November	805,000	134.51	115.00	105,038,132.65
December	157,000	120.88	115.00	18,668,636.49
Total	4,001,000			420,723,405.89

The total number of treasury shares of A Shares is 12,533,000 as at December 31, 2025. Since the listing date of the H Shares and up to the Date of this Report, there is no on-market sales of treasury shares. The Company intends to use the treasury shares, including but not limited to cancellation, sale or transfer (which include transfer pursuant to share incentive schemes or as consideration in transactions, where applicable) of treasury shares in compliance with the Listing Rules and applicable rules and regulations, based on market conditions that may arise from time-to-time.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the year ended December 31, 2025.

PRE-EMPTIVE RIGHTS

The Company's shareholders are not entitled to have pre-emptive right according to the provisions of Chinese law and the Articles of Association.

PENSION SCHEMES

Details of the pension schemes are set out in notes III.17 and V.22 to the Consolidated Financial Statements.

During the Reporting Period, no forfeited contributions were utilised by the Group to reduce its contributions.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in the report, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

During the period from the listing date of the H Shares and up to the Date of this Report, the Company did not have any disclosure obligations under Rule 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the period from the listing date of the H Shares and up to the Date of this Report, the Group was not aware of any non-compliance with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance.

EQUITY-LINK AGREEMENT

Save as disclosed in this report, the Company had not entered into any equity-linked agreement for the year ended December 31, 2025, nor did any equity-linked agreement subsist as at December 31, 2025.

SINGLE LARGEST GROUP OF SHAREHOLDERS' INTERESTS IN SIGNIFICANT CONTRACTS

The Group has no controlling shareholder. Save as disclosed in this report, at no time during the Reporting Period had the Company or any of its subsidiaries, and any of the single largest group of shareholders (as defined in the Prospectus) of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such single largest group of shareholders (as defined in the Prospectus) or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Save for the service contracts entered into with any Directors and full-time employee of the Company, no contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Reporting Period.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group for the year ended December 31, 2025.

RELATED PARTY TRANSACTIONS

Details of the related party transactions carried out in the normal course of business are set out in Note XII to the Consolidated Financial Statements. Save as the related party transactions involving payment of remuneration to certain Directors, which constitute connected transactions fully exempt from the requirements under Chapter 14A of the Listing Rules, during the Reporting Period, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H Shares of the Company were successfully listed on the Main Board of the Hong Kong Stock Exchange after the Reporting Period on February 9, 2026. The net proceeds from the Global Offering received by the Company were approximately HK$6,887.5 million after deducting underwriting commissions and listing expenses, which will be utilized for the purposes set out in the Prospectus. As at the date of this annual report, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that net proceeds are not immediately used for the intended use, the Company will place the net proceeds as short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), or applicable laws and regulations in other jurisdictions).

The over-allotment option described in the Prospectus was fully exercised on February 10, 2026 in respect of an aggregate of 9,883,500 H Shares, representing approximately 15% of the total number of H Shares initially available under the Global Offering before any exercise of the over-allotment option.

The additional H Shares were issued and allotted by the Company at HK$106.89 per H Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%), being the offer price per H Share under the Global Offering.

The additional net proceeds of approximately HK$1,043.2 million received by the Company from the issue of the additional H Shares after deduction of the underwriting commission, fees and estimated expenses payable by the Company in connection with the full exercise of the over-allotment option, will be used by the Company on a pro rata basis for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The net proceeds of approximately HK$7,930.7 million will be applied in the manner as set out below:

Use of proceeds	Percentage (%)	Planned allocation of Net Proceeds (HK$ million)	Expected timeline for utilisation of unutilised net proceeds[1]
R&D in interconnect chip domain	70.0	5,551.5	By 2031
Enhancing commercialization capabilities	5.0	396.5	By 2031
Strategic investments and/or acquisitions	15.0	1,189.6	By 2029
Working capital and other general corporate purposes[2]	10.0	793.1	By 2029
Total	100.0	7,930.7	–

(1) The expected timeline for the utilisation of unutilised proceeds represents the Group's best estimates based on the anticipated market conditions, which may be subject to change in response to current and future market developments.

(2) Working capital and other general corporate purposes, including but not limited to payments to suppliers and the settlement of daily operating expenses.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

Pursuant to Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration and Appraisal Committee to formulate remuneration policies. The Directors and senior management who receive remuneration from the Company are paid in forms of base salaries, bonuses, incentive plans. The remuneration is determined and recommended based on the experience, qualification, position and seniority of each Director and senior management. As for the independent non-executive Directors, their remuneration is determined by the Board based on the recommendation from the Remuneration and Appraisal Committee. The Directors and the senior management are eligible participants of the applicable share incentive plans. Details of the share incentive plans can be referred to the section headed "Share Incentive Schemes" in this annual report.

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note XVI.2 and Note XVI.3 to the Consolidated Financial Statements of this report.

For the Reporting Period, (i) no emoluments were paid by the Group to any Directors, former directors of the Company or five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office; (ii) none of the Directors waived or agreed to waive any remuneration; (iii) save as disclosed in this report, there were no loans, quasi-loans and other dealings in favor of Directors, their controlled bodies corporate and connected entities; and (iv) no consideration provided to or receivable by third parties for making available Directors' services.

The table below shows the emolument of senior management by band:

	Year ended December 31, 2025
HK$2,500,001 to HK$3,000,000	1
HK$4,500,001 to HK$5,000,000	1
HK$14,500,001 to HK$15,000,000	2
Total	4

DISTRIBUTABLE RESERVES

For changes in the Company's reserves and distributable reserves, please refer to the "Consolidated statement of changes in equity" under the consolidated financial statements and Notes V.30 and V.34 of this annual report.

RESULTS AND DIVIDEND

Details of the consolidated income of the Group for the year ended December 31, 2025 and the Group's financial position as at December 31, 2025 are set out in the Consolidated Financial Statements and their accompanying notes on pages 112 to 221.

The Company considered and approved an interim dividend in 2025 for a cash dividend of RMB227 million on August 29, 2025. Such dividend was fully paid in October 2025.

The Board has considered and approved the resolution in relation to the 2025 Profit Distribution Plan at the board meeting held on March 30, 2026. According to the 2025 Profit Distribution Plan, the Board proposed to distribute the final dividend for 2025 at RMB3.90 (tax inclusive) for every 10 Shares to all Shareholders who are eligible for distribution on the record date. Dividends on A Shares will be paid in RMB and dividends on H Shares in HKD. The actual dividend amount for H Shares will be calculated based on the RMB-to-HKD central parity rate (HKD1 = RMB0.88361) announced by the People's Bank of China on the trading day immediately preceding the Board's consideration of this plan (27 March 2026). A dividend of HKD4.41 (tax inclusive) will be payable for every 10 H Shares.

As at the date of this annual report, the total number of Shares of the Company is 1,222,200,021 Shares, including 12,533,000 repurchased A Shares which are held as treasury shares by the Company. Based on the above, the total final dividend of the Company under the 2025 Profit Distribution Plan amounts to approximately RMB471,770,138.19 (tax inclusive).

The 2025 Profit Distribution Plan is subject to the approval at the 2025 AGM. The Company will announce the record date and the expected payment date for the 2025 Profit Distribution Plan separately. If there is any change in the total share capital of the Company before the record date for the implementation of the profit distribution, the Company will maintain the distribution amount per share unchanged and adjust the total amount of dividend distribution accordingly, and will announce the details of the adjustment separately.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in Note V.29 to the Consolidated Financial Statements of this report.

TAX RELIEF AND EXEMPTION OF DIVIDEND

A Shareholders

1. **Individual Income Tax**

   Pursuant to the relevant provisions of the *Notice on Issues Concerning the Implementation of the Differentiated Individual Income Tax Policy on Dividends of Listed Companies* (Caishui [2012] No. 85) and the *Notice on Issues Concerning the Differentiated Individual Income Tax Policy on Dividends of Listed Companies* (Caishui [2015] No. 101), in respect of individual shareholders and securities investment funds, where the holding period is within one month (inclusive), the entire dividend income shall be included in taxable income and be subject to individual income tax at the rate of 20%; where the holding period is more than one month but not more than one year (inclusive), 50% of the dividend income shall be temporarily included in taxable income and be subject to individual income tax at the rate of 20%; and where the holding period exceeds one year, the dividend income shall be temporarily exempt from individual income tax.

   When the Company distributes dividends, in respect of individual shareholders and securities investment funds holding A Shares for not more than one year (inclusive) as at the record date, the Company will not temporarily withhold and remit individual income tax. Upon transfer of such A Shares by individual investors or securities investment funds, China Securities Depository and Clearing Corporation Limited shall calculate the tax payable based on their respective holding periods.

2. Enterprise Income Tax

For holders of A Shares who are PRC resident enterprises, the enterprise income tax on cash dividends shall be declared and paid by such shareholders themselves.

For holders of A Shares who are Qualified Foreign Institutional Investors ("QFIIs"), pursuant to the *Notice on Issues Concerning the Withholding and Payment of Enterprise Income Tax on Dividends, Bonuses and Interest Paid by PRC Resident Enterprises to QFIIs* (Guoshuihan [2009] No. 47), the Company shall withhold and remit enterprise income tax at the rate of 10%. Where the relevant shareholders consider that the dividend income derived by them is entitled to preferential treatment under any tax treaty (or arrangement), applications may be made in accordance with the prevailing administrative requirements for tax treaty treatment.

Pursuant to the *Notice on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect* (Caishui [2014] No. 81), in respect of dividend income derived by Hong Kong market investors (including enterprises and individuals) from investment in the Company's A Shares through the Shanghai-Hong Kong Stock Connect, before Hong Kong Securities Clearing Company Limited is able to provide China Securities Depository and Clearing Corporation Limited with detailed data in respect of the identities of the investors and their holding periods, the differentiated taxation policy based on holding period will not be implemented temporarily. Accordingly, the Company shall withhold income tax at the rate of 10% and file the relevant withholding return with its competent tax authority. For Hong Kong investors who are tax residents of countries other than the PRC and whose countries of tax residence have entered into tax treaties with the PRC stipulating a dividend tax rate lower than 10%, such enterprises or individuals may, in accordance with the prevailing administrative requirements for tax treaty treatment, apply for a refund of the excess tax paid.

H Shareholders

1. Individual Income Tax

Pursuant to the *Notice on Certain Policy Issues Concerning Individual Income Tax* (Caishuizi [1994] No. 020), foreign individuals are temporarily exempt from PRC individual income tax on dividends and bonuses received from foreign-invested enterprises. Accordingly, when the Company distributes dividends to foreign individual holders whose names appear on the register of members for H Shares, the Company will not temporarily withhold or remit PRC individual income tax on behalf of such holders.

2. **Enterprise Income Tax**

Pursuant to the *Notice on Issues Concerning the Withholding and Payment of Enterprise Income Tax on Dividends Distributed by PRC Resident Enterprises to Overseas Non-resident Enterprise Holders of H Shares* (Guoshuihan [2008] No. 897), where a PRC resident enterprise distributes dividends for the years from 2008 onwards to overseas non-resident enterprise holders of H Shares, enterprise income tax shall be withheld and remitted at the rate of 10%. Where the relevant shareholders are entitled to preferential treatment under any tax treaty (or arrangement), applications may be made in accordance with the prevailing administrative requirements for tax treaty treatment.

3. **Shanghai-Hong Kong Stock Connect**

For Mainland investors investing in the Company's H Shares through the Shanghai Stock Exchange (including enterprises and individuals), China Securities Depository and Clearing Corporation Limited, Shanghai Branch, as the nominee holder of investors in H Shares under the Shanghai-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute such cash dividends to the relevant investors in the Company's H Shares through its registration and settlement system.

Pursuant to the *Notice on the Tax Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect* jointly issued by the Ministry of Finance of the PRC, the State Taxation Administration of the PRC and the China Securities Regulatory Commission (Caishui [2014] No. 81): (1) in respect of dividend income derived by Mainland individual investors from investment in H Shares listed on The Stock Exchange of Hong Kong Limited through the Shanghai-Hong Kong Stock Connect, the Company shall withhold individual income tax at the rate of 20%; (2) in respect of dividend income derived by Mainland securities investment funds from investment in shares listed on The Stock Exchange of Hong Kong Limited through the Shanghai-Hong Kong Stock Connect, individual income tax shall be levied by reference to the treatment applicable to individual investors; and (3) in respect of dividend income derived by Mainland enterprise investors from investment in shares listed on The Stock Exchange of Hong Kong Limited through the Shanghai-Hong Kong Stock Connect, the Company will not withhold tax on dividend income, and the tax payable shall be declared and paid by the enterprises themselves. In particular, dividend income derived by Mainland resident enterprises from holding H Shares continuously for 12 months or more shall be exempt from enterprise income tax in accordance with the law.

4. **Shenzhen-Hong Kong Stock Connect**

For Mainland investors investing in the Company's H Shares through the Shenzhen Stock Exchange (including enterprises and individuals), China Securities Depository and Clearing Corporation Limited, Shenzhen Branch, as the nominee holder of investors in H Shares under the Shenzhen-Hong Kong Stock Connect, will receive the cash dividends distributed by the Company and distribute such cash dividends to the relevant investors in the Company's H Shares through its registration and settlement system.

Pursuant to the *Notice on the Tax Policies Related to the Pilot Programme of the Shenzhen-Hong Kong Stock Connect* (Caishui [2016] No. 127): (1) in respect of dividend income derived by Mainland individual investors from investment in H Shares listed on The Stock Exchange of Hong Kong Limited through the Shenzhen-Hong Kong Stock Connect, the Company shall withhold individual income tax at the rate of 20%; (2) in respect of dividend income derived by Mainland securities investment funds from investment in shares listed on The Stock Exchange of Hong Kong Limited through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied by reference to the treatment applicable to individual investors; and (3) in respect of dividend income derived by Mainland enterprise investors from investment in shares listed on The Stock Exchange of Hong Kong Limited through the Shenzhen-Hong Kong Stock Connect, the Company will not withhold tax on dividend income, and the tax payable shall be declared and paid by the enterprises themselves. In particular, dividend income derived by Mainland resident enterprises from holding H Shares continuously for 12 months or more shall be exempt from enterprise income tax in accordance with the law.

Shareholders of the Company shall be responsible for complying with the relevant tax requirements and/or claiming any applicable tax benefits in accordance with the aforesaid provisions. The Company shall determine the identity of shareholders and the applicable tax treatment solely based on the registration information provided by China Securities Depository and Clearing Corporation Limited and the Hong Kong share registrar. Shareholders are advised to consult their professional advisers regarding the PRC, Hong Kong and other tax implications arising from the holding and disposal of the Company's shares.

BANK BORROWINGS AND OTHER BORROWINGS

As of December 31, 2025, the Company had not recorded any bank and other interest-bearing borrowings.

Save as disclosed in this report including the lease liabilities, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, term-loans, other borrowings or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of December 31, 2025.

CHARITABLE CONTRIBUTIONS

During the Reporting Period, the Group made a charitable donation of RMB0.44 million.

PROPERTY INTERESTS AND PROPERTY VALUATION

For the purpose of the Listing, the Company has valued the property interests of the Group and included such valuation in the Prospectus.The valuation of the industrial complex located in Portion of Montage Circle (和光天地) No. 181 Caobao Road, Xuhui District, Shanghai, PRC as at November 30, 2025 was RMB381,000,000.

The Group's investment properties are measured using the cost model, with their carrying amounts stated at cost less accumulated depreciation (amortisation) and accumulated impairment losses. Details of the movements in the investment properties of the Group during the year ended 31 December 2025 are set out in note V.11 to the consolidated financial statements of this annual report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1. In January 2026, the Company announced that its wholly-owned subsidiary, Montage Technology Holdings Company Limited ("Montage Cayman"), a shareholder of XConn Technologies Holdings, Ltd. ("XConn"), has been informed of an acquisition proposal from Marvell Technology, Inc. ("Marvell") to purchase 100% equity in XConn. Through negotiation between the board of Marvell and XConn, an Agreement and Plan of Reorganization was recently executed. Upon deliberation, the Company agreed to the transaction and has entered into a Support Agreement with Marvell. The total consideration for XConn's shareholders is based on a benchmark of US$540 million, subject to adjustment according to the price adjustment mechanism and allocation of cash and share consideration stipulated in the agreement. The Company estimates the transaction consideration for this equity interest to be in the range of US$58 million to US$65 million. Prior to the transaction, Montage Cayman held a fully diluted equity interest of 13.075% in XConn. Upon completion of the transaction, Montage Cayman will no longer hold any equity in XConn.

   For further details, please refer to the disclosure in the Prospectus.

2. Following the approval of The Hong Kong Stock Exchange, 65,890,000 H Shares of the Company (before exercise of the over-allotment option) were listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited on 9 February 2026. The total number of H Shares offered in the global offering was 65,890,000 (before exercise of the over-allotment option). After deducting underwriting commissions, fees and estimated expenses in connection with the global offering, the net proceeds from the global offering received by the Company before exercise of the over-allotment option amounted to approximately HK$6.905 billion. On 10 February 2026, the Company consented to the full exercise of the over-allotment option by the Overall Coordinator (on behalf of the international underwriters), and the issue of 9,883,500 additional H Shares was completed on 13 February 2026. After deducting underwriting commissions, fees and estimated expenses payable by the Company in respect of the full exercise of the over-allotment option, the additional net proceeds received by the Company amounted to approximately HK$1.043 billion. Following the full exercise of the aforementioned over-allotment option, a total of 75,773,500 H Shares were issued in the global offering.

Save as disclosed above, the Company is not aware of any material subsequent events after December 31, 2025 and up to the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The Group values long-standing relationships with its suppliers, customers, and other business associates. The Group aims at delivering high quality products to its potential customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth. For more information, please refer to the "2025 Environmental, Social and Governance Report".

During the Reporting Period, revenue attributable to the Group's five largest customers and the largest customer accounted for 77.2% and 29.7%, respectively.

During the Reporting Period, purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 79.4% and 32.6%, respectively, of the Group's total purchases for the Reporting Period.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital) had any beneficial interest in the Group's five largest suppliers and five largest customers for the Reporting Period.

INDEPENDENT AUDITOR

Reference is made to the announcement of the Company dated March 9, 2026.

Pursuant to the resolution of the 2025 first extraordinary shareholders' meeting held by the Company on July 7, 2025, Ernst & Young ("**EY**") was appointed as the reporting accountant for the initial public offering of the Company's H shares and listing on the Main Board of the Stock Exchange. Following the Company's successful listing on the Main Board of the Stock Exchange on February 9, 2026, EY has completed all its engagements and its mandate has accordingly terminated.

Given that the engagement of Ernst & Young Hua Ming Accountants LLP (安永華明會計師事務所(特殊普通合夥)) ("**EY Hua Ming**") as the Company's domestic financial reporting auditor for the year 2025, was approved at the 2025 second extraordinary shareholders' meeting held on December 26, 2025, and EY Hua Ming has been recognized by the Ministry of Finance of the PRC and the CSRC and is qualified to provide audit services using Mainland China auditing standards to PRC Issuer, the Company would no longer separately engage an overseas financial reporting auditor. For the financial year ended December 31, 2025, EY Hua Ming would assume the audit responsibilities for both the Company's A shares and H shares financial reports.

During the year ended December 31, 2025, the remuneration paid/payable to the Company's external auditors was disclosed in the Corporate Governance Report.

ALIGNMENT IN PREPARATION OF FINANCIAL REPORTS IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

At the 14th meeting of the third session of the Board convened on March 9, 2026, the resolution regarding the Alignment in Preparation of Financial Reports in Accordance with the China Accounting Standards for Business Enterprises was considered and approved. The adoption of the China Accounting Standards for Business Enterprises for the preparation of financial reports and disclosure of related financial information on a uniform basis will not have any material impact on the performance or financial position of the Company. For details, please refer to the announcement of the Company dated March 9, 2026.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving. For further details of the Group's environmental policies and performance, please refer to the "2025 Environmental, Social and Governance Report", which has been prepared in accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 of the Listing Rules.

RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group encourages staff on continuous learning by sponsoring recognized development trainings. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Management reviews annually the remuneration package offered to the employees of the Group. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the Employee Incentive Plan 2023, Employee Incentive Plan 2024 and Core Management Incentive Plan. Details of such schemes are set out in the sub-sections headed "Share Incentivization Schemes" in this report.

SHARE INCENTIVE SCHEMES

We have adopted three share incentive schemes, collectively referred to as Incentive Schemes. Given that no further restricted shares will be granted under the Incentive Schemes after the listing of the Company's H shares, the terms of such Incentive Schemes are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules.

Employee Incentive Plan 2023

Summary

The Employee Incentive Plan 2023, together with the total new A Shares issuable thereunder, has been approved by Shareholders. As of the Date of this Report, our Company has granted outstanding restricted shares under the Employee Incentive Plan 2023 to 149 Grantees, entitling them to subscribe for an aggregate of 632,057 A Shares, representing approximately 0.05% of Company's shares in issue (excluding treasury shares). No restricted shares were granted to any Directors, senior management members or connected persons of our Company under the Employee Incentive Plan 2023. No restricted shares under the Employee Incentive Plan 2023 will be further granted after Listing, and all restricted shares have been granted to specific individuals under the Employee Incentive Plan 2023. The number of restricted shares available for grant under the Employee Incentive Plan 2023 at the beginning and the end of the Reporting Period is nil and nil, respectively.

Purpose

To motivate key employees at the Company by aligning their interests with the interests of shareholders and the Company's long-term success, the plan aims to attract and retain talent, enhance their commitment to achieving Company goals, and drive sustainable growth by linking compensation to specific performance metrics and continued employment.

Type of Awards

The Employee Incentive Plan 2023 provides for awards of restricted shares.

Scope of Participants

Key employees in the field of technology and business including foreign employees (excluding directors, supervisors, shareholders who individually or collectively hold more than 5% of the Shares of the listed company, the actual controller of the listed company and their spouses, parents, and children). The Employee Incentive Plan 2023 (including the grantees who fall within the scope of the incentive targets under the Employee Incentive Plan 2023) has been approved by the Remuneration and Appraisal Committee, and the list of grantees has been reviewed by the then supervisory board of the Company and publicly announced in the Company.

Administration

The Shareholders' meeting holds ultimate authority, approving the plan's implementation, amendments, and termination whilst the Board executes the plan, managing grant allocation and vesting processes, and can authorize a committee for specific tasks. The Supervisory Board and/or the Remuneration and Appraisal Committee and independent Directors (if applicable) shall monitor the execution of the plan.

Source of Shares
The source of the underlying Shares of the Employee Incentive Plan 2023 shall be A Shares of the Company repurchased from the secondary market and/or A Shares issued by the Company to the incentive recipients.

Maximum Number of Shares
The number of A Shares under the Employee Incentive Plan 2023 shall not exceed 1,973,000 Shares, accounting for 0.17% of the total share capital of the Company on the date of publication of the plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Employee Incentive Plan 2023 shall not exceed 1% of the total outstanding share capital of our Company.

Term
The Employee Incentive Plan 2023 has a term of not more than 60 months, beginning from the grant date until all restricted shares are vested or invalidated, as determined by the Shareholders' meeting. The plan will end if not extended after this term. Early termination is possible once all shares are registered under the name of the relevant grantee upon completion of the last vesting schedule of the plan. The remaining life of the Employee Incentive Plan 2023 is one year and eleven months as at December 31, 2025.

Vesting Period and Purchase Period
The restricted shares shall vest in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively, contingent upon meeting both company performance targets (gross profit) and individual performance evaluations against the specific and applicable KPIs. The relevant Grantees must maintain continuous employment throughout the vesting period.

The Grantees will have the right to be registered as a Shareholder on the date of the vesting of the restricted shares upon payment of the relevant purchase price to subscribe for such number of underlying A Shares.

Purchase Price
As of the Date of this Report, the purchase price of the restricted shares granted under the Employee Incentive Plan 2023 is RMB18.81 per A Share. The purchase price was determined mainly based on the average trading price of the trading day prior to and the average trading prices A Shares in the 20, 60 and 120 trading days prior to the announcement of the Employee Incentive Plan 2023, adjusted upon the occurrence of certain events, including among others, increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares, issue of new shares or payment of dividends.

Consideration upon grant is not applicable to restricted shares granted pursuant to the Employee Incentive Plan 2023.

Outstanding Restricted Shares Granted under the Employee Incentive Plan 2023

There were no grants made to Directors, senior management or connected person of the Company under the Employee Incentive Plan 2023. The table below shows the details of movements of restricted shares granted under the Employee Incentive Plan 2023 during the Reporting Period:

Participant	Date of Grant	Purchase price (RMB/ Restricted Share)	Vesting period	Performance targets	Unvested as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Cancelled during the Reporting Period	Unvested as of December 31, 2025
149 employees	June 29, 2023-November 28,2023	18.81	The restricted shares shall vest in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively.	The vesting is contingent upon meeting both company performance targets (gross profit) and individual performance evaluations against the specific and applicable KPIs.	1,124,104	0	466,967	25,080	632,057
Total					**1,124,104**	**0**	**466,967**	**25,080**	**632,057**

Note 1: No restricted shares under the Employee Incentive Plan 2023 will be further granted after Listing, and all restricted shares have been granted to specific individuals under the Employee Incentive Plan 2023.

Note 2: The fair value of restricted shares at the date of grant is RMB36.15 to RMB40.50 per share and for details of the accounting standard and policy adopted, please refer to note III.19 and XIII of the consolidated financial statements.

Employee Incentive Plan 2024

Summary

The Employee Incentive Plan 2024, together with the total new A Shares issuable thereunder, has been approved by Shareholders. As of the Date of this Report, our Company has initially granted outstanding restricted shares under the Employee Incentive Plan 2024 to 431 Grantees, entitling them to subscribe for an aggregate of 3,075,010 A Shares, representing approximately 0.25% of Company's shares in issue (excluding treasury shares). No outstanding restricted shares were granted to any Directors, senior management members or connected persons of our Company under the Employee Incentive Plan 2024, and all restricted shares have been granted to specific individuals under the Employee Incentive Plan 2024. The number of restricted shares available for grant under the Employee Incentive Plan 2024 at the beginning and the end of the Reporting Period is 908,200 and nil, respectively.

The following is a summary of the principal terms of the Employee Incentive Plan 2024:

Purpose

For details, see "– Employee Incentive Plan 2023 — Purpose" in this Report.

Type of Awards

The Employee Incentive Plan 2024 provides for awards of restricted shares.

Scope of Participants

For details, see "– Employee Incentive Plan 2023 — Scope of Participants" in this Report.

Administration

For details, see "– Employee Incentive Plan 2023 — Administration" in this Report.

Source of Shares

For details, see "– Employee Incentive Plan 2023 — Source of Shares" in this Report.

Maximum Number of Shares

The number of A Shares under the Employee Incentive Plan 2024 shall not exceed 4,541,000 Shares, accounting for 0.40% of the total share capital of the Company on the date of publication of the plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Employee Incentive Plan 2024 shall not exceed 1% of the total outstanding share capital of our Company.

Term

For details, see "– Employee Incentive Plan 2023 — Term" in this Report. The remaining life of the Employee Incentive Plan 2024 is two years and ten months as at December 31, 2025.

Vesting Period and Purchase Period

The initial restricted shares shall vest in tranches of 35%, 35% and 30% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively, upon meeting both company performance targets (gross profit) and individual performance evaluations against the specific and applicable KPIs. The reserved restricted shares shall vest in tranches of 50% and 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively, subject to performance targets identical as those of the initial grants. The employees must maintain continuous employment throughout the vesting period.

The Grantees will have the right to be registered as a Shareholder on the date of the vesting of the restricted shares upon payment of the relevant purchase price to subscribe for such number of underlying A Shares.

Purchase Price

As of the Date of this Report, the purchase price of the initial and reserved restricted shares granted under the Employee Incentive Plan 2024 is RMB26.01 per A Share. The purchase price was determined based on the higher of (i) the par value of the A Shares, (ii) 50% of the average trading price of the A Shares on the trading day immediately prior to and (iii) 50% of the average trading price of the A Shares in the 120 trading days prior to the announcement of the Employee Incentive Plan 2024, being adjusted in the similar manner as Employee Incentive Plan 2023. For details of adjustment, see "– Employee Incentive Plan 2023 — Purchase Price" in this Report. Consideration upon grant is not applicable to restricted shares granted pursuant to the Employee Incentive Plan 2024.

Outstanding Restricted Shares Granted under the Employee Incentive Plan 2024

There were no grants made to Directors, senior management or connected person of the Company under the Employee Incentive Plan 2024. The table below shows the details of movements of restricted shares granted under the Employee Incentive Plan 2024 during the Reporting Period:

Participant	Date of Grant	Purchase price (RMB/ Restricted Share)	Vesting period	Performance targets	Unvested as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Cancelled during the Reporting Period	Unvested as of December 31, 2025
431 employees	October 31, 2024-July 7, 2025	26.01	*Initial grant:* The initial restricted shares shall vest in tranches of 35%, 35% and 30% in each of the three vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant, respectively. *Subsequent grant:* The reserved restricted shares shall vest in tranches of 50% and 50% in each of the two vesting periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 36 months from the date of grant, respectively.	Vesting is conditional upon meeting both company performance targets (gross profit) and individual performance evaluations against the specific and applicable KPIs.	3,570,700	908,200	1,170,281	233,609	3,075,010
Total					**3,570,700**	**908,200**	**1,170,281**	**233,609**	**3,075,010**

Note 1: No restricted shares under the Employee Incentive Plan 2024 will be further granted after Listing, and all restricted shares have been granted to specific individuals under the Employee Incentive Plan 2024.

Note 2: The fair value of restricted shares at the date of grant is RMB42.25 to RMB54.95 per share and for details of the accounting standard and policy adopted, please refer to note III.19 and XIII of the consolidated financial statements.

Core Management Incentive Plan

Summary

The Core Management Incentive Plan, together with the total new A Shares issuable thereunder, has been approved by Shareholders. As of the Date of this Report, our Company has granted outstanding restricted shares under the Core Management Incentive Plan to 2 Grantees, entitling them to subscribe for an aggregate of 22,800,000 A Shares, representing approximately 1.88% of Company's shares in issue (excluding treasury shares). All the outstanding restricted shares are granted to 2 Directors (Dr. Howard C. Yang and Mr. Stephen Tai). The remaining life of the Core Management Incentive Plan is four years and three months as at December 31, 2025. The number of restricted shares available for grant under the Core Management Incentive Plan at the beginning and the end of the Reporting Period is 11,400,000, and nil respectively. The following is a summary of the principal terms of the Core Management Incentive Plan as of the Date of this Report:

Purpose

The purpose of the Core Management Incentive Plan is to further improve the company's long-term incentive mechanism and achieve long-term incentives and constraints for the core executives appointed by the third board of directors, it is essential to closely align their personal interests with the company's long-term development and shareholders' rights and interests. This aims to fully leverage their experience and advantages in management while striving to enhance the company's performance and steadily increase its market value, thus realizing high-quality and sustainable development for the enterprise and maximizing shareholder benefits.

Type of Awards

The Core Management Incentive Plan provides for, among others, awards of restricted shares.

Scope of Participants

The incentive targets are the core senior management appointed by the Board (excluding independent directors, supervisors, shareholders who individually or collectively hold more than 5% of the Shares of the listed company, the actual controller of the listed company and their spouses, parents, and children). The Core Management Incentive Plan (including the grantees who fall within the scope of the incentive targets under the Core Management Incentive Plan) has been approved by the Remuneration and Appraisal Committee, and the list of grantees has been reviewed by the then supervisory board of the Company and publicly announced in the Company.

Administration

For details, see "– Employee Incentive Plan 2023 — Administration" in this Report.

Source of Shares

For details, see "– Employee Incentive Plan 2023 — Source of Shares" in this Report.

Maximum Number of Shares

The number of restricted shares under the Core Management Incentive Plan shall not exceed 22,800,000 Shares, accounting for 1.9956% of the total share capital of the Company on the date of publication of the plan. The total number of A Shares involved with all incentive plans of the Company shall not exceed 20% of the total outstanding share capital of our Company. The maximum number of Shares granted to any participant under the Core Management Incentive Plan shall not exceed 1% of the total outstanding share capital of our Company.

Term

The Core Management Incentive Plan has a term of not more than 67 months, beginning from the grant date until all restricted shares are registered under the name of the relevant grantee upon completion of the last vesting schedule of the plan.

Vesting Period and Purchase Period

The restricted shares shall vest over two periods, with 50% vesting from April 1, 2027 to March 31, 2028, and 50% vesting from April 1, 2028 to March 31, 2030, upon meeting both company performance targets (net profit and market value) and individual performance evaluations against the specific and applicable KPIs. The Grantees will have the right to be registered as a Shareholder on the date of the vesting of the restricted shares upon payment of the relevant purchase price to subscribe for such number of the underlying A Shares.

Purchase Price

The purchase price of the restricted shares granted under the Core Management Incentive Plan is RMB45.91 per A Share. The purchase price was determined mainly based on the average trading price of the trading day prior to and the average trading prices A Shares in the 20, 60 and 120 trading days prior to the announcement of the Core Management Incentive Plan, being adjusted in a similar manner as the Employee Incentive Plan 2023. For details of adjustment, see "– Employee Incentive Plan 2023 — Purchase Price" in this Report. Consideration upon grant is not applicable to restricted shares granted pursuant to the Core Management Incentive Plan.

Outstanding Restricted Shares Granted under the Core Management Incentive Plan

There were no grants made to senior management (who are not Directors) or connected person of the Company under the Core Management Incentive Plan. The table below shows the details of movements of restricted shares granted under the Core Management Incentive Plan during the Reporting Period:

Participant	Position	Date of Grant	Purchase price (RMB/ Restricted Share)	Vesting period	Performance targets	Unvested as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Cancelled during the Reporting Period	Unvested as of December 31, 2025
Dr. Howard C. Yang (楊崇和)	Executive Director and Chief Executive Officer	October 31, 2024-December 26,2025	45.91	The restricted shares shall vest over two periods, with 50% vesting from April 1, 2027 to March 31, 2028, and 50% vesting from April 1, 2028 to March 31, 2030	The vesting is conditional upon meeting both company performance targets (net profit and market value) and individual performance evaluations against the specific and applicable KPIs.	5,700,000	5,700,000	0	0	11,400,000
Mr. Stephen Tai	Executive Director and president	October 31, 2024-December 26,2025	45.91			5,700,000	5,700,000	0	0	11,400,000
Total						**11,400,000**	**11,400,000**			**22,800,000**

Note 1: No restricted shares under the Core Management Incentive Plan will be further granted after Listing, and all restricted shares have been granted to specific individuals under the Core Management Incentive Plan.

Note 2: The fair value of restricted shares at the date of grant is RMB18.53 to RMB56.28 per share and for details of the accounting standard and policy adopted, please refer to note III.19 and XIII of the consolidated financial statements.

The number of shares that may be issued in respect of awards granted under all schemes of Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the Reporting Period is approximately 1.08%.

On behalf of the Board
Montage Technology Co., Ltd.
Dr. Howard C. Yang
Chairman
March 30, 2026

CORPORATE GOVERNANCE REPORT

The Board hereby presents to the shareholders the corporate governance report for the year ended December 31, 2025 (the "**Corporate Governance Report**").

CORPORATE CULTURE AND STRATEGY

Our strategic objective is to gradually evolve into a leading global interconnect chip design company. With a primary focus on the interconnect chip sector, we aim to provide customers with a diverse portfolio of high-speed interconnect solutions, building synergistic competitive advantages through continuous R&D and innovation. Our mission is to enable more efficient and stable data interconnect for the cloud computing and AI infrastructure.

Our Mission

Accelerate AI power with innovative interconnects

Our Vision

Become a leading global provider of interconnect semiconductor solutions

Our Culture

- Accelerating with focus and innovation

Upholding craftsmanship, driving exceptional growth through sustained innovation

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in Part 2 of the CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices.

The Board is of the view that during the period from the listing date of the H Shares and up to the Date of this Report, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 described in the paragraph headed "Board of Directors – Chairman and Chief Executive Officer". The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

The amendments to the CG Code came into effect on 1 July 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and ESG Committee (collectively the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the shareholders at all times.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

Responsibility, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that appropriate and effective internal control and risk management systems are established and maintained.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. The Board has formulated our Code of Business Conduct and Ethics, which defines behaviors that violate business ethics, such as bribery and corruption, discrimination, disclosure of confidential information, conflict of interest, monopoly, unfair competition, money laundering, and insider trading, and guides our employees and managers to carry out legal and compliant business activities in line with the corporate values of our company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Board has clearly set out the circumstances under which the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board regularly reviews the above said circumstances and ensures they remain appropriate.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board. The Company has updated all Directors on any material changes in the Listing Rules and corporate governance practices from time to time.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

From the listing date of the H Shares and up to the Date of this Report, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors from the listing date of the H Shares and up to the Date of this Report is summarized as follows:

Name of Director	Type of training received
Executive Directors	
Dr. Howard C. Yang	A/B
Mr. Stephen Kuong-Io Tai	A/B
Non-executive Directors	
Dr. Wang Rui	A/B
Ms. Fang Zhoujie	A/B
Independent Non-executive Directors	
Dr. Li Ruoshan	A/B
Professor Ko Ping Keung	A/B
Dr. Yuhua Cheng	A/B
Dr. Shan Hailing	A/B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Chairman and Chief Executive Officer

Pursuant to Code Provision C.2.1 of part 2 of the CG Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive should be separate and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Dr. Howard C. Yang currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Composition

As at the Date of this Report, the Board comprises eight Directors, including two executive Directors, two non-executive Directors and four independent non-executive Directors. A list of Directors and their respective biographies are set out on pages 51 to 58 of this report. Save as disclosed in this report, to the best knowledge of the Company, there are no financial, business, family, or other material relationship among members of the Board.

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors. Further, independent non-executive directors will be appointed to committees of the Board as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Board will review the implementation and effectiveness of such mechanisms on an annual basis. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement.

During the period from the listing date of the H Shares and up to the Date of this Report, the Board's composition is in compliance with the requirement under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Board believes that the balance between the executive Directors and the non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group.

The Board values the importance of professional judgment and advice provided by non-executive Directors to safeguard the interests of the shareholders. The non-executive Directors contribute diversified qualifications and experience to the Group by expressing their views in professional, constructive and informed manner, and actively participate in Board and committee meetings and to bring professional judgment and advice on issues relating to the Group's strategies, policies, performance, accountability, resources, key appointments, standards of conduct, conflicts of interests and management process, with the shareholders' interests being the utmost important factor. The non-executive Directors also exercise their professional judgment and utilise their expertise to scrutinise the Company's performance in achieving agreed corporate goals, and monitor performance reporting.

Further, in compliance with Rule 3.10 of the Listing Rules, one of the Company's independent non-executive Director (namely Dr. Li Ruoshan) has the appropriate professional qualifications of accounting or related financial management expertise, and provide valuable advice from time to time to the Board. The Company has also received from each independent non-executive Director an annual confirmation of his/her independence and the Nomination Committee has conducted an annual review and considers that all independent non-executive Director are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive Director.

As part of the Company's corporate governance practice to provide transparency to the investor community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors are clearly identified in all corporate communications containing the names of the Directors. In addition, an up-to-date list of Directors identifying the independent non-executive Director and the roles and functions of the Directors is maintained on the Company's website and the Stock Exchange's website.

Appointments and Re-election of Directors

Each of our Directors has entered into a service contract with the Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

None of the Directors has entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Director Nomination Policy

In accordance with the nomination policy of the Company, The Nomination Committee is responsible to identify individuals with appropriate qualifications to serve as directors and senior management, and to select and nominate such individuals for appointment as directors or senior management, or provide recommendations to the Board of Directors in this regard, with the scope including the candidates':

(1) integrity;

(2) academic qualifications, professional qualifications and work experience (including part-time positions);

(3) whether the candidate possesses the appropriate skills and experience required;

(4) whether the candidate is able to devote sufficient time and effort to perform the duties of a director and handle the Company's affairs;

(5) whether the candidate can promote diversity in all aspects of the Board of Directors, including but not limited to gender (the Board of Directors must not be composed solely of directors of the same gender), age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

(6) whether the candidate for independent non-executive director meets the requirements of the Company Law of the People's Republic of China, the Listing Rules and the A-share listing rules;

(7) where the candidate is an independent director, to consider whether the candidate has sufficient time to perform his or her duties as an independent non-executive director, as well as the candidate's background and qualifications, so as to assess whether the candidate is able to provide independent opinions to the Board of Directors; and

(8) when considering whether an independent non-executive director should be re-elected, to assess the independent non-executive director's contribution to the Board of Directors during his or her term of office, including whether the independent non-executive director has been able to provide independent opinions to the Board of Directors.

During the period from the listing date of the Company's H Shares and up to the Date of this Report, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Meetings and General Meetings

During the period from the listing date of the Company's H Shares and up to the Date of this Report, the attendance of each Director at Board and committee meetings of the Company, whether in person or by means of electronic communication, is detailed in the table below:

Name of Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration and Appraisal Committee Meeting	Strategy and ESG Committee Meeting	General Meeting
Executive Directors						
Dr. Howard C. Yang	2	–	1	–	1	–
Mr. Stephen Kuong-Io Tai	2	–	–	–	1	–
Non-executive Directors						
Dr. Wang Rui	2	–	–	–	1	–
Ms. Fang Zhoujie	2	–	–	1	–	–
Independent Non-executive Directors						
Dr. Li Ruoshan	2	2	1	–	–	–
Professor Ko Ping Keung	2	–	–	1	1	–
Dr. Yuhua Cheng	2	2	–	1	–	–
Dr. Shan Hailing	2	2	1	1	–	–

At the Board meetings held during the Reporting Period, the Board discussed a wide range of proposals, including annual results, interim results, and auditors' reappointment, etc.

During the period from the listing date of the Company's H Shares and up to the Date of this Report, the Board considered the following corporate governance matters:

- review of the results of the internal audit work on the Group's risk management and internal control systems;
- approval of the revised versions of corporate governance documents of the Company; and
- approval of the Environmental, Social and Governance Report of the Company.

BOARD COMMITTEES

The Company has established the following committees under the Board of Directors: an Audit Committee, a Nomination Committee, a Remuneration and Appraisal Committee, and a Strategy and ESG Committee. The committees operate in accordance with the terms of reference adopted by our Board.

Audit Committee

Our Company 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.

During the period from the listing date of the Company's H Shares and up to the Date of this Report, there were no changes to the members and composition of the Audit Committee. As at the Date of this Report, the Audit Committee consisted of three independent non-executive Directors, namely Dr. Li Ruoshan, Dr. Yuhua Cheng and Dr. Shan Hailing. Dr. Li Ruoshan, who holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules currently serves as the chairperson of the Audit Committee.

The Audit Committee is mainly responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating internal and external auditing work and internal control, and reviewing the effectiveness of the Company's internal audit function.

Remuneration and Appraisal Committee

Our Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with the Corporate Governance Code.

During the period from the listing date of the Company's H Shares and up to the Date of this Report, there were no changes to the members and composition of the Remuneration and Appraisal Committee. As at the Date of this Report, the Remuneration and Appraisal Committee consisted of four Directors, including three independent non-executive Directors, namely Dr. Yuhua Cheng, Professor Ko Ping Keung and Dr. Shan Hailing, and one non-executive Director, namely Ms. Fang Zhoujie. Dr. Yuhua Cheng currently serves as the chairperson of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee is responsible for formulating and conducting appraisals for Directors and executive officers, formulating and reviewing the remuneration decision mechanism, decision-making process, payment and recourse arrangement, for directors and executive officers and other emolument policy and plans, and making recommendations to the Board of Directors on the relevant matters.

Nomination Committee

Our Company has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code.

During the period from the listing date of the Company's H Shares and up to the Date of this Report, there were no changes to the members and composition of the Nomination Committee. As at the Date of this Report, the Nomination Committee consisted of three Directors, including two independent non-executive Directors, namely, Dr. Shan Hailing and Dr. Li Ruoshan, and one executive Director, namely Dr. Howard C. Yang. Dr. Shan Hailing currently serves as the chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for conducting qualifications review and providing recommendations for directors and senior management nominated by nominees with nomination rights as specified in the Articles of Association, reporting to the Board of Directors, and be accountable to the Board of Directors.

Strategy and ESG Committee

Our Company has established a Strategy and ESG Committee with written terms of reference.

During the period from the listing date of the Company's H Shares and up to the Date of this Report, there were no changes to the members and composition of the Strategy and ESG Committee. As at the Date of this Report, the Strategy and ESG Committee consisted of four Directors, namely Dr. Howard C. Yang, Mr. Stephen Tai, Dr. Wang Rui and Professor Ko Ping Keung. Dr. Howard C. Yang currently serves as the chairperson of the Strategy and ESG Committee.

The Strategy and ESG Committee is mainly responsible for conducting research and making recommendations on the Company's long-term development strategies and environmental, social and governance (ESG) strategies.

JOINT COMPANY SECRETARIES

Ms. Fu Xiao (傅曉) and Ms. Lai Siu Kuen (黎少娟女士) have been serving as the Company's joint company secretaries since the listing date of the H Shares. Ms. Lai Siu Kuen (黎少娟女士) is currently a director of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

Ms. Fu Xiao (傅曉) was designated as the primary contact person at the Company who would work and communicate with Ms. Lai Siu Kuen (黎少娟女士) on the Company's corporate governance and secretarial and administrative matters.

As the Company was listed on the Main Board of the Stock Exchange on February 9, 2026, during the Reporting Period, the requirement of 15 hours of relevant professional training of the company secretary as set out in Rule 3.29 of the Listing Rules was not applicable for the Company.

SHAREHOLDERS RIGHTS

The Company encourages shareholders' active participation in annual general meetings and other general meetings. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of Extraordinary General Meeting

Any shareholder(s) individually or jointly holding over 10% of the Company's shares shall have the right to request the board of directors to convene an extraordinary general meeting, and such request shall be made in writing to the board of directors. The Board shall, in accordance with laws, administrative regulations and these Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the request.

If the Board of directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the board of directors' resolution. Any changes to the original request made in the notice shall be approved by the relevant shareholders.

If the Board does not agree to convene the extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such request, the shareholder(s) individually or jointly holding over 10% of the shares of the Company shall have the right to request the Audit Committee to convene an extraordinary general meeting, and such request shall be made in writing.

If the Audit Committee agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Audit Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and the shareholder(s) individually or jointly holding over 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on its/their own.

Putting Forward Proposals at General Meetings

When the Company holds a general meeting, the Board of Directors, the Audit Committee and the shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to make proposals to the Company.

The shareholder(s) individually or jointly holding more than 1% of the Company's shares may put forward interim proposals and submit such proposals in writing to the convener ten days before the general meeting is held. The convener shall issue a supplemental notice of the general meeting within 2 days upon the receipt of such proposals, announce the content of the Interim proposals and submit the same to the general meeting for consideration, provided that such proposals shall not violate laws, administrative regulations or the Articles of Association, and shall fall within the scope of authority of the general meeting.

Except for the circumstances prescribed in the preceding paragraph, the convener shall not modify the proposals listed or add any new proposal in the notice of the general meeting after sending it out.

Proposals not set out in the notice of the general meeting or not in compliance with these Articles of Association shall not be voted on or resolved on at the general meeting.

COMMUNICATION WITH SHAREHOLDERS

Shareholders Communication Policy

To ensure equal, timely, effective, transparent, accurate and open communication between the Company and its shareholders, the Company adopted the Shareholders Communication Policy to provide effective communication methods. The main channels through which the Company communicates information to its Shareholders are: the Company's interim reports, annual reports, quarterly reports, annual Shareholders' meetings and other Shareholders' meetings that may be held, and all disclosures submitted to the websites of the HKEX d and the SSE, as well as corporate communication and other company publications, are published on the websites of HKEX (www.hkexnews.hk), SSE (https://www.sse.com.cn) and the Company (https://www.montage-tech.com).

The Company has reviewed the shareholders communication policy from the listing date of the Company's H Shares and up to the Date of this Report and considers the relevant provisions to be in compliance with regulatory requirements and is effective, with no amendments required.

Enquiries to the Board

Shareholders who intend to put forward their enquiries or communicate their views about the Company to the Board could send written enquiries or materials to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 15th Floor, Building 1
No. 181 Caobao Road
Xuhui District, Shanghai
PRC
(For the attention of the Board of Directors)

Email: ir@montage-tech.com

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibilities for preparing financial statements of the Group in accordance with the relevant statutory requirements and the CASBE and ensuring that the financial statements give a true and fair view of the Group's financial position.

According to the Code Provision C.5.9 of the Corporate Governance Code, management shall provide sufficient explanation and information to the Board so that the Board can make an informed assessment of financial and other information before such information is submitted to the Board for approval. The Company shall also provide all members of the Board with monthly updates on the performance, position and prospects of the Group.

DIVERSITY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, the Board has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Pursuant to our Board Diversity Policy, we aim to continue to have at least 10% female representation in the Board and the current composition of the Board satisfies this target gender ratio with three female Directors. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. We currently have 37.5% female representation in the Board.

Our Company also intends to promote gender diversity at the mid to senior levels. Currently, two of our senior management members are female, accounting for 50%.

As at December 31, 2025, we hired 784 full-time employees, of which 547 were male and 237 were female. Female employees accounted for over 30% of our total workforce.

The Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness.

We will focus on attracting top-tier talent, particularly strengthening our R&D team. We plan to utilize various channels including expert referral networks and campus recruitment to precisely reach and engage top-tier candidates. On the other hand, we plan to implement talent incentive programs to unlock employee potential, fostering a dynamic and collaborative work environment and cultivating R&D talent with technological creativity and team spirit. We aim to build a deep talent pipeline that supports our long-term growth. Going forward, the Nomination Committee will continue to work to maintain gender diversity of the Board when selecting and recommending potential successors to the Board.

DIVIDEND POLICY

The Company currently does not have a formal standalone dividend policy or predetermined dividend payout ratio. As set forth in our Articles of Association, the Company shall prioritize cash dividends for profit distribution when it is profit-making, has no undistributed deficit, and possesses ample cash to pay out dividends without disrupting its regular business operations. Over any three-year period, the cumulative amount of cash dividends distributed must be at least 30% of the average annual distributable profits for those three years. The board of Directors shall set a specific annual distribution ratio based on the Company's performance in each given year.

Generally, the Board will make dividend proposals, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve declaration of dividends.

As at December 31, 2025, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company.

As the Company's H Shares had not been listed on the Stock Exchange as of December 31, 2025, the Model Code was not applicable to the Company during the Reporting Period. However, specific enquiry has been made to all the Directors and all of them have confirmed that they have complied with the Model Code from the listing date of the H Shares to the Date of this Report.

CHANGE IN CONSTITUTIONAL DOCUMENTS

Reference is made to the announcement of the Company dated March 9, 2026 (the "**Announcement**"). As disclosed in the Announcement, the Company intended to amend certain provision of its Articles of Association in connection with the registration of restricted shares and H Share issuance.

Save as to the above, there has not been any change to the Articles of Association during the Reporting Period and up to the Date of this Report.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed EY Hua Ming as the external auditor for the year ended December 31, 2025. A statement by EY Hua Ming about their reporting responsibilities for the financial statements is included in the Auditors' Report on pages 106 to 111.

The remuneration for the audit services provided by the Auditor to the Group during the year ended December 31, 2025 was approximately as follows:

Type of Services	**Amount** *(RMB'000)*
Audit and audit related services	1,641
Internal control audit	500
Total	2,141

There has been no change in auditor for the three years preceding the Reporting Period and up to the date of this annual report.

CORPORATE GOVERNANCE FUNCTIONS

From the Listing Date of the H Shares and up to the Date of this Report, the Board confirms that it is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

RISK MANAGEMENT AND INTERNAL CONTROL

We recognize that risk management and internal control are critical to the success of our business operation. We established a risk management framework and internal control to identify, assess, and monitor key risks associated with our strategic objectives on an ongoing basis.

Our Audit Committee's responsibilities in evaluating the Company's risk management, and internal control systems shall include at least the following: (1) to evaluate the appropriateness of the design of the Company's internal control system; (2) to review the self-evaluation reports on internal control; (3) to evaluate the risk management systems and internal control system of the Company; and (4) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to establish effective systems.

The scope of the Group's internal control evaluation includes organizational structure, development strategy, risk assessment, internal supervision, information communication, corporate culture and other company-level controls, as well as fund management, sales management, inventory and procurement management, human resources management, tax management, research and development, asset management, financial reporting, information systems, investment management, contract management and engineering project management.

Process of risk management and internal control system

The goal of the Group is to identify and manage the risks (including ESG Risks) which are inherent in the Group's business and its operating markets so that the risks can be reduced, mitigated, transferred or avoided.

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Board oversees the Group's overall risk management and internal control process through the Audit Committee which forms an important part of the corporate governance regime of the Group. The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process has been conducted annually to confirm the effectiveness of management and internal control systems. The Audit Committee will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems.

Review of effectiveness of the risk management and internal control system

An internal audit department is set up under the Audit Committee. It reports to the Audit Committee and is accountable to the Board. Its duties are as follows:

(1) To inspect and assess the completeness, rationality and operating effectiveness of the Company's internal control system;

(2) To audit the legitimacy, compliance, authenticity and completeness of the Company's accounting records, financial transactions and relevant economic activities;

(3) To help improve the Company's anti-fraud mechanism, identify key risk areas and examine potential fraud risks during internal audits;

(4) To report to the Audit Committee at least quarterly on internal audit plan implementation and identified issues; and

(5) Under the Board's delegation, the Audit Committee shall conduct annual reviews, document review scope and results in writing, and issue a statement confirming its responsibilities and the soundness and effectiveness of the risk management system.

The Group has conducted its internal control assessment for the year 2025. The Audit Committee and the Board have reviewed and adopted the 2025 Internal Control Assessment Report. Based on the assessment, the Group's risk management and internal control systems were evaluated for effectiveness. No material non-compliance with applicable laws and regulations, material weaknesses in compliance or risk management, or material misstatements were identified. EY Hua Ming was engaged to audit the effectiveness of the Company's internal control over financial reporting for the year ended December 31, 2025. In its report, the firm confirmed that the Company maintained effective internal control over financial reporting in all material respects, in compliance with the Basic Standards for Enterprise Internal Control (企業內部控制基本規範) and other relevant provisions. The Board is satisfied with the effectiveness and adequacy of the Group's internal control and risk management systems for the year ended December 31, 2025.

Inside Information

With regard to the internal controls and procedures for the handling and dissemination of inside information, the Group is in compliance with provisions under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members of the Group are aware of the inside information handling, the Group's disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. The Group also has reasonable measures and procedures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements. Other procedures including sending blackout period and securities dealing restrictions notification to the relevant Directors timely have also been implemented by the Group against possible mishandling of inside information within the Group.

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70038298_B01
Montage Technology Co., Ltd.

To all shareholders of Montage Technology Co., Ltd.:

(I) Opinion

We have audited the financial statements of Montage Technology Co., Ltd. (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2025, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2025, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with China *Independence Standard No. 1 – Independence Requirements for Financial Statement Audit and Review Engagements* and *China Code of Ethics for Certified Public Accountants* (the "Code") and we have also fulfilled our other ethical responsibilities in accordance with the Code. We have complied with the independence requirements for the audit of public interest entities in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

AUDITOR'S REPORT

(III) Key Audit Matters (continued)

Key audit matters:	**How our audit addressed the matter:**
Revenue recognition	
Montage Technology Co., Ltd. and its subsidiaries ("the Group") primarily operate two product lines: memory interface chip products and the Jintide® products. The Group follows a fabless integrated circuit design model, focusing on integrated circuit design and marketing within the industry value chain, while outsourcing the entire manufacturing process (including wafer fabrication, packaging, and testing) to third-party foundries and specialized service providers. The packaging and testing vendors are also responsible for finished goods warehousing and direct delivery to the Group's customers. In 2025, the combined revenue from memory interface chips and the Jintide® products amounted to RMB5,446,759,596.40, representing 99.82% of the Group's consolidated revenue. Given that revenue is a key performance indicator for the Group, there exists an inherent risk that management may attempt to manipulate revenue recognition to meet specific targets or expectations. Therefore, we have identified revenue recognition as a key audit matter. Relevant policies and disclosures are detailed in Note III.20 and Note V.35 to the financial statements.	With regard to revenue recognition, we performed the following procedures, among others: 1) Obtaining an understanding of and evaluating the effectiveness of the design and implementation of internal controls related to sales processes; 2) Conducting interviews with management, selecting sample transactions, and examining key contract terms to assess whether the Group's revenue recognition policies complied with the requirements of the Accounting Standards for Business Enterprises; 3) Performing test of details. Based on the sales trade terms, reviewing supporting documents such as customer purchase orders, invoices, warehouse shipping documents, export customs declarations, delivery acceptance records, and consignment lists; 4) Performing analytical procedures to evaluate the reasonableness of revenue and gross margin changes; 5) Selecting samples of accounts receivable and revenue based on the nature and characteristics of customer transactions, and performing confirmation procedures; 6) Performing cut-off testing on revenue recognized near the balance sheet date to ensure that revenue was recorded in the correct accounting period; and 7) Selecting revenue recognition journal entries that met specific risk criteria, and examining the underlying supporting documentation.

AUDITOR'S REPORT

(III) Key Audit Matters (continued)

Key audit matters:	How our audit addressed the matter:
Provision for write-down of inventories	
As at 31 December 2025, the carrying amount of inventories in the Group's consolidated financial statements amounted to RMB1,090,918,862.78, with an inventory write-down provision of RMB194,783,388.51. The Group's major inventories consist of memory interface chips and Jintide® CPU. Due to the high proportion of raw material costs and relatively long production cycles, these chips are subject to risks of technological or product obsolescence. Management assesses the net realizable value of inventories based on inventory turnover trends and projected future sales. This process involves significant accounting judgments and estimates, which are subject to considerable uncertainty. Therefore, we have identified the provision for inventory write-down as a key audit matter. Relevant policies and disclosures are detailed in Note III.9 and Note V.6 to the financial statements.	With regard to the provision for inventory write-down, we have performed the following procedures, among others: 1) Understanding and evaluating the effectiveness of the design and implementation of management's internal controls over the provision for inventory write-down; 2) Analyzing historical inventory turnover rates and comparing the Group's inventory write-down provision policies with those of peer companies to assess the reasonableness of management's methods for estimating the provision; 3) Reviewing inventory ageing and historical turnover trends; 4) Examining post-period sales and usage of inventories; 5) Reviewing the key assumptions underlying management's estimates of net realizable value; 6) Reviewing the calculation of the provision for inventory write-down made by management; and 7) Conducting inventory observation and assesses the existence, condition, and status of obsolete or defective inventories.

AUDITOR'S REPORT

(IV) Other Information

The management of Montage Technology Co., Ltd. is responsible for other information. Other information comprises all of the information included in annual report of Montage Technology Co., Ltd. other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether other information is materially inconsistent with the 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 other information, we are required to report that fact. We have nothing to report in this regard.

(V) Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S REPORT

(VI) Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the 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.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's 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 Company'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 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 Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT

(VI) Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Ernst & Young Hua Ming LLP	**Chinese Certified Public Accountant: Shi Jin (Engagement partner)**
	Chinese Certified Public Accountant: Fang Zhou
Beijing, China	**30 March 2026**

CONSOLIDATED BALANCE SHEET

31 December 2025

Expressed in Renminbi Yuan

ASSETS	Note V	31 December 2025	31 December 2024
Current assets			
Currency funds	1	**8,478,984,375.78**	6,843,296,852.61
Financial assets held for trading	2	**823,304,333.04**	1,783,494,750.68
Accounts receivable	3	**567,532,180.51**	387,791,885.96
Prepayments	4	**132,890,386.00**	4,394,165.14
Other receivables	5	**4,254,922.19**	4,143,856.36
Inventories	6	**896,135,474.27**	352,196,407.33
Other current assets	7	**130,973,692.91**	85,986,107.30
Total current assets		**11,034,075,364.70**	9,461,304,025.38
Non-current assets			
Long-term equity investments	8	**91,960,409.37**	109,224,874.65
Other equity investments	9	**27,755,580.30**	22,270,908.60
Other non-current financial assets	10	**583,514,277.41**	575,243,925.97
Investment properties	11	**376,948,151.74**	519,027,667.66
Fixed assets	12	**716,066,625.28**	582,259,175.21
Construction in progress	13	**590,731,464.68**	507,416,334.80
Right-of-use assets	14	**33,735,379.81**	44,854,350.42
Intangible assets	15	**113,432,512.10**	133,754,950.96
Long-term prepaid expenses	16	**136,628,281.23**	180,457,761.37
Deferred tax assets	17	**43,299,305.56**	83,097,411.36
Total non-current assets		**2,714,071,987.48**	2,757,607,361.00
Total assets		**13,748,147,352.18**	12,218,911,386.38

The accompanying notes to financial statements form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

31 December 2025

Expressed in Renminbi Yuan

LIABILITIES AND EQUITY	Note V	31 December 2025	31 December 2024
Current liabilities			
Accounts payable	19	**208,233,513.35**	211,153,859.60
Receipts in advance	20	**80,412.76**	95,412.74
Contract liabilities	21	**45,729.09**	22,087,850.59
Employee benefits payable	22	**293,937,076.24**	241,095,578.48
Taxes and surcharges payable	23	**112,081,459.76**	63,884,227.28
Other payables	24	**140,489,192.45**	125,603,739.18
Current portion of non-current liabilities	25	**14,775,474.48**	15,957,075.03
Total current liabilities		**769,642,858.13**	679,877,742.90
Non-current liabilities			
Lease liabilities	26	**19,362,711.49**	28,798,720.21
Long-term employee benefits payable	27	**–**	19,593,000.00
Deferred income	28	**78,886,546.55**	92,023,333.33
Deferred tax liabilities	17	**9,099,385.94**	2,113,025.03
Total non-current liabilities		**107,348,643.98**	142,528,078.57
Total liabilities		**876,991,502.11**	822,405,821.47
Shareholders' equity			
Share capital	29	**1,146,426,521.00**	1,144,789,273.00
Capital reserves	30	**6,114,017,524.66**	5,625,969,898.50
Less: Treasury shares	31	**848,359,352.12**	427,557,874.81
Other comprehensive income	32	**141,120,839.12**	255,293,498.30
Surplus reserves	33	**351,958,734.25**	286,559,941.59
Unappropriated profit	34	**6,018,558,105.55**	4,518,383,330.50
Total equity attributable to shareholders of the parent		**12,923,722,372.46**	11,403,438,067.08
Non-controlling interests		**(52,566,522.39)**	(6,932,502.17)
Total shareholders' equity		**12,871,155,850.07**	11,396,505,564.91
Total liabilities and equity		**13,748,147,352.18**	12,218,911,386.38

The accompanying notes to financial statements form an integral part of these financial statements.

The financial statements have been signed by:

Legal representative:	*Financial controller:*	*Accounting supervisor:*
Howard C. Yang	**Su Lin**	**Su Lin**

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2025

Expressed in Renminbi Yuan

	Note V	2025	2024
Revenue	35	**5,456,316,783.63**	3,638,911,068.29
Less: Cost of sales	35	**2,060,961,088.35**	1,523,614,938.54
Taxes and surcharges	36	**6,645,694.95**	6,325,049.35
Selling expenses	37	**120,228,658.51**	96,006,550.08
Administrative expenses	38	**526,287,844.89**	196,262,500.24
Research and development expenses	39	**915,030,216.00**	763,469,994.44
Finance expenses	40	**(228,316,436.63)**	(240,504,105.54)
Including: Interest expenses		**1,732,176.80**	1,512,598.38
Interest income		**271,072,118.66**	229,985,802.58
Add: Other income	41	**115,887,831.13**	91,576,969.33
Investment income	42	**97,013,584.17**	48,599,096.46
Fair value gains	43	**25,894,061.14**	23,888,571.20
Credit impairment losses	44	**(921,798.92)**	(464,514.83)
Reversal of impairment losses/ (impairment losses) of assets	45	**28,423,710.47**	(44,443,090.77)
Operating profit		**2,321,777,105.55**	1,412,893,172.57
Add: Non-operating income	46	**–**	5,170.00
Less: Non-operating expenses	47	**1,209,052.09**	280,492.50
Profit before tax		**2,320,568,053.46**	1,412,617,850.07
Less: Income tax expenses	48	**190,932,103.50**	71,881,725.57
Net profit		**2,129,635,949.96**	1,340,736,124.50

The accompanying notes to financial statements form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2025
Expressed in Renminbi Yuan

	Note V	2025	2024
Classified by continuity of operations			
Profit from continuing operations		**2,129,635,949.96**	1,340,736,124.50
Classified by ownership			
Profit attributable to shareholders of the parent		**2,235,569,970.18**	1,411,778,923.59
Profit attributable to non-controlling interests		**(105,934,020.22)**	(71,042,799.09)
Other comprehensive income, net of tax	32	**(114,172,659.18)**	66,341,399.44
Other comprehensive income, net of tax, attributable to shareholders of the parent		**(114,172,659.18)**	66,341,399.44
Other comprehensive income that will not be reclassified to profit or loss			
Change in the fair value of other equity investments		**329,767.61**	2,863,238.40
Other comprehensive income that may be reclassified to profit or loss			
Exchange differences on translation of foreign currency financial statements		**(114,502,426.79)**	63,478,161.04
Total comprehensive income		**2,015,463,290.78**	1,407,077,523.94
Including:			
Total comprehensive income attributable to shareholders of the parent		**2,121,397,311.00**	1,478,120,323.03
Total comprehensive income attributable to non-controlling interests		**(105,934,020.22)**	(71,042,799.09)
Earnings per share	49		
Basic earnings per share		**1.97**	1.25
Diluted earnings per share		**1.96**	1.25

The accompanying notes to financial statements form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Expressed in Renminbi Yuan

2025

	Attributable to shareholders of the parent								
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Unappropriated profit	Subtotal	Non-controlling interests	Total equity
I. Balance at end of prior year and beginning of year	1,144,789,273.00	5,625,969,898.50	427,557,874.81	255,293,498.30	286,559,941.59	4,518,383,330.50	11,403,438,067.08	(6,932,502.17)	11,396,505,564.91
II. Changes during the year									
1. Total comprehensive income	-	-	-	(114,172,659.18)	-	2,235,569,970.18	2,121,397,311.00	(105,934,020.22)	2,015,463,290.78
2. Shareholders' contributions and reduction in capital									
(1) Ordinary share contributions	1,637,248.00	37,657,821.48	-	-	-	-	39,295,069.48	60,300,000.00	99,595,069.48
(2) Share-based payments	-	450,389,804.68	-	-	-	-	450,389,804.68	-	450,389,804.68
(3) Repurchase of A shares	-	-	420,801,477.31	-	-	-	(420,801,477.31)	-	(420,801,477.31)
3. Profit distribution									
(1) Appropriation to surplus reserves	-	-	-	-	65,398,792.66	(65,398,792.66)	-	-	-
(2) Distribution to shareholders	-	-	-	-	-	(669,996,402.47)	(669,996,402.47)	-	(669,996,402.47)
III. Balance at end of year	1,146,426,521.00	6,114,017,524.66	848,359,352.12	141,120,839.12	351,958,734.25	6,018,558,105.55	12,923,722,372.46	(52,566,522.39)	12,871,155,850.07

The accompanying notes to financial statements form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025
Expressed in Renminbi Yuan

2024

	Attributable to owners of the parent								
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Unappropriated profit	Subtotal	Non-controlling interests	Total equity
I. Balance at end of prior year and beginning of year	1,138,740,286.00	5,432,387,416.86	300,031,332.07	188,448,802.51	253,807,247.64	3,478,053,735.01	10,191,406,155.95	15,213,296.92	10,206,619,452.87
II. Changes during the year									
1. Total comprehensive income	–	–	–	66,341,399.44	–	1,411,778,923.59	1,478,120,323.03	(71,042,799.09)	1,407,077,523.94
2. Shareholders' contributions and reduction in capital									
(1) Ordinary share contributions	6,048,987.00	139,095,850.40	–	–	–	–	145,144,837.40	49,200,000.00	194,344,837.40
(2) Share-based payments	–	39,255,996.62	–	–	–	–	39,255,996.62	–	39,255,996.62
(3) Sale of treasury shares	–	15,230,634.62	(281,530,724.42)	–	–	–	296,761,359.04	–	296,761,359.04
(4) Repurchase of A shares	–	–	409,057,267.16	–	–	–	(409,057,267.16)	–	(409,057,267.16)
3. Profit distribution									
(1) Appropriation to surplus reserves	–	–	–	–	32,752,693.95	(32,752,693.95)	–	–	–
(2) Distribution to shareholders	–	–	–	–	–	(338,193,337.80)	(338,193,337.80)	(303,000.00)	(338,496,337.80)
4. Transfer within equity									
(1) Transfer from other comprehensive income to retained earnings	–	–	–	503,296.35	–	(503,296.35)	–	–	–
III. Balance at end of year	1,144,789,273.00	5,625,969,898.50	427,557,874.81	255,293,498.30	286,559,941.59	4,518,383,330.50	11,403,438,067.08	(6,932,502.17)	11,396,505,564.91

The accompanying notes to financial statements form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

Expressed in Renminbi Yuan

	Note V	2025	2024
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		**5,256,493,776.07**	3,576,434,663.11
Receipts of tax and surcharge refunds		**14,306,408.46**	17,805,020.80
Other cash receipts relating to operating activities	50	**424,288,280.85**	295,347,782.24
Total cash inflows from operating activities		**5,695,088,465.38**	3,889,587,466.15
Cash payments for goods and services		**2,684,684,916.17**	1,378,915,150.88
Cash payments to and on behalf of employees		**677,844,941.00**	626,115,370.66
Payments of taxes and surcharges		**113,847,288.78**	34,311,484.65
Other cash payments relating to operating activities	50	**196,690,762.51**	158,923,953.82
Total cash outflows from operating activities		**3,673,067,908.46**	2,198,265,960.01
Net cash flows from operating activities	51	**2,022,020,556.92**	1,691,321,506.14
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		**3,884,125,668.58**	5,085,114,806.26
Cash receipts from investment income		**26,390,326.64**	45,794,434.86
Other cash receipts relating to investing activities	50	**36,741,410.02**	–
Total cash inflows from investing activities		**3,947,257,405.24**	5,130,909,241.12
Cash payments to acquire fixed assets, intangible assets and other long-term assets		**265,828,735.88**	379,121,899.19
Cash payments for investments		**2,829,116,550.68**	5,160,520,367.64
Other cash payments relating to investing activities	50	**2,000,000.00**	34,741,410.02
Total cash outflows from investing activities		**3,096,945,286.56**	5,574,383,676.85
Net cash flows from/(used in) investing activities		**850,312,118.68**	(443,474,435.73)

The accompanying notes to financial statements form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025
Expressed in Renminbi Yuan

	Note V	2025	2024
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others		**99,595,069.48**	194,344,837.40
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		**60,300,000.00**	49,200,000.00
Other cash receipts relating to financing activities	50	**–**	297,691,636.52
Total cash inflows from financing activities		**99,595,069.48**	492,036,473.92
Cash payments for distribution of dividends or profit and interest expenses		**669,996,402.47**	338,496,337.80
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries		**–**	303,000.00
Other cash payments relating to financing activities	50	**458,662,254.77**	430,478,137.58
Total cash outflows from financing activities		**1,128,658,657.24**	768,974,475.38
Net cash flows used in financing activities		**(1,029,063,587.76)**	(276,938,001.46)
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(126,127,139.11)**	62,142,396.44
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,717,141,948.73**	1,033,051,465.39
Add: Cash and cash equivalents at beginning of year	51	**6,698,931,684.67**	5,665,880,219.28
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	51	**8,416,073,633.40**	6,698,931,684.67

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY BALANCE SHEET

31 December 2025

Expressed in Renminbi Yuan

ASSETS	Note XVII	31 December 2025	31 December 2024
Current assets			
Currency funds		**1,102,740,733.79**	1,380,784,638.63
Financial assets held for trading		**285,907,082.20**	792,858,150.68
Accounts receivable	1	**614,601,810.19**	222,936,138.65
Prepayments		**21,574,452.99**	944,956.74
Other receivables	2	**1,655,206,224.00**	1,287,570,989.98
Other current assets		**69,481,407.85**	26,759,766.53
Total current assets		**3,749,511,711.02**	3,711,854,641.21
Non-current assets			
Long-term receivables		**100,000,000.00**	–
Long-term equity investments	3	**3,137,534,636.95**	3,075,299,188.13
Other non-current financial assets		**–**	8,042,885.07
Investment properties		**280,474,169.51**	313,156,660.60
Fixed assets		**146,097,508.80**	127,398,613.54
Right-of-use assets		**–**	754,183.99
Intangible assets		**4,412,702.43**	13,212,993.75
Long-term prepaid expenses		**55,387,027.59**	127,450,520.81
Deferred tax assets		**8,112,411.72**	10,865,623.98
Total non-current assets		**3,732,018,457.00**	3,676,180,669.87
Total assets		**7,481,530,168.02**	7,388,035,311.08

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY BALANCE SHEET

31 December 2025

Expressed in Renminbi Yuan

LIABILITIES AND EQUITY	Note XVII	31 December 2025	31 December 2024
Current liabilities			
Accounts payable		**1,713,426.07**	863,909.28
Employee benefits payable		**97,171,671.77**	62,268,815.72
Taxes and surcharges payable		**11,589,389.91**	8,632,815.79
Other payables		**27,963,660.69**	20,210,561.94
Current portion of non-current liabilities		**–**	274,216.88
Total current liabilities		**138,438,148.44**	92,250,319.61
Non-current liabilities			
Deferred income		**44,759,444.51**	49,823,333.33
Lease liabilities		**–**	504,004.03
Total non-current liabilities		**44,759,444.51**	50,327,337.36
Total liabilities		**183,197,592.95**	142,577,656.97
Shareholders' equity			
Share capital		**1,146,426,521.00**	1,144,789,273.00
Capital reserves		**6,114,017,524.66**	5,625,969,898.50
Less: Treasury shares		**848,359,352.12**	427,557,874.81
Surplus reserves		**351,958,734.25**	286,559,941.59
Unappropriated profit		**534,289,147.28**	615,696,415.83
Total equity		**7,298,332,575.07**	7,245,457,654.11
Total liabilities and equity		**7,481,530,168.02**	7,388,035,311.08

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY INCOME STATEMENT

Year ended 31 December 2025

Expressed in Renminbi Yuan

	Note XVII	2025	2024
Revenue	4	**920,470,608.17**	557,366,228.07
Less: Cost of sales	4	**33,539,932.46**	22,973,272.21
Taxes and surcharges		**2,493,651.43**	2,482,476.76
Selling expenses		**13,865,725.23**	18,174,919.84
Administrative expenses		**123,227,379.86**	85,314,023.75
Research and development expenses		**248,584,903.09**	242,011,079.39
Finance expenses		**(18,286,646.42)**	(42,877,347.66)
Including: Interest expenses		**13,150.70**	2,488.81
Interest income		**29,897,149.16**	39,890,021.63
Add: Other income		**55,969,305.04**	66,677,997.88
Investment income	5	**110,980,575.83**	65,371,397.25
Fair value gains/losses		**7,150,909.47**	(6,101,832.75)
Impairment losses of assets		**–**	(10,000,000.00)
Operating profit		**691,146,452.86**	345,235,366.16
Add: Non-operating income		**–**	5,170.00
Less: Non-operating expenses		**670,035.63**	100,000.00
Profit before tax		**690,476,417.23**	345,140,536.16
Less: Income tax expenses		**36,488,490.65**	17,613,596.69
Net profit		**653,987,926.58**	327,526,939.47
Including: Profit from continuing operations		**653,987,926.58**	327,526,939.47
Total comprehensive income		**653,987,926.58**	327,526,939.47

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Expressed in Renminbi Yuan

2025

	Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	Unappropriated profit	Total equity
I. Balance at end of prior year and beginning of year	**1,144,789,273.00**	**5,625,969,898.50**	**427,557,874.81**	**286,559,941.59**	**615,696,415.83**	**7,245,457,654.11**
II. Changes during the year						
1. Total comprehensive income	-	-	-	-	653,987,926.58	653,987,926.58
2. Shareholders' contributions and reduction in capital						
(1) Ordinary share contributions	1,637,248.00	37,657,821.48	-	-	-	39,295,069.48
(2) Share-based payments	-	450,389,804.68	-	-	-	450,389,804.68
(3) Repurchase of A shares	-	-	420,801,477.31	-	-	(420,801,477.31)
3. Profit distribution						
(1) Appropriation to surplus reserves	-	-	-	65,398,792.66	(65,398,792.66)	-
(2) Distribution to shareholders	-	-	-	-	(669,996,402.47)	(669,996,402.47)
III. Balance at end of year	**1,146,426,521.00**	**6,114,017,524.66**	**848,359,352.12**	**351,958,734.25**	**534,289,147.28**	**7,298,332,575.07**

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Expressed in Renminbi Yuan

2024

	Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	Unappropriated profit	Total equity
I. Balance at end of prior year and beginning of year	1,138,740,286.00	5,432,387,416.86	300,031,332.07	253,807,247.64	659,115,508.11	7,184,019,126.54
II. Changes during the year						
1. Total comprehensive income	–	–	–	–	327,526,939.47	327,526,939.47
2. Shareholders' contributions and reduction in capital						
(1) Ordinary share contributions	6,048,987.00	139,095,850.40	–	–	–	145,144,837.40
(2) Share-based payments	–	39,255,996.62	–	–	–	39,255,996.62
(3) Sale of treasury shares	–	15,230,634.62	(281,530,724.42)	–	–	296,761,359.04
(4) Repurchase of A shares	–	–	409,057,267.16	–	–	(409,057,267.16)
3. Profit distribution						
(1) Appropriation to surplus reserves	–	–	–	32,752,693.95	(32,752,693.95)	–
(2) Distribution to shareholders	–	–	–	–	(338,193,337.80)	(338,193,337.80)
III. Balance at end of year	1,144,789,273.00	5,625,969,898.50	427,557,874.81	286,559,941.59	615,696,415.83	7,245,457,654.11

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2025
Expressed in Renminbi Yuan

	2025	2024
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the sale of goods and the rendering of services	**507,705,534.15**	334,329,099.30
Receipts of tax and surcharge refunds	**–**	2,930,885.24
Other cash receipts relating to operating activities	**159,607,903.50**	179,796,014.16
Total cash inflows from operating activities	**667,313,437.65**	517,055,998.70
Cash payments for goods and services	**21,302,026.49**	124,721,942.32
Cash payments to and on behalf of employees	**127,789,996.58**	111,217,369.21
Payments of taxes and surcharges	**40,880,014.29**	3,460,114.28
Other cash payments relating to operating activities	**111,089,981.56**	64,354,847.49
Total cash outflows from operating activities	**301,062,018.92**	303,754,273.30
Net cash flows from operating activities	**366,251,418.73**	213,301,725.40
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipts from returns of investments	**2,112,000,000.00**	2,885,000,000.00
Cash receipts from investment income	**59,125,438.85**	25,371,397.25
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	**5,000,000.00**	–
Other cash receipts relating to investing activities	**1,142,739.73**	–
Total cash inflows from investing activities	**2,177,268,178.58**	2,910,371,397.25
Cash payments to acquire fixed assets, intangible assets and other long-term assets	**36,071,504.32**	104,478,781.47
Cash payments for investments	**1,669,200,000.00**	2,740,080,000.00
Total cash outflows from investing activities	**1,705,271,504.32**	2,844,558,781.47
Net cash flows from investing activities	**471,996,674.26**	65,812,615.78

The accompanying notes to financial statements form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2025

Expressed in Renminbi Yuan

	2025	2024
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from investments by others	**39,295,069.48**	145,144,837.40
Other cash receipts relating to financing activities	**–**	297,691,636.52
Total cash inflows from financing activities	**39,295,069.48**	442,836,473.92
Cash payments for distribution of dividends or profit and interest expenses	**669,996,402.47**	338,193,337.80
Other cash payments relating to financing activities	**433,353,659.98**	409,057,267.16
Total cash outflows from financing activities	**1,103,350,062.45**	747,250,604.96
Net cash flows used in financing activities	**(1,064,054,992.97)**	(304,414,131.04)
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(387,061.92)**	1,817,313.35
5. NET DECREASE IN CASH AND CASH EQUIVALENTS	**(226,193,961.90)**	(23,482,476.51)
Add: Cash and cash equivalents at beginning of year	**1,313,661,828.10**	1,337,144,304.61
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,087,467,866.20**	1,313,661,828.10

The accompanying notes to financial statements form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

I. General Information

Montage Technology Co., Ltd. (the "Company") was established on 27 May 2004, in Shanghai, China. The legal representative of the Company is Dr. Howard C. Yang. As at 31 December 2025, the registered capital of the Company amounted to RMB1,146,426,521.00, and its registered address is Building 1, 15/F, 181 Caobao Road, Xuhui District, Shanghai, China. On 29 October 2018, the Company obtained the approval from the Shanghai Municipal Administration for Market Regulation to restructure as a joint-stock limited company, and was renamed Montage Technology Co., Ltd. The Company was issued with a business license with a unified social credit code of 913100007626333657. The operating term of the Company is from 27 May 2004 with an indefinite duration. Pursuant to the approval letter issued by the China Securities Regulatory Commission (CSRC) on 25 June 2019, titled "Approval on the Registration of the Initial Public Offering of Shares of Montage Technology Co., Ltd." (Zheng Jian Xu Ke [2019] No.1128), the Company publicly issued 112,981,389 ordinary shares (RMB1.00 par value per share). The Company was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 22 July 2019.

The main business scope of the Company includes the design, development, wholesale, import and export of integrated circuits, large-scale integrated circuits with line widths of 0.25 micrometers and below, software products, and new electronic components, falling within the industry of computer, communication, and other electronic equipment manufacturing.

The Company has no actual controller.

The financial statements were approved and authorized for issue by the board of directors on 30 March 2026.

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II. Basis of Preparation of the Financial Statements

1. Basis of Preparation

These financial statements have been prepared in accordance with Accounting Standards for Business Enterprises – Basic Standard and specific accounting standards, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (the "MOF") (collectively referred to as "ASBEs"). In addition, this financial report also discloses relevant financial information in accordance with the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules for Financial Reports.

2. Going Concern

The financial statements have been prepared on a going concern basis.

III. Material Accounting Policies and Significant Estimates

The Company and its subsidiaries (collectively referred to as the "Group") formulate specific accounting policies and accounting estimates with reference to the practical features of production and operation, which are mainly reflected in aspects such as the impairment allowance for accounts receivable, the provision for inventory write-downs, government grants, recognition and measurement of revenues and recognition of deferred tax assets.

1. Statement of Compliance with Accounting Standards for Business Enterprises in Financial Statement Disclosure

The financial statements present truly and completely the financial position of the Group and the Company as at 31 December 2025, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Accounting Year

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December of each year.

3. Functional Currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries have elected RMB as their functional currency. The Company's overseas subsidiaries have determined their functional currency as the United States Dollar ("USD"), based on the currency of the primary economic environment in which they operate. The Company's presentation currency is RMB. The currency unit is RMB Yuan unless otherwise stated.

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4. Determination of Materiality Criteria and Basis of Selection in Financial Statement Disclosure

	Materiality criteria
Material construction in progress	Budgeted amount or actual incurred cost exceeds 5% of the total assets as audited in the previous fiscal year.
Material joint ventures or associates	The carrying amount of long-term equity investment in a single investee exceeds 10% of the Group's net assets and is more than RMB100 million; or the investment income or loss using the equity method for long-term equity investments exceeds 10% of the Group's consolidated net profit.
Subsidiaries with non-controlling interests	The net assets of a subsidiary account for more than 10% of the Group's net assets; or the non-controlling interests in a single subsidiary exceed 5% of the Group's net assets and amount to more than RMB100 million.

5. Consolidated Financial Statements

The scope of the consolidated financial statements, which include the financial statements of the Company and all of its subsidiaries, is determined on the basis of control. A subsidiary is an entity that is controlled by the Company (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Company). An investor controls an investee if and only if the investor has all of the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the loss for the current period attributable to non-controlling interests of a subsidiary exceeds the non-controlling interests of the opening balance of equity of the subsidiary, the excess shall still be allocated against the non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

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For subsidiaries acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination had been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

6. Cash and Cash Equivalents

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value.

7. Foreign Currency Transactions and Foreign Currency Translation

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the closing rate of the month preceding the dates of transactions, except for capital contributions in foreign currencies by investors, where they are recorded using the spot exchange rates prevailing at the dates of transactions. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognized in profit or loss, except for those relating to foreign currency borrowings specifically for the construction and acquisition of qualifying assets, which are capitalized in accordance with the guidance for capitalization of borrowing costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on initial recognition, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognized in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates their functional currency amounts into RMB when preparing the financial statements, details of which are as follows: as at the balance sheet date, the assets and liabilities are translated using the spot exchange rates at the balance sheet date, and equity items other than "unappropriated profit" are translated at the approximate spot exchange rates at the dates of transactions; revenue and expense items in profit or loss are translated using the closing rate of the month preceding the dates of transactions. The resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss. If the disposal only involves a portion of a particular foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss on a pro-rata basis.

Foreign currency cash flows and the cash flows of foreign subsidiaries are translated using the closing rate of the month preceding the dates of transactions. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

8. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

(1) Recognition and Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated balance sheet) when:

(1) the rights to receive cash flows from the financial asset have expired; or

(2) the Company has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Regular way purchases and sales of financial assets are recognized and derecognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group commits to purchase or sell a financial asset.

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(2) Classification and Measurement of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

With the exception of accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, financial assets are measured at fair value on initial recognition. Accounts receivable or notes receivable that do not contain significant financing components or for which the Group has applied the practical expedient are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

The subsequent measurement of financial assets depends on their classification as follows:

Debt Investments Measured at Amortized Cost

The Group measures financial assets at amortized cost if both of the following conditions are met: (a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Debt investments at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Equity Investments at Fair Value through Other Comprehensive Income

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognized in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial Assets at Fair Value through Profit or Loss

The financial assets other than the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognized in profit or loss.

(3) Classification and Measurement of Financial Liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortized cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss, and transaction costs relating to financial liabilities measured at amortized cost are included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial Liabilities Measured at Amortized Cost

After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

(4) Impairment of Financial Assets

Measurement and accounting treatment for ECLs

Based on the expected credit losses ("ECLs"), the Group recognizes an allowance for ECLs for financial assets measured at amortized cost.

For accounts receivable that do not contain a significant financing component, the Group applies the simplified approach, to recognize a loss allowance based on lifetime ECLs.

Except for financial assets which apply the simplified approach as mentioned above, the Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortized cost and the effective interest rate. If the credit risk of financial instruments is low at the balance sheet date, the Group assumes that the credit risk has not increased significantly since initial recognition.

For disclosures regarding the criteria for determining whether credit risk has increased significantly, definitions of credit-impaired assets, and related information, please refer to Note X.1.

The Group measures expected credit losses on a financial instrument in a way that reflects: (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (b) the time value of money; and (c) reasonable and supportable information that is available without undue cost or effort at the balance sheet date about past events, current conditions and forecasts of future economic conditions.

Grouping Classification and Basis for Collective Impairment Provision Based on Credit Risk Characteristics
The Group assesses ECLs for financial instruments on a group basis. The Group considers the credit risk characteristics of different customers. It assesses the ECLs of accounts receivable according to shared credit risk characteristics, with customer credit rating classification as the basis. The ageing is determined based on the invoice date.

Write-off of impairment provision
The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

9. Inventories

Inventories include raw materials, consigned processing materials, and finished goods.

Inventories are initially carried at standard cost, with cost differences transferred to actual cost through cost variance allocation. Cost of inventories comprises all costs of purchase, costs of conversion and other costs. The production and processing stages are primarily carried out by external specialized manufacturers, including packaging and testing. Cost is determined on the weighted average basis.

The Group adopts a perpetual inventory system for inventory count.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. The inventories are written down below cost to net realizable value and the write-down is recognized in profit or loss if the cost is higher than the net realizable value. Net realizable 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 and relevant taxes. Inventory write-downs are generally provided for by classification.

10. Long-Term Equity Investments

Long-term equity investments include equity investments in subsidiaries and associates.

A long-term equity investment is initially measured at its initial investment cost on acquisition. For long-term equity investments acquired through a business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of owners' equity of the absorbed party in the consolidated financial statements of the ultimate controlling party at the combination date; the difference between the initial investment cost and the carrying amount of the consideration paid for the combination shall be adjusted against the capital reserves (If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings). For long-term equity investments acquired through a business combination involving enterprises not under common control, the initial investment cost shall be the combination cost (For a business combination involving enterprises not under common control achieved in stages, the initial investment cost is determined as the sum of the carrying mount of the equity investment in the acquiree held by the acquirer immediately before the acquisition date and the cost of the additional investment made on the acquisition date). For long-term equity investments acquired other than through a business combination, the initial investment cost is determined as follows: (a) where the equity investments are paid in cash, the initial investment cost is the purchase price actually paid, plus costs, taxes, and other necessary expenditures that are directly related to the acquisition of the investment; (b) where the long-term equity investments acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

For a long-term equity investment where the Company can exercise control over the investee, the long-term investment is accounted for using the cost method in the Company's individual financial statements. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognized as investment income in profit or loss.

The equity method is adopted when the Group has joint control, or exercises significant influence over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control with other parties over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss, and the cost of the long-term equity investment is adjusted accordingly.

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Under the equity method, after it has acquired a long-term equity investment, the Group recognizes its share of the investee's profit or loss, as well as its share of the investee's other comprehensive income, as investment income or loss and other comprehensive income, and adjusts the carrying amount of the investment accordingly. The Group recognizes its share of the investee's profit or loss after making appropriate adjustments to the investee's profit or loss based on the fair value of the investee's identifiable assets at the acquisition date, using the Group's accounting policies and periods. Unrealized profits and losses from transactions with its joint ventures and associates are eliminated to the extent of the Group's investments in the associates or joint ventures (except for assets that constitute a business). However, any loss arising from such transactions which are attributable to an impairment loss shall be recognized at its entirety. The carrying amount of the investment is reduced based on the Group's share of any profit distributions or cash dividends declared by the investee. The Group's share of losses of the investee is recognized to the extent that the carrying amount of the investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has the obligations to assume further losses. The Group's share of the investee's equity changes, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognized in the Group's equity, and the carrying amount of the long-term equity investment is adjusted accordingly.

11. Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation or both. In addition, for vacant buildings held by the Company for operating leases, if the board of directors (or an equivalent governing body) has adopted a formal written resolution clearly indicating the intention to lease the property for operating purposes and that such intention will remain unchanged in the short term, the buildings are classified as investment properties.

An investment property is measured initially at cost. The cost of investment properties comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the investment properties to working condition for their intended use. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognized in profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of its investment properties.

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Depreciation is calculated using the straight-line method. The useful lives, percentages of estimated residual value and annual depreciation rates are as follows:

	Useful life	Percentage of estimated residual value	Annual depreciation rate
Buildings	30 to 50 years	0%	2.00 to 3.33%

The Group reviews the useful life and estimated net residual value of investment properties and the depreciation method applied at least at each year end, and makes adjustments if necessary.

12. Fixed Assets

A fixed asset is recognized only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditures are recognized in profit or loss or the cost of related assets as incurred according to the beneficiaries.

Fixed assets are initially carried at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method. The useful lives, percentages of estimated residual value and annual depreciation rates are as follows:

	Useful life	Percentage of estimated residual value	Annual depreciation rate
Freehold land	Perpetual	0%	0.00%
Buildings	5 to 50 years	0%	2.00 to 20.00%
Electronic equipment	3 to 5 years	0%	20.00 to 33.33%
Office equipment	3 to 5 years	0%	20.00 to 33.33%
Motor vehicles	3 to 5 years	0%	20.00 to 33.33%

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The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and makes adjustments if necessary. Overseas land ownership is not subject to depreciation, but is tested for impairment annually, irrespective of whether there is any indication that they may be impaired. If there is evidence that the useful lives of the asset becomes definite, the accounting policies for fixed assets with definite useful life are then applied.

13. Construction in Progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period and other relevant expenditures.

An item of construction in progress is transferred to fixed assets when the asset is ready for its intended use. The criteria are as follows:

	Criteria for transfer to fixed assets
Buildings	The buildings have passed preliminary acceptance and are in a condition ready for intended use, or have met the standards stipulated in the contract.

14. Intangible Assets

(1) Useful Life of Intangible Assets

The intangible assets are amortized using the straight-line method over their useful lives. The useful lives are as follows:

	Useful life	**Determination basis**
Leasehold land	50 years	Term of leasehold land
Licensed IPs	1 to 5 years	Estimated useful life
Software	1 to 5 years	Estimated useful life

The Group's research and development ("R&D") expenditures during the R&D process primarily include staff costs related to R&D activities, engineering development costs, tooling and license fees, depreciation and amortization expenses, and other related costs. The Group accounts for R&D expenses on a project-by-project basis, accruing related expenditures.

(2) R&D Expenditures

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognized in profit or loss as incurred. Expenditure on the development phase is capitalized only when the Group can demonstrate all of the following: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) the intention to complete the intangible asset and use or sell it; (c) how the intangible asset will generate probable future economic benefits (among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (d) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (e) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these criteria is recognized in profit or loss when incurred.

15. Impairment of Assets

Impairment of assets (other than the impairment of inventories, deferred tax assets, and financial assets) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognized in profit or loss. A provision for impairment loss of the asset is recognized accordingly.

Once the above impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

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16. Long-Term Prepaid Expenses

Long-term prepaid expenses are amortized using the straight-line method as follows:

	Amortization period
Leasehold improvements	3 to 5 years
Photomask	3 to 5 years
Landscaping projects	5 years
Maintenance and repair costs	2 to 5 years

17. Employee Benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-Term Employee Benefits

Short-term employee benefits are recognized as a liability in the accounting period in which an employee provides services, with a corresponding charge to profit or loss or cost of an asset.

(2) Post-Employment Benefits (Defined Contribution Plan)

For the employees of the Group participating in a pension scheme and unemployment insurance managed by the local government, the corresponding expenses are included in the cost of related assets or profit or loss.

(3) Termination Benefits

The Group provides termination benefits to employees and recognizes an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal; and (b) when the Group recognizes costs involving the payment of termination benefits.

18. Provisions

An obligation related to a contingency shall be recognized by the Group as a provision when the obligation is a present obligation of the Group and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation, except for contingent considerations and contingent liabilities assumed in a business combination not involving entities under common control.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed and adjusted appropriately at each balance sheet date to reflect the current best estimate.

19. Share-Based Payments

A share-based payment is classified as either an equity-settled share-based payment or a cash-settled share-based payment. An equity-settled share-based payment is a transaction in which the Group receives services and uses shares or other equity instruments in exchange for settlement.

An equity-settled share-based payment in exchange for services received from employees is measured at the fair value of the equity instruments granted to the employees. If such equity-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognized, with a corresponding increase in capital reserves. If such equity-settled share-based payment could not vest until the completion of services for a vesting period, or until the satisfaction of a specified performance condition, at each balance sheet date during the vesting period, the Group recognizes the services received for the current period as related costs and expenses, with a corresponding increase in capital reserves, at an amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to vest.

The cost of cash-settled transactions is measured at the fair value of the liability which is determined on the basis of shares or other equity instruments of the Group. If the rights under a cash-settled share-based payment could vest immediately, related costs or expenses at an amount equal to the fair value on the grant date are recognized, with a corresponding increase in liability. If the rights under a cash-settled share-based payment could not vest until the completion of services for a vesting period, or until the satisfaction of a specified performance condition, at each balance sheet date during the vesting period, the Group recognizes the services received for the current period as related costs or expenses and the corresponding liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. The liability is measured at each balance sheet date up to and including the settlement date, with changes in fair value recognized in profit or loss.

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20. Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when the Group has fulfilled its performance obligations in the contracts, that is, when the customer obtains control of relevant goods or services. Control of relevant goods or services refers to the ability to direct the use of the goods or the provision of the services, and obtain substantially all of the remaining benefits from the goods or services.

(1) Contracts for the Sale of Goods

A contract for the sale of goods between the Group and the customer usually only includes the performance obligation to transfer goods. The Group considers the following indicators: (a) a present right to payment for goods; (b) the transfer of significant risks and rewards of ownership of goods; (c) the transfer of legal title to goods; (d) the transfer of physical possession of goods; and (e) the customer's acceptance of goods:

– For the direct sales model, revenue is recognized at the time of export customs clearance or customer acceptance, as stipulated in the contract.

– For consignment sales arrangements, revenue from the sale of goods is recognized when the consignee sells the goods.

(2) IP Licensing Revenue

The IP licensing sales model primarily consists of two types: the fixed fee model and the per-unit model. The revenue recognition methods are as follows:

– Fixed fee model

Under the fixed fee model, the contract grants the customer the right to use the technology, which constitutes a performance obligation satisfied at a point of time. Revenue is recognized when the technology is delivered to and accepted by the customer, the consideration has been received or the right to receive payment has been established, and it is probable that the related economic benefits will flow into the Group.

– Per-unit model

Under the per-unit model, the licensing fee is settled based on the shipment of the customer's products. This also constitutes a performance obligation satisfied at a point of time. Revenue is recognized when the customer's shipment report (within the period to which the revenue relates based on the accrual basis) is received, the consideration has been received or the right to receive payment has been established, and it is probable that the related economic benefits will flow into the Group.

21. Contract Liabilities

The Group presents contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheet.

The Group presents its obligation to transfer goods or services to a customer, for which the Group has received consideration or the Group has a right to an amount of consideration that is unconditional (i.e., a receivable) from the customer, as a contract liability.

22. Government Grants

Government grants are recognized when all attaching conditions will be complied with and the grants will be received. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value; if fair value is not reliably determinable, it is measured at a nominal amount.

The grants, as stipulated in government documentation, that are to be used for the purpose of acquisition or construction of long-term assets, or otherwise resulting in the formation of long-term assets, are classified as government grants related to assets. If the government documentation does not stipulate the purpose of use, judgment will need to be made based on the fundamental conditions required to obtain the grants. If the fundamental condition is the acquisition or construction of long-term assets, or otherwise resulting in the formation of long-term assets, the grants are classified as government grants related to assets. All other grants are classified as government grants related to income.

A government grant related to income is accounted for as follows: (a) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, it is recognized as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognized upon meeting the relevant conditions and no longer having the obligation to return; or (b) if the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss or offset against relevant expenses.

A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognized as deferred income and amortized in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognized directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

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23. Deferred Tax

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and on the temporary differences between the tax bases and the carrying amounts of the items which have a tax base according to related tax laws but are not recognized as assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(1) when the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

(2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilized, except:

(1) when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

(2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the balance sheet date and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

24. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(1) As Lessee

The Group recognizes lease liabilities and right-of-use assets, except for short-term leases and low-value leases.

At the commencement date of the lease, the Group recognizes right-of-use assets. Right-of-use assets are initially measured at cost. The cost of the right-of-use assets comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date of the lease less any lease incentives received; (c) any initial direct cost incurred; and (d) estimates of costs incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease. The Group remeasures the lease liabilities for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying assets will be transferred to the Group at the end of the lease terms, the Group depreciates the assets from the commencement date to the end of the useful lives of the assets. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful lives of the assets and the end of the lease terms.

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At the commencement date of the lease, the Group measures lease liabilities at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. Variable lease payments that are not included in the measurement of the lease liabilities are recognized in profit or loss as incurred, except those in the costs of the related assets as required. In addition, the Group remeasures lease liabilities at the present value of the revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease. When the Group subleases or expects to sublease the leased assets, the original lease shall not be classified as a lease of low-value assets. The Group does not recognize the right-of-use assets and lease liabilities for the short-term leases and leases of low-value assets with a respective lease term of 12 months or less. The Group recognizes lease payments on short-term leases and leases of low-value assets in the costs of the related assets or profit or loss on a straight-line basis over the lease terms.

(2) As Lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

Rental income under an operating lease is recognized on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalized and recognized over the lease term on the same basis as rental income, through profit or loss.

25. Repurchase of Equity

The consideration paid and transaction costs incurred in repurchasing the Group’s own equity instruments reduce shareholders’ equity. Except for share-based payments, the issuance (including refinancing), repurchase, sale, or cancellation of the Group’s own equity instruments are recognized as changes in equity.

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26. Fair Value Measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at each balance sheet date.

27. Significant Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(1) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have a significant effect on the amounts recognized in the financial statements:

Operating Leases – Group as Lessor

The Group has entered into lease agreements on its investment property portfolio. The Group has determined these leases to be operating leases, based on an evaluation of the terms and conditions of the agreements, that it retains substantially all the significant risks and rewards of ownership of these properties.

Business Models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods to include evaluation and report financial asset performance to key management, the risks affecting the performance of financial assets and risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyze and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

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Contractual Cash Flow Characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, such as the judgement on whether there is any significant difference from the benchmark cash flow when assessing the modification of the time value of money.

(2) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of Financial Instruments

The Group uses the expected credit loss model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgements and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may not be representative of the actual impairment loss in the future.

Provision for Write-Down of Inventories

The Group measures inventories at the lower of cost and net realizable value in accordance with its inventory accounting policies. Provision for write-down of inventories is made for inventories whose costs exceed their net realizable values, as well as for obsolete or slow-moving inventories. The write-down of an inventory to net realizable value is based on an assessment of the inventory's saleability and its net realizable value. Determining inventory impairment requires management to make judgments and estimates based on conclusive evidence, considering factors such as the purpose of holding the inventory and the impact of events after the balance sheet date. The difference between actual results and original estimates will affect the carrying amount of inventories and the provision for or reversal of write-down of inventories in the period when the estimates are revised.

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Impairment of Non-Current Assets Other than Financial Assets (Other than Goodwill)

The Group assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair Value of Unlisted Equity Investments

The unlisted equity investments have been valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows, credit risk, volatility and discount rates, and hence they are subject to uncertainty.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses based on the tax rates applicable when the losses are expected to be reversed, to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Lessee's Incremental Borrowing Rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments discounted using the lessee's incremental borrowing rate. According to the economic environment, the Group takes the observable interest rate as the reference basis for determining the incremental borrowing rate, then adjusts the observable interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

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IV. Taxes

1. Main Tax Types and Tax Rates

	Tax basis	Tax rate
Value-added tax (VAT)	The output tax amount calculated by general taxpayers within the Group based on sales and applicable tax rates, after deducting the allowable input tax amount; the value-added tax amount calculated by small-scale taxpayers within the Group based on sales and the value-added tax collection rate, with which input tax amounts cannot be deducted.	Exemption, 0%, 1% reduced from 3%, 6%, 9%, 13%
Urban maintenance and construction tax	Actual payment of turnover tax	5%、7%
Corporate income tax	Taxable profit	See the table below
Education surcharge	Actual payment of turnover tax	3%
Local education surcharge	Actual payment of turnover tax	2%
Property tax	Ad valorem taxation: residual value after a one-time 30% deduction from the original property value Rental income-based taxation: gross rental income	Ad valorem taxation: 1.2% From rental assessment: 12%
Land use tax	Actual occupied land area	RMB6 and RMB1.5 per square meter

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The corporate income tax rates for the Company and its subsidiaries are:

Taxpayer entity	Income tax rate
The Company	10%
Montage Technology (Kunshan) Co., Ltd.	0%
Montage Semiconductor (Kunshan) Co., Ltd.	25%
Montage Electronics (Shanghai) Co., Ltd.	15%
Montage Investment Co., Ltd.	25%
Montone Enterprise (Shanghai) Co., Ltd.	25%
Shanghai Xitai Enterprise Co., Ltd.	25%
Shanghai Huacui Property Co., Ltd.	25%
Monttwo Enterprise (Shanghai) Co., Ltd.	25%
Montxilu Enterprise (Shanghai) Co., Ltd.	25%
Montage Electronics (Hainan) Co., Ltd.	20%
Montage Capital (Hainan) Co., Ltd.	15%
Montage Electronics (Zhuhai Hengqin) Co., Ltd.	25%
Montage Electronics Design (Xi'an) Company Limited	20%
Montage Electronics Design (Shanghai) Company Limited	20%
Montage Technology Macao Commercial Offshore Limited	12%, see note 1
Montage Technology Holdings Company Limited	See note 2
Montage Hong Kong Holdings Company Limited	8.25% and 16.5%, see note 2
Montage Real Estate Holding I Limited (BVI)	See note 2
Montage Real Estate Holding II Limited (BVI)	See note 2
Montage Real Estate Holding I (Hong Kong) Limited	8.25% and 16.5%, see note 2
Montage Real Estate Holding II (Hong Kong) Limited	8.25% and 16.5%, see note 2
Montage Technology Inc.	See note 3
Mont Acquisition Sub, Inc	See note 3
Montage, Inc.	See note 3
3955 Johns Creek Inc.	See note 3
Montage Semiconductor Inc.	See note 3
Montage Technology Holdings Inc.	See note 3
Montage Technology Holdings II Inc.	See note 3

Note 1: Montage Technology Macao Commercial Offshore Limited is registered in Macao. Pursuant to the Supplementary Income Tax Law No. 21/78/M promulgated by the Macao Special Administrative Region, starting from 1 January, 2021, the subsidiary has met the criteria for Class A taxpayers and is subject to a tax rate of 12% based on the scale of its net profits.

Note 2: Montage Technology Holdings Company Limited is registered in the Cayman Islands and is not subject to corporate income tax; Montage Real Estate Holding I Limited and Montage Real Estate Holding II Limited are registered in the British Virgin Islands and are not subject to corporate income tax; Montage Hong Kong Holdings Company Limited, Montage Real Estate Holding I (Hong Kong) Limited, and Montage Real Estate Holding II (Hong Kong) Limited are registered in the Hong Kong Special Administrative Region and are under the two-tiered profits tax rates regime, applying a tax rate of 8.25% on assessable profits not exceeding HKD2,000,000, and a tax rate of 16.5% on the portion of assessable profits exceeding HKD2,000,000.

Note 3: Montage Technology Inc., Montage Acquisition Sub, Inc., Montage, Inc., 3955 Johns Creek Inc., Montage Semiconductor Inc., Montage Technology Holdings Inc., and Montage Technology Holdings II Inc. are registered in the United States and are subject to a federal corporate income tax rate of 21%. The aforementioned subsidiaries must also comply with the corporate income tax policies of the states in which they are registered while executing the federal corporate income tax in the United States.

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2. Tax incentives and Approvals

(1) Value-Added Tax

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Launching the Pilot Program to Replace Business Tax with Value-Added Tax, taxpayers providing technology transfer services are exempt from value-added tax. The Group is exempt from value-added tax on the collection of royalties.

(2) Corporate Income Tax

On 12 December 2023, the Company obtained the High-Tech Enterprise Certificate issued by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the Shanghai Municipal Taxation Bureau of the State Administration of Taxation, with certificate number: GR202331004753. The Company was subject to a preferential corporate income tax rate of 15% from 2023 to 2025. Additionally, pursuant to the Announcement on corporate income tax policy for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry (Ministry of Finance, State Administration of Taxation, National Development and Reform Commission, Ministry of Industry and Information Technology Announcement No. 45, 2020) and the Notice on the Requirements for the Preparation of Lists of Integrated Circuit Enterprises or Projects and Software Enterprises Enjoying Tax Incentives by 2025 (Fa Gai Gao Ji [2025] No. 385), the Company was qualified as a state-encouraged key integrated circuit design enterprise, and was subject to a preferential tax rate of 10%. The Company will conduct all required compliance filings in accordance with applicable laws and regulations.

The Company's subsidiary, Montage Technology (Kunshan) Co., Ltd. ("Montage Kunshan"), obtained the High-Tech Enterprise Certificate issued by the Jiangsu Provincial Science and Technology Department, Jiangsu Provincial Finance Department, and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 24 December 2024, with certificate number: GR202432016754. Montage Kunshan is entitled to a reduced corporate income tax rate of 15% from 2024 to 2026. Additionally, pursuant to the Announcement on Promoting the High-Quality Development of the Integrated Circuit Industry and Software Industry Corporate Income Tax Policy (Ministry of Finance, State Administration of Taxation, National Development and Reform Commission, Ministry of Industry and Information Technology Announcement No. 45, 2020) and the Notice on the Requirements for the Preparation of Lists of Integrated Circuit Enterprises or Projects and Software Enterprises Enjoying Tax Incentives by 2025 (Fa Gai Gao Ji [2025] No. 385), key integrated circuit design enterprises encouraged by the state can be exempt from corporate income tax for the first to fifth years starting from the first profitable year, and are entitled to a reduced corporate income tax rate of 10% in subsequent years. Montage Kunshan, has met the recognition criteria for key integrated circuit design enterprises encouraged by the state and was exempt from corporate income tax for the year. Montage Kunshan will conduct all required compliance filings in accordance with applicable laws and regulations.

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The Company's subsidiary, Montage Electronics (Shanghai) Co., Ltd., obtained the High-Tech Enterprise Certificate issued by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the Shanghai Municipal Taxation Bureau of the State Administration of Taxation on 26 December 2024, with certificate number: GR202431005429. Montage Electronics (Shanghai) Co., Ltd. is entitled to a preferential corporate income tax rate of 15% from 2024 to 2026.

Pursuant to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Ministry of Finance, State Administration of Taxation Announcement No. 12, 2023), for Small and Low-profit Enterprises, the taxable income is reduced by 25% and the corporate income tax can be paid at a tax rate of 20%, which will be implemented up to 31 December 2027. For the year of 2025, the Company's subsidiaries, Montage Electronics (Hainan) Co., Ltd., Montage Electronics Design (Xi'an) Company Limited, and Montage Electronics Design (Shanghai) Company Limited, have met the criteria of "Small and Low-profit Enterprises" and are eligible for the preferential tax rate for "Small and Low-profit Enterprises".

The Company's subsidiary, Montage Capital (Hainan) Co., Ltd., is registered in Sanya City, Hainan Province. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Corporate Income Tax Incentive Policy for Enterprises in the Hainan Free Trade Port (Cai Shui [2020] No. 31), for encouraged industrial enterprises registered and substantially operating in the Hainan Free Trade Port, the corporate income tax is levied at a reduced rate of 15%. The policy was in effect from 1 January 2020 to 31 December 2024. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Continuation of the Implementation of Corporate Income Tax Incentive Policies for Enterprises in the Hainan Free Trade Port (Cai Shui [2025] No. 3) and the Notice of the Ministry of Finance and the State Administration of Taxation (Cai Shui [2020] No. 31), the implementation period of the policy is extended to 31 December 2027. Pursuant to the Notice of the Hainan Provincial Development and Reform Commission on the Registration of Venture Capital Enterprises (Qiong Fa Gai Shen Pi [2021] No. 869), Montage Capital (Hainan) Co., Ltd. completed the registration of venture capital enterprises on 9 November, 2021, and was subject to the corporate income tax rate of 15% for the year.

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V. Notes to Key Items of the Consolidated Financial Statements

1. Currency Funds

	31 December 2025	31 December 2024
Cash on hand	**7,628.60**	5,928.60
Cash at banks	**8,351,281,401.04**	6,752,516,164.00
Other monetary funds	**127,695,346.14**	90,774,760.01
Total	**8,478,984,375.78**	6,843,296,852.61
Including: Total amount deposited outside Mainland China	**4,985,225,547.98**	3,993,373,315.93

2. Financial Assets Held for Trading

	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss		
Structured deposits	**722,733,720.02**	1,629,362,905.47
Equity investments	**100,570,613.02**	154,131,845.21
Total	**823,304,333.04**	1,783,494,750.68

3. Accounts Receivable

(1) Analysis by Ageing

	31 December 2025	31 December 2024
Within 1 year	**570,380,702.87**	389,736,337.95
Less: Bad debt provision for accounts receivable	**2,848,522.36**	1,944,451.99
Total	**567,532,180.51**	387,791,885.96

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(2) *Analysis by Method of Bad Debt Provision*

31 December 2025

	Book balance		**Bad debt provision**		**Book value**
	Amount	**Percentage (%)**	**Amount**	**Provision rate (%)**	
Provision for bad debts by credit risk characteristics	**570,380,702.87**	**100.00**	**2,848,522.36**	**0.50**	**567,532,180.51**

31 December 2024

	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Provision rate (%)	
Provision for bad debts by credit risk characteristics	389,736,337.95	100.00	1,944,451.99	0.50	387,791,885.96

As at 31 December 2025, the accounts receivable with expected credit loss assessed collectively were as follows:

	Book balance	**Bad debt provision**	**Provision rate (%)**
High-quality credit customers	570,380,702.87	2,848,522.36	0.50

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(3) Bad debt Provision

The changes in the bad debt provision for accounts receivable are as follows:

	Opening balance	Provision	Reversal	Foreign currency translation difference	Closing balance
Bad debt provision for accounts receivable	1,944,451.99	2,866,250.91	(1,944,451.99)	(17,728.55)	2,848,522.36

For the year ended 31 December 2025, a bad debt provision of RMB2,866,250.91 was recognized, while a reversal of bad debt provision of RMB1,944,451.99 was recorded as a result of the collection of receivables.

(4) The Five Largest Amounts of Closing Balances of Accounts Receivable Analyzed by Debtor

	Closing balance	**Proportion of accounts receivable balance (%)**	**Nature**	**Ageing**	**Closing balance of bad debt provision**
No. 1	277,341,883.27	48.62	Payment for goods	Within 3 months	(1,386,709.42)
No. 2	138,469,820.08	24.28	Payment for goods	Within 3 months	(692,349.10)
No. 3	29,963,774.40	5.25	Payment for goods	Within 3 months	(149,818.87)
No. 4	29,225,223.24	5.12	Payment for goods	Within 3 months	(146,126.12)
No. 5	18,107,594.56	3.17	Payment for goods	Within 3 months	(90,537.97)
Total	493,108,295.55	86.44			(2,465,541.48)

4. Prepayments

(1) Analysis by Ageing

	31 December 2025		31 December 2024	
	Book balance	**Percentage (%)**	Book balance	Percentage (%)
Within 1 year	**132,890,386.00**	**100.00**	4,394,165.14	100.00

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(2) The Five Largest Amounts of Closing Balances of Prepayments Analyzed by Prepayment Recipient

	Closing balance	The proportion of the total balance of prepayments at the end of the year (%)
No. 1	108,021,557.52	81.29
No. 2	21,000,000.00	15.80
No. 3	1,305,570.00	0.98
No. 4	480,594.20	0.36
No. 5	392,485.03	0.30
Total	131,200,206.75	98.73

5. Other Receivables

(1) Analysis by Ageing

	31 December 2025	31 December 2024
Within 1 year	**923,214.41**	990,948.99
1 to 2 years	**603,207.52**	324,224.36
2 to 3 years	**324,152.48**	2,080.00
Over 3 years	**2,404,347.78**	2,826,603.01
Total	**4,254,922.19**	4,143,856.36

(2) Analysis by Nature

	31 December 2025	31 December 2024
Security deposits or deposits	**4,254,854.57**	4,114,812.47
Others	**67.62**	29,043.89
Total	**4,254,922.19**	4,143,856.36

For the year ended 31 December 2025, there was no provision, recovery or reversal of bad debt provision.

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(3) The Five Largest Amounts of Closing Balances of Other Receivables Analyzed by Debtor

	Closing balance	Proportion of total other receivables balance (%)	Nature	Ageing	Closing balance of bad debt provision
Xi'an Tengfei Information Technology Incubation Co., Ltd.	893,208.48	20.99	Deposit	Over 2 years	–
Rongke Property Investment Co., Ltd.	504,900.00	11.87	Deposit	Over 3 years	–
Geumdam Co., Ltd.	485,999.98	11.42	Deposit	Within 1 year	–
Kunshan Financial Industry Park Investment and Development Co., Ltd.	460,000.00	10.81	Deposit	1-2 years	–
The St. Regis Shanghai Jingan	420,000.00	9.87	Deposit	Over 3 years	–
Total	2,764,108.46	64.96			–

6. Inventories

(1) Classification of Inventories

	31 December 2025			31 December 2024		
	Book balance	**Provision**	**Book Value**	Book balance	Provision	Book Value
Raw materials	**101,254,170.87**	**39,048,652.09**	**62,205,518.78**	58,270,638.08	33,313,414.35	24,957,223.73
Materials consigned for processing	**463,361,201.07**	**27,473,263.22**	**435,887,937.85**	199,434,288.53	13,182,794.36	186,251,494.17
Finished goods	**526,303,490.84**	**128,261,473.20**	**398,042,017.64**	349,270,368.95	208,282,679.52	140,987,689.43
Total	**1,090,918,862.78**	**194,783,388.51**	**896,135,474.27**	606,975,295.56	254,778,888.23	352,196,407.33

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Year ended 31 December 2025
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(2) Provision for Inventories

	Opening balance	Provision/ (reversal)	Write-off	Foreign currency translation difference	Closing balance
Raw Materials	33,313,414.35	6,243,627.70	–	(508,389.96)	39,048,652.09
Materials consigned for processing	13,182,794.36	14,854,640.54	(67,212.38)	(496,959.30)	27,473,263.22
Finished goods	208,282,679.52	(49,521,978.71)	(27,174,659.62)	(3,324,567.99)	128,261,473.20
Total	254,778,888.23	(28,423,710.47)	(27,241,872.00)	(4,329,917.25)	194,783,388.51

The Group recognized inventory write-downs primarily due to the fact that the net realizable value of certain inventories was below their cost, attributable to prolonged storage duration, obsolescence, and insufficient demand. Write-off of impairment of inventories was mainly driven by realized sales during the current year.

7. Other Current Assets

	31 December 2025	31 December 2024
Value-added tax recoverable	**81,579,188.76**	79,456,098.75
Listing expenses for HKIPO	**28,493,771.80**	–
Deferred expenses	**18,164,954.42**	6,509,171.10
Prepaid corporate income tax	**2,735,777.93**	20,837.45
Total	**130,973,692.91**	85,986,107.30

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

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8. Long-Term Equity Investments

	Opening balance	Changes during the year: Reductions	Changes during the year: Other transfers out	Changes during the year: Investment income/(losses) under the equity method	Closing balance	Closing impairment provision
Associates						
Shenzhen Berxel Photonics Co., LTD.	67,546,224.00	–	–	(3,106,237.00)	64,439,987.00	–
eTopus (Shanghai) Technology Limited	39,027,280.37	–	–	(11,506,858.00)	27,520,422.37	–
Shanghai Mulan Investment Management Co., Ltd.	2,651,370.28	(1,659,612.55)	(995,767.53)	4,009.80	–	–
Total	109,224,874.65	(1,659,612.55)	(995,767.53)	(14,609,085.20)	91,960,409.37	–

The Group is entitled to appoint one director to each of the following associates: Shenzhen Berxel Photonics Co., LTD. and eTopus (Shanghai) Technology Limited, pursuant to their articles of association. The Group thereby has obtained the rights to participate in business decisions that significantly impact each of these entities.

During the current year, the Group divested a portion of its equity interests in Shanghai Mulan Investment Management Co., Ltd. (the "Mulan Investment") and ceased to appoint directors to participate in its governance. Consequently, the Group ceased to have significant influence over Mulan Investment. The remaining equity interests have been reclassified as other non-current financial assets.

As at the balance sheet date, no impairment provision was required for the Group's long-term equity investments.

9. Other Equity Investments

(1) Details of Other Equity Investments

	31 December 2025	31 December 2024
Investments measured at fair value with changes recognized in other comprehensive income	**27,755,580.30**	22,270,908.60

NOTES TO FINANCIAL STATEMENTS

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	Gains in other comprehensive income during the current year	Losses in other comprehensive income during the current year	Accumulated gains in other comprehensive income	Accumulated losses in other comprehensive income	Dividend income during the current year	Reasons for being designated as at fair value through other comprehensive income
Investments measured at fair value with changes recognized in other comprehensive income	1,680,971.70	(1,241,281.55)	4,566,593.35	(1,221,151.76)	1,449,504.20	Non-trading

10. Other Non-Current Financial Assets

	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss		
Unlisted equity investments	**516,702,468.80**	531,795,561.02
Private equity fund investments	**66,811,808.61**	43,448,364.95
Total	**583,514,277.41**	575,243,925.97

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11. Investment Properties

Subsequent measurement under the cost model:

	Buildings
Cost	
Opening balance	548,240,531.50
Other decreases	(192,170.97)
Transfer to fixed assets	(138,026,115.16)
Closing balance	410,022,245.37
Accumulated depreciation	
Opening balance	29,212,863.84
Depreciation provided during the year	11,942,351.91
Transfer to fixed assets	(8,081,122.12)
Closing balance	33,074,093.63
Carrying amount	
At end of year	376,948,151.74
At beginning of year	519,027,667.66

The investment properties are leased or intended to be leased to third parties under operating leases.

As at 31 December 2025, no impairment provision is required for the Group's investment properties.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

12. Fixed Assets

	Freehold land	Buildings	Electronic equipment	Office equipment	Motor vehicles	Total
Cost						
Opening balance	11,556,374.40	516,878,027.53	238,305,887.84	21,473,968.75	2,087,026.59	790,301,285.11
Purchase	–	–	43,374,119.14	7,339,471.14	–	50,713,590.28
Transfer from investment properties	–	138,026,115.16	–	–	–	138,026,115.16
Transfer from construction in progress	–	33,768,635.94	–	–	–	33,768,635.94
Disposal or scrapping	–	(193,525.70)	(3,967,627.01)	–	–	(4,161,152.71)
Foreign currency translation differences	(256,579.68)	(1,016,482.06)	(1,452,458.04)	(123,022.16)	–	(2,848,541.94)
Closing balance	11,299,794.72	687,462,770.87	276,259,921.93	28,690,417.73	2,087,026.59	1,005,799,931.84
Accumulated depreciation						
Opening balance	–	35,493,027.52	155,932,704.19	14,529,351.60	2,087,026.59	208,042,109.90
Depreciation provided during the year	–	22,890,130.05	48,683,063.78	5,941,518.63	–	77,514,712.46
Transfer from investment properties	–	8,081,122.12	–	–	–	8,081,122.12
Disposal or scrapping	–	–	(3,202,065.40)	–	–	(3,202,065.40)
Foreign currency translation differences	–	(30,181.72)	(632,991.20)	(39,399.60)	–	(702,572.52)
Closing balance	–	66,434,097.97	200,780,711.37	20,431,470.63	2,087,026.59	289,733,306.56
Carrying amount						
At end of year	11,299,794.72	621,028,672.90	75,479,210.56	8,258,947.10	–	716,066,625.28
At beginning of year	11,556,374.40	481,385,000.01	82,373,183.65	6,944,617.15	–	582,259,175.21

The Group's fixed assets do not require impairment provisions, and there are no temporary idle or operationally leased fixed assets.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

13. Construction in Progress

(1) Details of Construction in Progress

	31 December 2025			31 December 2024		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Lingang Project	**587,690,019.31**	**–**	**587,690,019.31**	502,293,904.34	–	502,293,904.34
Others	**3,041,445.37**	**–**	**3,041,445.37**	5,122,430.46	–	5,122,430.46
Total	**590,731,464.68**	**–**	**590,731,464.68**	507,416,334.80	–	507,416,334.80

(2) Significant Changes in Construction in Progress

	Budget	Opening balance	Additions	Transfer out	Closing balance	Source of funds	Proportion of input to budget (%)	Progress of project
Lingang Project	797,460,000.00	502,293,904.34	85,396,114.97	–	587,690,019.31	Self-owned and raised funds	73.70	Under construction

As at 31 December 2025, the Group's construction in progress did not require impairment provision.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

14. Right-of-Use Assets

	Buildings
Cost	
Opening balance	56,106,201.31
Addition	12,596,698.28
Expiration	(12,685,987.97)
Foreign currency translation difference	(252,523.39)
Closing balance	55,764,388.23
Accumulated depreciation	
Opening balance	11,251,850.89
Depreciation provided during the year	15,692,392.75
Expiration	(4,821,122.36)
Foreign currency translation difference	(94,112.86)
Closing balance	22,029,008.42
Carrying amount	
At end of year	33,735,379.81
At beginning of year	44,854,350.42

As at 31 December 2025, the Group's right-of-use assets did not require impairment provisions.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

15. Intangible Assets

	Software	Licensed IPs	Leasehold land	Total
Cost				
Opening balance	11,410,599.19	134,356,909.27	79,918,285.38	225,685,793.84
Purchases	1,325,466.73	5,022,586.80	–	6,348,053.53
Expiration	(379,391.83)	(28,643,937.82)	–	(29,023,329.65)
Closing balance	12,356,674.09	110,735,558.25	79,918,285.38	203,010,517.72
Accumulated amortization				
Opening balance	6,665,525.82	80,337,022.88	4,928,294.18	91,930,842.88
Amortization provided during the year	1,769,960.81	23,302,165.90	1,598,365.68	26,670,492.39
Expiration	(379,391.83)	(28,643,937.82)	–	(29,023,329.65)
Closing balance	8,056,094.80	74,995,250.96	6,526,659.86	89,578,005.62
Carrying amount				
At end of year	4,300,579.29	35,740,307.29	73,391,625.52	113,432,512.10
At beginning of year	4,745,073.37	54,019,886.39	74,989,991.20	133,754,950.96

As at 31 December 2025, the Group's intangible assets did not require impairment provisions.

16. Long-Term Prepaid Expenses

	Opening balance	Addition	Amortization	Other decreases	Closing balance
Photomask	174,355,187.64	79,920,030.04	(35,828,909.51)	(90,304,122.97)	128,142,185.20
Landscaping projects	3,110,126.89	923,039.66	(1,186,838.01)	–	2,846,328.54
Leasehold improvements	2,757,146.31	4,485,619.73	(1,784,308.68)	–	5,458,457.36
Maintenance and repair costs	235,300.53	120,686.72	(174,677.12)	–	181,310.13
Total	180,457,761.37	85,449,376.15	(38,974,733.32)	(90,304,122.97)	136,628,281.23

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

17. Deferred Tax Assets/Liabilities

(1) Deferred Tax Assets before Offsetting

	31 December 2025		31 December 2024	
	Deductible temporary differences	**Deferred tax assets**	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Share-based payments	**80,413,689.61**	**10,141,712.34**	293,324,955.65	37,119,369.28
Deferred income	**76,131,444.51**	**7,806,244.45**	88,023,333.33	10,224,833.33
Employee benefits payable	**23,433,677.16**	**2,991,827.54**	32,310,779.49	5,467,542.27
Lease liabilities	**34,955,947.25**	**2,814,381.92**	42,189,278.51	2,741,955.01
Deductible tax losses	**26,931,872.80**	**4,726,573.97**	23,883,393.34	4,763,535.58
Provision for impairment of assets	**174,165,178.06**	**22,858,097.09**	238,123,615.94	30,671,099.13
Depreciation of fixed assets	**24,565,773.06**	**3,533,408.52**	16,923,177.80	2,245,028.22
Changes in the fair value of financial assets	**–**	**–**	11,710,447.82	1,432,551.77
Others	**1,355,648.75**	**288,622.49**	1,870,743.49	342,036.32
Total	**441,953,231.20**	**55,160,868.32**	748,359,725.37	95,007,950.91

(2) Deferred Tax Liabilities before Offsetting

	31 December 2025		31 December 2024	
	Taxable temporary differences	**Deferred tax liabilities**	Taxable temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Changes in the fair value of financial assets	**76,741,346.00**	**11,957,183.80**	27,812,237.21	4,644,368.19
Right-of-use assets	**33,735,379.81**	**2,714,744.13**	41,469,287.17	2,680,344.42
Depreciation of fixed assets	**16,484,773.34**	**3,461,803.49**	19,061,034.60	4,002,817.41
Unrealized losses on internal transactions	**7,878,386.78**	**1,969,596.70**	7,878,386.78	1,969,596.70
Changes in the fair value of other equity investments	**3,345,441.59**	**836,360.40**	2,905,751.44	726,437.86
Others	**329,733.69**	**21,260.18**	–	–
Total	**138,515,061.21**	**20,960,948.70**	99,126,697.20	14,023,564.58

NOTES TO FINANCIAL STATEMENTS

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(3) Deferred Tax Assets or Liabilities Presented at Net Amounts after Offsetting

	31 December 2025		31 December 2024	
	Offsetting Amount	**Closing balance after offsetting**	Offsetting Amount	Closing balance after offsetting
Deferred tax assets	**11,861,562.76**	**43,299,305.56**	11,910,539.55	83,097,411.36
Deferred tax liabilities	**11,861,562.76**	**9,099,385.94**	11,910,539.55	2,113,025.03

Note: As at 31 December 2025, the deductible temporary differences for deferred tax assets included an amount of RMB11,669,517.74 arising from deductible temporary differences generated by zero-rate subsidiary Montage Kunshan (31 December 2024: RMB46,021,265.91).

The Group recognizes deferred tax assets arising from deductible temporary differences and deductible tax losses to the extent that it is probable that taxable profits will be available in the future periods against which the deductible temporary differences and deductible tax losses can be utilized. The deferred tax assets are measured at the applicable tax rates expected to apply in the periods when the assets are recovered.

(4) Details of Unrecognized Deferred Tax Assets

	31 December 2025	31 December 2024
Deductible tax losses	**1,290,664,249.07**	877,225,452.12
Deductible temporary differences	**338,778,735.86**	–
Total	**1,629,442,984.93**	877,225,452.12

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Year ended 31 December 2025
Expressed in Renminbi Yuan

(5) Expiry of Deductible Tax Losses for which Deferred Tax Assets have not been Recognized

	31 December 2025	31 December 2024
2025	**–**	179,886.98
2026	**10,862,888.37**	10,862,888.37
2027	**6,397,023.73**	6,397,023.73
2028	**19,689,442.19**	19,704,814.06
2029	**137,189,853.45**	194,442,282.50
2030	**464,140,583.84**	72,719,491.88
2031	**118,281,855.96**	118,281,855.96
2032	**163,907,314.73**	163,907,314.73
2033	**279,216,826.02**	279,216,826.02
2034	**67,540,851.01**	11,513,067.89
2035	**23,437,609.77**	–
Total	**1,290,664,249.07**	877,225,452.12

As at 31 December 2025, the taxable temporary differences related to the distributable profits of the Company's overseas subsidiaries amounted to RMB4,117,637,899.00 (31 December 2024: RMB3,234,811,417.05). Since the Company expects these temporary differences will not reverse in the foreseeable future, no deferred tax liabilities have been recognized for the income tax payable due to the distribution of these temporary differences.

18. Assets with Restricted Ownership

	31 December 2025	31 December 2024	
Currency funds	**8,204,000.00**	42,945,410.02	Note

Note 1: As at 31 December 2025, performance bond deposits with a carrying amount of RMB2,000,000.00 (31 December 2024: RMB2,000,000.00) were pledged as security for entrusted project management, with maturity on 1 January 2026.

Note 2: As at 31 December 2025, no performance bond deposits were pledged as security for project settlement guarantees (31 December 2024: RMB34,741,410.02); as at 31 December 2025, performance bond deposits with a carrying amount of RMB3,102,000.00 (31 December 2024: RMB3,102,000.00) were pledged as security for project completion guarantees, with maturity on 30 November 2026; performance bond deposits with a carrying amount of RMB3,102,000.00 (31 December 2024: RMB3,102,000.00) were pledged as security for project production guarantees, with maturity on 30 November 2027.

NOTES TO FINANCIAL STATEMENTS

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19. Accounts Payable

	31 December 2025	31 December 2024
Within 1 year	**208,233,513.35**	211,153,859.60

As at 31 December 2025, the Group had no significant accounts payable with ageing over one year.

20. Receipts in Advance

	31 December 2025	31 December 2024
Within 1 year	**80,412.76**	95,412.74

As at 31 December 2025, the Group had no significant receipts in advance with ageing over one year.

21. Contract Liabilities

	31 December 2025	31 December 2024
Within 1 year	**45,729.09**	22,087,850.59

As at 31 December 2025, the timing for fulfilling performance obligations related to contract liabilities was within one year after payment.

22. Employee Benefits Payable

(1) Employee Benefits Payable Disclosure

	Opening balance	**Increase**	**Decrease**	**Closing balance**
Short-term employee benefits	238,977,136.70	702,202,739.29	(649,549,232.48)	291,630,643.51
Post-employment benefits (defined contribution plan)	2,118,441.78	37,213,267.80	(37,025,276.85)	2,306,432.73
Total	241,095,578.48	739,416,007.09	(686,574,509.33)	293,937,076.24

As at 31 December 2025, the amount of employee benefits payable capitalized into construction in progress by the Group was RMB7,641,794.94.

NOTES TO FINANCIAL STATEMENTS

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(2) Short-Term Employee Benefits Disclosure

	Opening balance	Increase	Decrease	Closing balance
Salaries, bonuses, allowances, and subsidies	236,659,906.48	628,971,346.14	(576,518,411.69)	289,112,840.93
Staff welfare	–	36,209,326.89	(36,209,326.89)	–
Social security contributions	1,173,889.60	19,418,864.29	(19,303,620.55)	1,289,133.34
Including: Medical insurance	1,115,205.79	18,908,649.40	(18,798,681.22)	1,225,173.97
Work injury insurance	58,683.81	510,214.89	(504,939.33)	63,959.37
Housing funds	1,142,975.00	17,597,166.32	(17,511,861.32)	1,228,280.00
Union funds and employee education funds	365.62	6,035.65	(6,012.03)	389.24
Total	238,977,136.70	702,202,739.29	(649,549,232.48)	291,630,643.51

(3) Defined Contribution Plan Disclosure

	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	2,052,695.82	35,970,943.08	(35,786,228.75)	2,237,410.15
Unemployment insurance	65,745.96	1,242,324.72	(1,239,048.10)	69,022.58
Total	2,118,441.78	37,213,267.80	(37,025,276.85)	2,306,432.73

The Group participates in the pension and unemployment insurance plans established by government agencies as required, and the Group contributes to these plans. Apart from the contributions mentioned above, the Group has no further payment obligations. The corresponding expenses are recognized in the current profit and loss when incurred.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

23. Taxes and Surcharges Payable

	31 December 2025	31 December 2024
Corporate income tax	**96,098,786.64**	56,012,165.67
Individual income tax	**14,212,152.02**	5,923,833.99
Property tax	**940,317.91**	1,021,257.39
Stamp duty	**810,025.91**	906,792.95
Urban land use tax	**20,177.28**	20,177.28
Total	**112,081,459.76**	63,884,227.28

24. Other Payables

	31 December 2025	31 December 2024
Construction expenditure	**103,045,335.27**	104,154,559.66
Professional service and consulting fees	**12,773,200.03**	3,666,504.73
Warranty	**8,466,762.59**	6,200,056.89
Lease deposits	**3,050,680.80**	2,727,506.95
Sales commission	**2,123,577.89**	230,945.68
Collection and disbursement of government subsidy funds for the talented	**1,062,500.00**	3,122,163.75
Others	**9,967,135.87**	5,502,001.52
Total	**140,489,192.45**	125,603,739.18

As at 31 December 2025, the Group had no significant other payables with ageing over one year.

25. Current Portion of Non-Current Liabilities

	31 December 2025	31 December 2024
Lease liabilities due within one year	**14,775,474.48**	15,957,075.03

26. Lease Liabilities

	31 December 2025	31 December 2024
Lease payables	**19,362,711.49**	28,798,720.21

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27. Long-term Employee Benefits Payable

	31 December 2025	31 December 2024
Cash-settled share-based payment	–	19,593,000.00

28. Deferred Income

	Opening balance	**Increase**	**Decrease**	**Closing balance**
Government grants	92,023,333.33	46,710,000.00	(59,846,786.78)	78,886,546.55

29. Share Capital

	Opening balance	**Increase (Note)**	**Closing balance**
Share capital	1,144,789,273.00	1,637,248.00	1,146,426,521.00

Note:

1. On 20 June 2025, the Company convened the Eighth Session of the Third Board of Directors and the Eighth Session of the Third Board of Supervisors, at which the "Proposal Regarding the Satisfaction of the Conditions for the Second Vesting Period of the Initial Grant under the Restricted Stock Incentive Plan 2023" was reviewed and approved. A total of 362,057 restricted shares from the second vesting period of the initial grant were vested, increasing the total share capital from 1,144,789,273 to 1,145,151,330;

2. On 30 October 2025, the Company convened the Eleventh Session of the Third Board of Directors, at which the "Proposal Regarding the Satisfaction of the Conditions for the Second Vesting Period of the Reserved Grant under the Restricted Stock Incentive Plan 2023" was reviewed and approved, resulting in the vesting of 93,828 restricted shares for the second vesting period of the reserved grant. Additionally, the "Proposal Regarding the Satisfaction of the Conditions for the First Vesting Period of the Initial Grant under the Restricted Stock Incentive Plan 2024" was reviewed and approved, resulting in the vesting of 1,170,281 restricted shares for the first vesting period of the initial grant. Furthermore, two grantees whose restricted shares from the second vesting period of the initial grant under the Restricted Stock Incentive Plan 2023 were temporarily deferred completed the capital contribution for 11,082 vested shares. The above three items collectively resulted in the vesting of 1,275,191 restricted shares, increasing the total share capital from 1,145,151,330 to 1,146,426,521;

In 2025, the Company issued a total of 1,637,248 ordinary A shares as a result of the exercise of 1,637,248 restricted shares, with an increase in share capital of RMB1,637,248.00 and share premium of RMB37,657,821.48.

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30. Capital Reserves

	Opening balance	Increase (note)	Decrease	Closing balance
Share premium	4,934,055,038.79	37,657,821.48	–	4,971,712,860.27
Others	691,914,859.71	450,389,804.68	–	1,142,304,664.39
Total	5,625,969,898.50	488,047,626.16	–	6,114,017,524.66

Note: For changes in capital reserves in 2025, refer to Note V.29 and the share-based payment section in Note XIII.2.

31. Treasury Shares

	Opening balance	Increase (note)	Decrease	Closing balance
Treasury shares	427,557,874.81	420,801,477.31	–	848,359,352.12

Note: The increase in 2025 was due to the implementation of the share repurchase plan, under which the Company repurchased a portion of its own shares.

32. Other Comprehensive Income

2025

	Opening balance	Pre-tax amount	Less: other comprehensive income in prior periods transfers to Retained earnings in the current period	Less: Income tax	Closing balance attributable to the parent company's shareholders
Fair value changes of other equity investments	2,179,313.58	439,690.15	–	109,922.54	2,509,081.19
Foreign currency differences on translation of financial statements	253,114,184.72	(114,502,426.79)	–	–	138,611,757.93
Total	255,293,498.30	(114,062,736.64)	–	109,922.54	141,120,839.12

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
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2024

	Opening balance	Pre-tax amount	Less: other comprehensive income in prior periods transfers to Retained earnings in the current period	Less: Income tax	Closing balance attributable to the parent company's shareholders
Fair value changes of other equity investments	(1,187,221.17)	3,985,416.65	(503,296.35)	1,122,178.25	2,179,313.58
Foreign currency differences on translation of financial statements	189,636,023.68	63,478,161.04	–	–	253,114,184.72
Total	188,448,802.51	67,463,577.69	(503,296.35)	1,122,178.25	255,293,498.30

33. Surplus Reserves

	Opening balance	**Increase**	**Decrease**	**Closing balance**
Statutory surplus reserve	286,559,941.59	65,398,792.66	–	351,958,734.25

As stipulated the Company Law of the PRC and the articles of associations of the Company, the Company shall make provision for statutory surplus reserve at the amount of 10% of its net profit. Provision for statutory surplus reserve is optional if the aggregate balance of the statutory surplus reserve reaches 50% of the Company's registered capital.

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Year ended 31 December 2025
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34. Unappropriated Profit

	31 December 2025	31 December 2024
Unappropriated profit at the beginning of the year	**4,518,383,330.50**	3,478,053,735.01
Net profit attributable to shareholders of the parent company	**2,235,569,970.18**	1,411,778,923.59
Other comprehensive income transferred to retained earnings	**–**	(503,296.35)
Less: Appropriation to statutory surplus reserve	**65,398,792.66**	32,752,693.95
Cash dividends payable for ordinary shareholders	**669,996,402.47**	338,193,337.80
Unappropriated profit at the end of the year	**6,018,558,105.55**	4,518,383,330.50

Pursuant to the Proposal on the 2024 Profit Distribution Plan approved at the 2024 Annual General Meeting held on 6 May 2025, the Company distributed a cash dividend of RMB3.90 per 10 shares (tax inclusive), based on the total shares registered on the record date for the equity distribution, after deducting shares repurchased and held in the share repurchase reserve account. The total cash dividend amounted to RMB443,140,336.47 (tax inclusive). Additionally, in accordance with the Proposal on Authorizing the Board of Directors to Implement an Interim Dividend for 2025 approved on the same day and the Proposal on the 2025 Interim Profit Distribution Plan approved at the Tenth Session of the Third Board of Directors held on 29 August 2025, the Company distributed an interim cash dividend of RMB2.00 per 10 shares (tax inclusive), calculated on the same basis (total shares registered on the record date minus repurchased shares). The total interim cash dividend amounted to RMB226,856,066.00 (tax inclusive). All the aforementioned cash dividends were fully paid in 2025.

35. Revenue and Cost of Sales

(1) Revenue and Cost of Sales Disclosure

	2025		2024	
	Revenue	Cost	Revenue	Cost
Primary business	**5,446,759,596.40**	**2,054,477,575.22**	3,628,769,555.93	1,516,811,244.12
Other business	**9,557,187.23**	**6,483,513.13**	10,141,512.36	6,803,694.42
Total	**5,456,316,783.63**	**2,060,961,088.35**	3,638,911,068.29	1,523,614,938.54

NOTES TO FINANCIAL STATEMENTS

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Revenue is as follows:

	2025	2024
Revenue from contracts with customers	**5,446,759,596.40**	3,628,769,555.93
Rental income	**9,557,187.23**	10,141,512.36
Total	**5,456,316,783.63**	3,638,911,068.29

(2) *Breakdown of Primary Business Revenue*

Contract classification	**2025**
Geographical market	
Mainland China and Hong Kong	**1,546,027,213.88**
Others	**3,900,732,382.52**
Total	**5,446,759,596.40**
Product type	
Interconnect chips	**5,138,526,265.35**
Jintide® products	**308,233,331.05**
Total	**5,446,759,596.40**
Timing of revenue recognition	
Revenue recognized at a point in time	**5,446,759,596.40**

NOTES TO FINANCIAL STATEMENTS

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Contract classification	2024
Geographical market	
Mainland China and Hong Kong	1,051,447,259.20
Others	2,577,322,296.73
Total	3,628,769,555.93
Product type	
Interconnect chips	3,349,184,197.60
Jintide® products	279,585,358.33
Total	3,628,769,555.93
Timing of revenue recognition	
Revenue recognized at a point in time	3,628,769,555.93

(3) Breakdown of Cost of Sales

Contract classification	**2025**
Geographical market	
Mainland China and Hong Kong	**729,817,671.42**
Others	**1,324,659,903.80**
Total	**2,054,477,575.22**
Product type	
Interconnect chips	**1,769,110,853.48**
Jintide® products	**285,366,721.74**
Total	**2,054,477,575.22**
Timing of revenue recognition	
Revenue recognized at a point in time	**2,054,477,575.22**

NOTES TO FINANCIAL STATEMENTS

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(4) *Performance Obligations*

The amount of revenue is recognized from:

	2025	2024
Amount included in contract liabilities at the beginning of the year	**22,087,850.59**	1,614,855.60

The information related to performance obligations of the Group is as follows:

	Timing of fulfilling performance obligations	**Significant payment terms**	**Nature of the commitment to transfer goods**	**Whether is the primary obligor**	**Expected amounts to be refunded to customers**	**Types of quality assurance provided and related obligations**
Sale of goods	At the time of delivery	Pay the price as agreed in the contract	Sale of interconnect chips and Jintide® products	Yes	Nil	Statutory warranty

(5) *Allocated to Remaining Performance Obligations*

The expected time for recognizing revenue for performance obligations that have been contracted but not yet satisfied or fully satisfied is as follows:

	2025	2024
Within 1 year	**45,729.09**	22,087,850.59

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36. Taxes and Surcharges

	2025	2024
Property tax	**3,761,271.64**	4,080,477.80
Stamp duty	**2,810,587.72**	2,171,088.65
Land use tax	**31,101.12**	73,482.90
Urban maintenance and construction tax	**24,928.44**	–
Education surcharge	**10,683.62**	–
Local education surcharge	**7,122.41**	–
Total	**6,645,694.95**	6,325,049.35

37. Selling Expenses

	2025	2024
Staff costs	**99,924,129.17**	83,720,519.04
Sales commission	**4,206,989.69**	1,008,838.62
Professional service and consulting fees	**3,320,144.96**	634,083.14
Travel expenses	**2,952,772.56**	2,797,050.12
Depreciation and amortization expenses	**2,405,273.03**	2,228,293.84
Marketing expenses	**1,530,880.39**	1,364,987.90
Business development expenses	**1,163,800.72**	1,230,952.42
Others	**4,724,667.99**	3,021,825.00
Total	**120,228,658.51**	96,006,550.08

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

38. Administrative Expenses

	2025	2024
Staff costs	**422,110,031.18**	113,609,262.01
Depreciation and amortization expenses	**46,069,164.21**	44,453,092.15
Professional service and consulting fees	**14,343,520.22**	8,009,101.53
Rental fees	**5,760,056.16**	6,853,942.82
Office and meeting expenses	**4,295,541.71**	3,378,095.65
Utilities	**3,530,180.35**	3,692,774.11
Transportation and communication expenses	**3,081,608.94**	3,059,984.44
Others	**27,097,742.12**	13,206,247.53
Total	**526,287,844.89**	196,262,500.24

39. Research and Development Expenses

	2025	2024
Staff costs	**626,982,077.17**	533,204,296.99
Engineering expenses	**168,858,161.19**	121,519,507.18
Tool and license fees	**52,679,878.20**	44,982,643.82
Depreciation and amortization expenses	**48,458,631.13**	44,110,253.08
Professional service and consulting fees	**4,109,188.63**	4,017,584.40
External service fees	**3,261,875.89**	6,504,885.21
Others	**10,680,403.79**	9,130,823.76
Total	**915,030,216.00**	763,469,994.44

40. Finance Expenses

	2025	2024
Interest expenses on lease liabilities	**1,732,176.80**	1,512,598.38
Less: interest income	**271,072,118.66**	229,985,802.58
Exchange gains and losses	**40,749,393.00**	(12,311,885.43)
Others	**274,112.23**	280,984.09
Total	**(228,316,436.63)**	(240,504,105.54)

NOTES TO FINANCIAL STATEMENTS

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41. Other Income

	2025	2024
Government grants related to ordinary activities	**114,143,915.11**	89,848,166.32
Fees refunded for withholding individual income tax	**1,743,916.02**	1,728,803.01
Total	**115,887,831.13**	91,576,969.33

42. Investment Income

	2025	2024
Investment income obtained from the disposal of financial assets held for trading	**76,468,948.27**	9,352,794.63
Investment income from structured deposits	**21,247,409.26**	43,565,571.03
Investment income obtained from the disposal of other non-current financial assets	**10,500,000.00**	–
Dividend income obtained from other equity investments held during the holding period	**1,449,504.20**	1,578,173.20
Investment income generated from the disposal of long-term equity investments	**965,387.45**	–
Dividend income obtained from other non-current financial assets during the holding period	**603,498.92**	536,228.24
Investment income from financial assets held for trading during the holding period	**321,961.41**	89,659.10
Investment income from financial products	**65,959.86**	24,803.29
Investment income from long-term equity investments under the equity method	**(14,609,085.20)**	(6,548,133.03)
Total	**97,013,584.17**	48,599,096.46

43. Fair Value Gains

	2025	2024
Other non-current financial assets	**14,767,410.40**	31,319,573.25
Financial assets held for trading	**11,126,650.74**	(7,431,002.05)
Total	**25,894,061.14**	23,888,571.20

NOTES TO FINANCIAL STATEMENTS

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44. Credit Impairment Losses

	2025	2024
Impairment losses for accounts receivable	**(921,798.92)**	(464,514.83)

45. Impairment Losses of Assets

	2025	2024
Inventory Impairment losses	**28,423,710.47**	(44,443,090.77)

46. Non-Operating Income

	2025	2024	Recognized in 2025 Non-recurring gains and losses
Others	**–**	5,170.00	–

47. Non-Operating Expenses

	2025	2024	Recognized in 2025 Non-recurring gains and losses
Loss on retirement of fixed assets	**765,561.61**	–	765,561.61
Charitable donation	**441,972.50**	279,692.50	441,972.50
Others	**1,517.98**	800.00	1,517.98
Total	**1,209,052.09**	280,492.50	1,209,052.09

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48. Income Tax Expenses

	2025	2024
Current income tax expense	**144,257,559.33**	68,575,579.29
Deferred income tax expense	**46,674,544.17**	3,306,146.28
Total	**190,932,103.50**	71,881,725.57

The relationship between income tax expense and profit before income tax is shown as follows:

	2025	2024
Profit before income tax	**2,320,568,053.46**	1,412,617,850.07
Income tax expense calculated at the applicable tax rate of the Company (Note 1)	**232,056,805.35**	141,261,785.01
Impact of preferential tax rates and different tax rates applicable to subsidiaries	**(110,739,009.74)**	(90,143,962.48)
Adjustment in respect of current tax of previous years	**628,933.02**	(8,892,565.96)
Income not subject to tax	**(1,221,830.95)**	(1,958,369.20)
Expenses not deductible for tax	**4,020,669.00**	2,071,877.94
Effect of tax rate changes on opening deferred tax balance (Note 2)	**–**	8,315,138.05
Unrecognized deductible temporary differences and tax losses	**153,075,441.99**	42,664,951.77
Super deduction for research and development	**(86,888,905.17)**	(21,437,129.56)
Income tax expenses calculated at the actual tax rate of the Group	**190,932,103.50**	71,881,725.57

Note 1: The Company applies a tax rate of 10%.

Note 2: Adjustments to deferred tax assets by the Group's subsidiaries based on the expected applicable income tax rate for future reversal periods.

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49. Earnings Per Share

	2025 **RMB/share**	2024 RMB/share
Basic earnings per share		
Continuing operations	**1.97**	1.25
Diluted earnings per share		
Continuing operations	**1.96**	1.25

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The number of newly issued ordinary shares is determined based on the specific terms of the issuance contract, starting from the date of receivable consideration (generally the date of stock issuance).

The numerator for diluted earnings per share is determined by the net profit attributable to ordinary shareholders of the Company.

The denominator for diluted earnings per share equals the sum of the following two items: the weighted average number of ordinary shares issued by the parent company in basic earnings per share; and the weighted average number of ordinary shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares.

When calculating the weighted average number of ordinary shares that would be increased by the conversion of dilutive potential ordinary shares into issued ordinary shares, it is assumed that the dilutive potential ordinary shares issued during the period are converted on the issuance date.

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The specific calculations for basic earnings per share and diluted earnings per share are as follows:

	2025	2024
Earnings		
Net profit attributable to ordinary shareholders of the Company for the current period		
Continuing operations	**2,235,569,970.18**	1,411,778,923.59
Shares		
Weighted average number of ordinary shares outstanding of the Company	**1,135,205,958.67**	1,129,944,816.00
After taking into account diluted shares		
Weighted average number of ordinary shares outstanding of the Company	**1,143,351,586.93**	1,131,079,394.44

Note: In 2025 and 2024, all dilutive potential ordinary shares issued by the Company are part of share-based payment plans that involve granting restricted shares, with vesting conditions that include performance criteria. Details are provided in Note XIII, Share-based Payments plan 1.

50. Notes to the Statement of Cash Flows

(1) Cash Flows Related to Operating Activities

	2025	2024
Other cash receipts relating to operating activities		
Interest income	**317,785,134.20**	198,056,474.11
Government grants	**101,007,128.33**	91,222,302.60
Others	**5,496,018.32**	6,069,005.53
Total	**424,288,280.85**	295,347,782.24

	2025	2024
Other cash payments relating to operating activities		
Routine expenditures	**196,690,762.51**	158,923,953.82

NOTES TO FINANCIAL STATEMENTS

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(2) Cash Flows Related to Investing Activities

	2025	2024
Other cash receipts relating to investing activities		
Receipt of restricted security deposits	**36,741,410.02**	–
Other cash payments relating to investing activities		
Payment of restricted security deposits	**2,000,000.00**	34,741,410.02

(3) Cash Flows Related to Financing Activities

	2025	2024
Other cash receipts relating to financing activities		
Sale of treasury shares	**–**	297,691,636.52
Other cash payments relating to financing activities		
Repurchase of treasury shares	**420,801,477.31**	409,057,267.16
Listing expenses for HKIPO	**20,983,117.92**	–
Lease payments under the new leasing standards	**16,877,659.54**	21,420,870.42
Total	**458,662,254.77**	430,478,137.58

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51. Supplementary Information to the Statement of Cash Flows

(1) Supplementary Information to the Statement of Cash Flows

Reconciliation of net profit to cash flows from operating activities:

	2025	2024
Net profit	**2,129,635,949.96**	1,340,736,124.50
Add: Credit impairment losses	**921,798.92**	464,514.83
Impairment losses of assets	**(28,423,710.47)**	44,443,090.77
Share-based payment expenses	**450,389,804.68**	58,848,996.62
Depreciation of fixed assets	**77,514,712.46**	68,916,729.12
Depreciation of investment properties	**11,942,351.91**	14,674,811.76
Amortization of intangible assets	**26,670,492.39**	26,061,498.83
Amortization of long-term prepaid expenses	**38,974,733.32**	16,354,988.53
Depreciation of right-of-use assets	**15,692,392.75**	14,777,647.32
Loss on retirement of fixed assets	**765,561.61**	–
Fair value gains	**(25,894,061.14)**	(23,888,571.20)
Finance expenses	**42,481,569.80**	(10,799,287.05)
Investment income	**(97,013,584.17)**	(48,599,096.46)
Decrease in deferred tax assets	**39,688,183.26**	6,358,655.60
Increase/(decrease) in deferred tax liabilities	**6,986,360.91**	(3,052,509.32)
(Increase)/decrease in inventories	**(511,185,439.22)**	82,707,303.68
Increase in operating receivables	**(202,772,231.18)**	(116,226,221.70)
Increase in operating payables	**45,645,671.13**	219,542,830.31
Net cash flows from operating activities	**2,022,020,556.92**	1,691,321,506.14

Net changes in cash and cash equivalents:

	2025	2024
Closing balance of cash	**8,416,073,633.40**	6,698,931,684.67
Less: Opening balance of cash	**6,698,931,684.67**	5,665,880,219.28
Net increase in cash and cash equivalents	**1,717,141,948.73**	1,033,051,465.39

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(2) Composition of Cash and Cash Equivalents

	2025	2024
Cash	**8,416,073,633.40**	6,698,931,684.67
Including: Cash on hand	**7,628.60**	5,928.60
Bank deposits readily available for payment	**8,296,574,658.66**	6,651,096,406.08
Other monetary funds readily available for payment	**119,491,346.14**	47,829,349.99
Closing balance of cash and cash equivalents	**8,416,073,633.40**	6,698,931,684.67

(3) Currency Funds not Classified as Cash and Cash Equivalents

	2025	2024	Reason
Interest receivable	**54,706,742.38**	101,419,757.92	Not actually received
Restricted currency funds	**8,204,000.00**	42,945,410.02	Deposit
Total	**62,910,742.38**	144,365,167.94	

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52. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

	Original currency	Exchange rate	Converted to RMB
Currency funds			
USD	767,832,232.14	7.0288	5,396,939,193.27
HKD	30,539,712.42	0.9032	27,583,468.26
KRW	529,204,858.00	0.0049	2,571,935.69
MOP	1,486,934.80	0.8763	1,303,000.97
Accounts receivable			
USD	79,703,303.79	7.0288	560,218,581.68
Other receivables			
USD	150,611.58	7.0288	1,058,618.67
Accounts payable			
USD	27,480,495.85	7.0288	193,154,909.23
Other payables			
USD	2,587,232.27	7.0288	18,185,138.18
Total			5,778,334,751.13

The foreign currency monetary items listed above include all foreign currency monetary items of the Group other than those denominated in RMB.

(2) Overseas Operating Entities

Company name	Main operating location	Functional currency
Montage Technology Holdings Company Limited	Cayman Islands	USD
Montage Technology Macao Commercial Offshore Limited	Macao	USD

The functional currency of an overseas operating entity is determined based on the following reasons: the currency is primarily used to denominate and settle transactions for goods, required services, labor, materials and other expenses; the currency is obtained from financing activities; and the currency in which funds from operating activities are held.

NOTES TO FINANCIAL STATEMENTS

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53. Leases

(1) As Lessee

	2025	2024
Interest expenses on lease liabilities	**1,732,176.80**	1,512,598.38
Short-term lease expenses accounted for in the current profit and loss using simplified treatment	**7,591,371.69**	7,758,956.36
Total cash outflow related to leases	**24,469,031.23**	29,179,826.78

For right-of-use assets, refer to Note V.14; For simplified treatment of short-term leases and leases of low-value assets, refer to Note III. 24; For lease liabilities, refer to Note V.25, 26 and Note X. 1.

(2) As Lessor

Operating Leases

The Group leases out investment properties under operating leases with lease terms ranging from within 1 year to over 5 years.

The gains and losses related to operating leases are as follows:

	2025	2024
Rental income	**9,557,187.23**	10,141,512.36

According to the lease contracts signed with tenants, the undiscounted minimum lease payments are as follows:

	2025	2024
Within 1 year (including 1 year)	**7,146,559.05**	9,703,307.47
1 to 2 years (including 2 years)	**7,572,093.47**	9,030,379.77
2 to 3 years (including 3 years)	**6,596,396.94**	7,949,536.33
3 to 4 years (including 4 years)	**4,672,897.50**	6,716,674.18
4 to 5 years (including 5 years)	**3,408,290.04**	4,914,408.40
Over 5 years	**3,333,074.97**	6,987,750.71
Total	**32,729,311.97**	45,302,056.86

For investment properties under operating leases, refer to Note V.11.

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VI. Research and Development Expenditures

1. Analysis by nature

	2025	2024
Staff costs	**626,982,077.17**	533,204,296.99
Engineering expenses	**168,858,161.19**	121,519,507.18
Tool and license fees	**52,679,878.20**	44,982,643.82
Depreciation and amortization expenses	**48,458,631.13**	44,110,253.08
Professional service and consulting fees	**4,109,188.63**	4,017,584.40
External service fees	**3,261,875.89**	6,504,885.21
Others	**10,680,403.79**	9,130,823.76
Total	**915,030,216.00**	763,469,994.44
Including: Expensed research and development expenses	**915,030,216.00**	763,469,994.44

VII. Changes in the Scope of Consolidation

1. Changes in the scope of consolidation due to other reasons

The Group did not establish any new companies during the year.

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VIII. Interests in Other Entities

1. Interests in Subsidiaries

(1) Companies Comprising of the Corporate Group

Subsidiaries acquired through establishment or investment	Main operating location	place of registration	Nature of business	Registered capital	Shareholding ratio (%) Direct	Indirect
Montage Technology (Kunshan) Co., Ltd.	Kunshan	Kunshan	Research, development and sale of chips	RMB500,000,000	100.00	–
Montage Technology Holdings Company Limited	Cayman Islands	Cayman Islands	Investment holding	USD50,000	100.00	–
Montage Investment Co., Ltd	Shanghai	Shanghai	Equity investment and asset management	RMB300,000,000	100.00	–
Montage Electronics (Hainan) Co., Ltd.	Hainan	Hainan	Research, development and sale of chips	RMB10,000,000	100.00	–
Montage Capital (Hainan) Co., Ltd.	Hainan	Hainan	Venture capital	RMB200,000,000	100.00	–
Montage Electronics (Shanghai) Co., Ltd.	Shanghai	Shanghai	Research, development and sale of chips	RMB350,000,000	49.00	51.00
Montage Semiconductor (Kunshan) Co., Ltd.	Kunshan	Kunshan	Research, development and sale of chips	RMB1,000,000	–	100.00
Montage Technology Macao Commercial Offshore Limited	Macau	Macau	Research, development and sale of chips	MOP500,000	–	100.00
Montage Hong Kong Holdings Company Limited	Hong Kong	Hong Kong	Investment holding	HKD1	–	100.00
Montage Technology, Inc.	United States	United States	Research, development and sale of chips	–	–	100.00
Mont Acquisition Sub, Inc.	United States	United States	Investment holding	USD10	–	100.00
Montage, Inc.	United States	United States	Research, development and sale of chips	USD1	–	100.00
Montage Real Estate Holding I Limited (BVI)	British Virgin Islands	British Virgin Islands	Investment holding	USD1	–	100.00
Montage Real Estate Holding I (Hong Kong) Limited	Hong Kong	Hong Kong	Investment holding	HKD1	–	100.00
Montone Enterprise (Shanghai) Co., Ltd.	Shanghai	Shanghai	Investment holding	RMB15,000,000	–	100.00

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Subsidiaries acquired through establishment or investment	Main operating location	place of registration	Nature of business	Registered capital	Shareholding ratio (%) Direct	Indirect
Shanghai Xitai Enterprise Co., Ltd.	Shanghai	Shanghai	Self-owned property management	RMB10,000,000	–	100.00
Shanghai Huacui Property Co., Ltd.	Shanghai	Shanghai	Self-owned property management	RMB10,000,000	–	100.00
Montage Real Estate Holding II Limited (BVI)	British Virgin Islands	British Virgin Islands	Investment holding	USD1	–	100.00
Montage Real Estate Holding II (Hong Kong) Limited	Hong Kong	Hong Kong	Investment holding	HKD1	–	100.00
Monttwo Enterprise (Shanghai) Co., Ltd.	Shanghai	Shanghai	Investment holding	RMB400,000,000	–	100.00
Montxilu Enterprise (Shanghai) Co., Ltd.	Shanghai	Shanghai	Self-owned property management	RMB400,000,000	–	100.00
Shanghai Mulan Jinsi Enterprise Management Partnership (Limited Partnership)	Shanghai	Shanghai	Equity investment	RMB83,750,000	–	70.00
3955 Johns Creek Inc.	United States	United States	Self-owned property management	–	–	100.00
Montage Semiconductor Inc.	United States	United States	Research, development and sale of chips	–	–	100.00
Montage Technology Holdings Inc.	United States	United States	Investment holding	USD1	–	100.00
Montage Technology Holdings II Inc.	United States	United States	Investment holding	USD1	–	100.00
Shanghai Montage Hongli Enterprise Management Partnership (Limited Partnership)	Shanghai	Shanghai	Equity investment	RMB500,000,000	9.00	91.00
Montage Electronics (Zhuhai Hengqin) Co., Ltd.	Zhuhai	Zhuhai	Research, development and sale of chips	RMB133,500,000	48.24	–
Montage Electronics Design (Xi'an) Company Limited	Xian	Xian	Research, development and sale of chips	RMB5,000,000	–	48.24
Montage Electronics Design (Shanghai) Company Limited	Shanghai	Shanghai	Research, development and sale of chips	RMB5,000,000	–	48.24

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2. Interests in Associates

(1) Summary Financial Information of Non-Significant Joint Ventures and Associates

The table below lists the summarized financial information of the Group's non-significant joint ventures and associates:

	2025	2024
Associates		
Total carrying amount of investments	**91,960,409.37**	109,224,874.65
Items below were calculated by the proportion of equity interests		
Share of net profits of associates	**(14,609,085.20)**	(6,548,133.03)
Share of total comprehensive income of associates	**(14,609,085.20)**	(6,548,133.03)

IX. Government Grants

1. Government Grants Recognized Based on Amounts Receivable

The balance of government grants receivable is not included in other receivables.

2. Liabilities Related to Government Grants

	Opening balance	Additions	Transferred to other income	Closing balance	Related to assets/income
Deferred income	29,743,333.33	25,800,000.00	(19,996,786.78)	35,546,546.55	Related to assets
Deferred income	62,280,000.00	20,910,000.00	(39,850,000.00)	43,340,000.00	Related to income
Total	92,023,333.33	46,710,000.00	(59,846,786.78)	78,886,546.55	

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3. Government Grants Recognized in Current Profit or Loss

	2025	2024
Government grants related to assets		
Recognized in other income	**19,996,786.78**	454,666.73
Government grants related to income		
Recognized in other income	**94,147,128.33**	89,393,499.59
Total	**114,143,915.11**	89,848,166.32

4. Government subsidies returned this year

No government grants were returned during the current year.

X. Risks Related to Financial Instruments

1. Financial instrument risks

The Group is exposed to various financial instrument risks in its daily operations, primarily including credit risk, liquidity risk, and market risk. The Group's risk management policies related to these are summarized as follows:

The management of the Group manages and monitors these risk exposures to ensure that the aforementioned risks are controlled within defined tolerance levels. The objective of the Group's risk management is to strike an appropriate balance between risk and return, minimizing the adverse impact of risks on the Group's operating performance, and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the Group's fundamental risk management strategy involves identifying and analyzing the various risks faced, establishing appropriate risk tolerance thresholds, and implementing risk management measures, as well as regularly monitoring various risks in a timely and reliable manner to keep them within defined limits.

(1) Credit Risk

The Group trades only with recognized and creditworthy third parties. In accordance with the Group's policy, all customers seeking to trade on credit are subject to credit review. Additionally, the Group continuously monitors accounts receivable balances to ensure that it does not face significant bad debt risks.

The credit risk of financial instruments such as currency funds and structured deposits within financial assets held for trading is low, as the counterparties are reputable banks with high credit ratings.

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The Group's other financial assets include accounts receivable and other receivables, and the credit risk of these financial assets arises from counterparty defaults, with the maximum risk exposure equal to the book value of these instruments.

As at each balance sheet date, the Group's maximum credit risk exposure corresponds to the total contractual amounts receivable from customers, net of impairment allowances.

As the Group conducts transactions with recognized and reputable third parties only, no collateral is required. Credit risk is managed on a customer basis. The Group has specific credit risk concentrations. As at 31 December 2025, 48.62% (31 December 2024: 31.69%) of the Group's accounts receivable were due from the largest customer, and 86.44% (31 December 2024: 80.80%) of accounts receivable were due from the five largest customers by balance. The Group does not hold any collateral or other credit enhancements for accounts receivable balances.

The quantitative data on credit risk exposure arising from accounts receivable and other receivables of the Group can be found in Note V. 3, 5.

Criteria for Significant Increase in Credit Risk

On each balance sheet date, the Group assesses whether the credit risk of the relevant financial instruments has significantly increased since initial recognition. The main criteria for determining a significant increase in credit risk are: if the number of days overdue exceeds 30 days, or if there is a significant change in one or more of the indicators including the operating environment of the debtor, internal and external credit ratings, or significant adverse changes in actual or expected operating results.

Definition of Assets with Credit Impairment

The main criterion for the Group to determine that credit impairment has occurred is: if the number of days overdue exceeds 90 days. However, in certain cases, if internal or external information indicates that the full recovery of the contract amount may not be possible before considering any credit enhancements held, the Group will also consider it as having incurred credit impairment.

Credit impairment of financial assets may result from the combined effect of multiple events and may not necessarily be caused by identifiable events alone.

Credit risk exposure

The Group recognizes expected credit losses for the next 12 months directly against accounts receivable using the simplified approach and for other receivables using the general approach. For details, please refer to Note V. 3, 5.

As at 31 December 2025 and 31 December 2024, the Group had no receivables that are overdue by more than 30 days for which impairment provisions are recognized based on the 12-month expected credit loss.

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(2) *Liquidity Risk*

The table below summarizes the maturity analysis of financial liabilities based on undiscounted contractual cash flows:

31 December 2025

	Within 1 year	**1 to 5 years**	**Total**
Accounts payable	**208,233,513.35**	**–**	**208,233,513.35**
Other payables	**140,489,192.45**	**–**	**140,489,192.45**
Current portion of non-current liabilities	**14,787,099.61**	**–**	**14,787,099.61**
Lease liabilities	**–**	**21,458,178.67**	**21,458,178.67**
Total	**363,509,805.41**	**21,458,178.67**	**384,967,984.08**

31 December 2024

	Within 1 year	1 to 5 years	Total
Accounts payable	211,153,859.60	–	211,153,859.60
Other payables	125,603,739.18	–	125,603,739.18
Current portion of non-current liabilities	15,957,527.60	–	15,957,527.60
Lease liabilities	–	32,508,755.02	32,508,755.02
Total	352,715,126.38	32,508,755.02	385,223,881.40

(3) *Market Risk*

Exchange Rate Risk

Exchange rate risk refers to the risk of loss due to fluctuations in exchange rates. The Group is primarily exposed to exchange rate risk related to the USD. In addition to the Company's domestic subsidiaries, Montage Semiconductor (Kunshan) Co., Ltd., Montage Electronics (Shanghai) Co., Ltd., and Montage Electronics (Zhuhai Hengqin) Co., Ltd. and overseas subsidiaries, which mainly conduct procurement and sales in USD, the Company's other major business activities are settled in RMB. Fluctuations in exchange rates may impact the Group's operating performance.

The Group closely monitors the impact of exchange rate fluctuations and uses methods such as foreign exchange forward contracts to lock in exchange rates and control the impact of exchange rate risk on the Group.

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The table below presents a sensitivity analysis of exchange rate risk, reflecting the impact on net profit and loss under the assumption that all other variables remain constant, in the event of reasonable and possible fluctuations in exchange rates.

2025

	Increase/(decrease) in USD/RMB rate %	**Increase/(decrease) in net profit and loss**	**Increase/(decrease) in total shareholders' equity**
If RMB weakens against USD	**5.00**	**93,590,330.11**	**93,590,330.11**
If RMB strengthens against USD	**(5.00)**	**(93,590,330.11)**	**(93,590,330.11)**

2024

	Increase/(decrease) in USD/RMB rate %	Increase/(decrease) in net profit and loss	Increase/(decrease) in total shareholders' equity
If RMB weakens against USD	5.00	25,801,745.14	25,801,745.14
If RMB strengthens against USD	(5.00)	(25,801,745.14)	(25,801,745.14)

2. Capital Management

The primary objective of the Group's capital management is to ensure the Group's ability to continue as a going concern and maintain sound capital ratios to support business development and maximize shareholders' value.

The Group manages and adjusts its capital structure based on changes in economic conditions and the risk characteristics of relevant assets. To maintain or adjust the capital structure, the Group may adjust profit distributions to shareholders, return capital to shareholders, or issue new shares. The Group is not subject to external mandatory capital requirements. The capital management objectives, policies and procedures have not changed for the fiscal years 2025 and 2024.

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The Group uses the debt-to-asset ratio to manage capital, which is the ratio of total liabilities to total assets at the end of the period. As at 31 December 2025, the Group's debt-to-asset ratio was 6% (31 December 2024: 7%). The Group's management believes this meets the requirements of the Group's capital management. The leverage ratios of the Group as at the balance sheet dates are as follows:

	2025	2024
Total assets	**13,748,147,352.18**	12,218,911,386.38
Total liabilities	**876,991,502.11**	822,405,821.47
Gearing ratio	**6%**	7%

XI. Disclosure of Fair Value

1. Assets and Liabilities Measured at Fair Value

31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable input (Level 2)**	**Significant unobservable input (Level 3)**	**Total**
Recurring fair value measurement				
Financial assets held for trading				
Financial assets at fair value through profit or loss				
Structured deposits	**–**	**722,733,720.02**	**–**	**722,733,720.02**
Equity investments	**100,570,613.02**	**–**	**–**	**100,570,613.02**
Other equity investments	**27,755,580.30**	**–**	**–**	**27,755,580.30**
Other non-current financial assets	**–**	**583,514,277.41**	**–**	**583,514,277.41**
Total	**128,326,193.32**	**1,306,247,997.43**	**–**	**1,434,574,190.75**

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31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)	Total
Recurring fair value measurement				
Financial assets held for trading				
Financial assets at fair value through profit or loss				
Structured deposits	–	1,629,362,905.47	–	1,629,362,905.47
Equity investments	154,131,845.21	–	–	154,131,845.21
Other equity investments	22,270,908.60	–	–	22,270,908.60
Other non-current financial assets	–	575,243,925.97	–	575,243,925.97
Total	176,402,753.81	2,204,606,831.44	–	2,381,009,585.25

2. Level 1 Fair Value Measurement

The Group's recurring Level 1 fair value measurement primarily consists of investments in listed equity instruments that are not subject to a lock-up period. Fair value is determined based on active market quotes on the last trading day of 2025.

3. Level 2 Fair Value Measurement

The Group's recurring Level 2 fair value measurement primarily consists of structured deposits and unlisted equity investments. The fair value of structured deposits is determined by using market-available expected yield rates to estimate future cash flows, and the fair value is calculated based on the best estimate of the expected risk level's discount rate. The fair value of unlisted equity investments is measured by reference to recent financing prices or other valuation methods, such as considering the most recent transaction prices of the same equity and considering accompanying rights factors as the basis for determining its fair value.

4. Level 3 Fair Value Measurement

The Group had no recurring Level 3 fair value measurement at the end of 2025 and 2024.

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5. Transfers between Levels in Ongoing Fair Value Measurement

The Group confirms the timing of the transfers between levels based on the date of events that lead to such transfers. During the reporting period, there were no significant transfers of financial instruments measured at fair value between levels. In the previous year, the Group's equity instrument investments reached the end of their lock-up period, resulting in a transfer of the fair value measurement of these equity investments from Level 3 to Level 1, totaling approximately RMB136,212,831.30; aside from this equity instrument investments, there were no transfers between Level 1 and Level 2 for the Group's other financial assets, nor were there any transfers into or out of Level 3.

XII. Related Party Relationships and Transactions

1. Parent Company

The Company has no parent company or actual controller.

2. Subsidiaries

For details of subsidiaries, refer to Note VIII. 1.

3. Associates

For details of associates, refer to Note V. 8.

4. Other Related Parties

	Related party relationships
Intel Corporation and its subsidiaries ("The Intel Group")	Others (note)
Alberti Holdings (Hong Kong) Limited	Entities controlled by the Company's directors and senior management
Xi Yu Holdings Limited	Entities controlled by the Company's directors and senior management

Note: As at 13 June 2024, Intel Corporation's wholly-owned subsidiary, Intel Capital Corporation, held more than 5% of the Company's shares; from 14 June 2024, Intel Capital Corporation's shareholding has decreased to below 5%. According to the relevant provisions of the Shanghai Stock Exchange's Sci-Tech Innovation Board Listing Rules, from 14 June 2024 to 13 June 2025, Intel Capital Corporation and Intel Corporation were still considered related parties of the Group. Therefore, as at 13 June 2025, The Intel Group was still considered a related party of the Group, and from 14 June 2025, The Intel Group was no longer considered a related party of the Group.

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5. Related Party Transactions

(1) Related Party Transactions on Goods and Services

Purchasing goods and receiving services from related parties

	Notes	2025	2024
The Intel Group	(a)	**69,425,229.51**	213,677,091.46

(a) In 2025, the Group purchased raw materials and research and development tools from The Intel Group at a market price of RMB69,425,229.51 (2024: RMB181,348,691.46); and no relevant services were purchased from The Intel Group (2024: RMB32,328,400.00 at market price).

Sales of goods and rendering of services to related parties

	2025	2024
The Intel Group	**–**	727,836.26

(2) Key Management Personnel Compensation

	Notes	2025	2024
Key management personnel compensation	(b)	**355,529,107.82**	58,494,455.97

(b) In the fiscal year 2025, the key management personnel compensation incurred by the Group included salaries paid in cash and share-based payment expenses.

(3) Other Related Transactions

In July 2025, the Company and Shanghai Chengxi Mosuo Enterprise Management Partnership (Limited Partnership) ("Chengxi Mosuo") jointly invested a total of RMB100.5 million in Montage Electronics (Zhuhai Hengqin) Co., Ltd. ("Montage Hengqin"), subscribing for registered capital increase of RMB33.5 million in Montage Hengqin. Among this, the Company contributed RMB40.2 million, and Chengxi Mosuo contributed RMB60.3 million. Prior to the capital increase, Alberti Holdings (Hong Kong) Limited and Xi Yu Holdings Limited each held 6.65% of the shares in Montage Hengqin. Following the capital increase, the shareholdings of Alberti Holdings (Hong Kong) Limited and Xi Yu Holdings Limited in Montage Hengqin were both adjusted to 4.98%. Since Alberti Holdings (Hong Kong) Limited and Xi Yu Holdings Limited are entities controlled by the Company's directors and senior management, this transaction constitutes a related transaction.

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6. Balances of Receivables and Payables from Related Parties

(1) Receivables

	2025		2024	
	Book balance	**Bad debt provision**	Book balance	Bad debt provision
The Intel Group	**Not applicable**	**Not applicable**	86,260.80	431.30

(2) Prepayments

	2025	2024
Shenzhen Berxel Photonics Co., LTD.	**21,000,000.00**	–
The Intel Group	**Not applicable**	1,327,251.80

Amounts payable to related parties are non-interest bearing and unsecured.

XIII. Share-Based Payments

1. Share-Based Payment Plan

Restricted Stock Incentive Plan 2023

On 29 June 2023, the 2022 annual general meeting of the Company deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2023 (Draft) and its summary. A total of 1,973,000 restricted shares were granted, of which 1,578,700 were granted for the first time and 394,300 were reserved for grant. The grant price of the plan is RMB20.00 per share. The incentive targets were those deemed necessary by the board of directors of the Group when the incentive plan was announced, excluding the Company's directors, senior management and core technical personnel.

On 29 June 2023, the Company convened the eighteenth session of the second board of directors and the seventeenth session of the second board of supervisors to review and adopt the proposal on the initial grant of restricted shares to the incentive recipients of the Restricted Stock Incentive Plan 2023. The initial grant date of the plan was 29 June 2023, and the number of incentive recipients granted for the first time was 149. On 28 November 2023, the Company convened the twenty-first session of the second board of directors and the twentieth session of the second board of supervisors, which deliberated and adopted the proposal on reserving and granting restricted shares to incentive recipients under the Restricted Stock Incentive Plan 2023. The grant date of the plan is 28 November 2023 and the number of incentive recipients is 38. Under the above plan, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 3 years and the proportions of restricted shares attributable each year on the start date of the vesting period are 30%, 30% and 40%, respectively.

Restricted Stock Incentive Plan 2024

On 19 September 2024, the Company's 2024 third extraordinary general meeting deliberated and adopted the proposal on the Restricted Stock Incentive Plan 2024 (Draft) and its summary. A total of 3,632,800 restricted shares granted for the first time and 908,200 were reserved for grant. The grant price of the plan was RMB26.60 per share. The incentive targets were those deemed necessary by the board of directors of the Group when the incentive plan was announced, excluding the Company's directors, senior management and core technical personnel.

On 30th October 2024, the Company convened the fourth session of the third board of directors and the fourth meeting of the third board of supervisors to review and adopt the proposal on the initial grant of restricted shares to the incentive recipients of the Restricted Stock Incentive Plan 2024. The initial grant date of the plan was 31 October 2024, with the number of incentive recipients granted with shares for the first time of 289. Under the Restricted Stock Incentive Plan 2024, some employees of the Group have the right to acquire shares in the Company with a vesting period of 1 to 3 years, and the proportions of restricted shares attributable each year on the start date of the vesting period was 35%, 35% and 30%, respectively. On 7 July 2025, the Company convened the ninth meeting of the third board of directors to review and adopt the proposal on the reserved grant of restricted shares to the incentive recipients of the Restricted Stock Incentive Plan 2024. The reserved grant date of the plan was 7 July 2025, with the number of incentive recipients granted with shares under the reserved portion of 165. Under the Restricted Stock Incentive Plan 2024, some employees of the Group have the right to acquire shares in the Company, with a vesting period for the reserved grant portion of 1 to 2 years, and the proportions of restricted shares attributable each year on the start date of the vesting period are 50% and 50%, respectively.

Core Management Incentive Plan

On 19 September 2024, the third extraordinary general meeting of 2024 of the Company reviewed and adopted the proposals for the board's Core Management Incentive Plan (Draft) and its summary. A total of 11,400,000 restricted shares were granted at a grant price of RMB46.50 per share and a total of 11,400,000 stock appreciation rights were granted at an exercise price of RMB46.50 per share. The incentive targets were the Company's core management appointed by the third board of directors.

On 30 October 2024, the Company convened the fourth session of the third board of directors and the fourth session of the third board of supervisors to review and adopt the proposal on granting restricted shares and stock appreciation rights to the incentive recipients of the Core Management Incentive Plan of the third board of directors. The date of grant of the plan is 31 October 2024, and the number of incentive recipients is 2. Under the above plan, some employees of the Group have the right to acquire shares in the Company and receive cash settlement. The waiting period is 29 to 41 months, and the proportions of restricted shares and stock appreciation rights vested each year on the start date of the waiting period are 50% and 50%, respectively.

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On 26 December 2025, the Company convened the second extraordinary General Meeting of 2025 to review and adopt the proposal on the Company's Third Board of Directors Core Executive Incentive Plan (Draft Amendment) and its summary. On the same day, the thirteenth meeting of the Third Board of Directors was convened to review and adopt the proposal on the grant of restricted shares to the incentive recipients of the Third Board of Directors' Core Management Incentive Plan. It was resolved to change the 11.4 million stock appreciation rights previously granted to two incentive recipients on 31 October, 2024, under the Core Management Incentive Plan, to the additional grant of 11.4 million restricted shares. The grant date for these restricted shares, resulting from the change in the incentive instrument, was 26 December 2025.

2. Various equity instruments

The implementation status of the above-mentioned restricted stock incentive plans for the year 2025 is as follows:

Restricted Stock Incentive Plan 2023

Incentive recipients	Stock options	
	Exercise price	Remaining contract term
R&D technical personnel, marketing and sales personnel, management support personnel	18.81	Initial grant deadline: 28 June, 2027; reserved grant deadline: 26 November, 2027

Restricted Stock Incentive Plan 2024

Incentive recipients	Stock options	
	Exercise price	Remaining contract term
R&D technical personnel, marketing and sales personnel, management support personnel	26.01	Initial grant deadline: 30 October, 2028; reserved grant deadline: 6 July, 2028

Core Management Incentive Plan

Incentive recipients	Stock options	
	Exercise price	Remaining contract term
Core management	45.91	Initial grant deadline: 29 March, 2030

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In summary, the changes in various equity instruments for the year are as follows:

Incentive recipients	Granted during the year		Exercised during the year		Unlocked during the year		Expired during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
R&D technical personnel, marketing and sales personnel, management support personnel	908,200	23,622,282.00	1,637,248	39,295,069.48	1,658,964	39,789,421.64	1,319,909	36,844,477.69
Core management	11,400,000	523,374,000.00	–	–	–	–	–	–
Total	12,308,200	546,996,282.00	1,637,248	39,295,069.48	1,658,964	39,789,421.64	1,319,909	36,844,477.69

On the exercise date, the weighted average stock price of the stock options exercisable in 2025 is RMB24.00 per share (2024: RMB23.99 per share).

In 2025, the Company issued 1,637,248 A shares of common stock due to the exercise of 1,637,248 restricted shares, resulting in an increase in share capital of RMB1,637,248.00 and a share premium of RMB37,657,821.48. Please refer to Note V.29 and 30.

The various equity instruments issued and outstanding at the end of the year are as follows:

As at 31 December 2025, the number of restricted stocks issued and outstanding under this plan by the Company was 26,507,067. According to the Company's capital structure, if all outstanding restricted stocks are exercised, an additional 26,507,067 shares of common stock will be issued.

3. Equity-Settled Share-Based Payments

	2025
Method for determining the fair value of equity instruments on the grant date	Black-Scholes option pricing model
Key parameters for determining the fair value of equity instruments on the grant date	Value per share of common stock, exercise price, term to expiration, risk-free interest rate, volatility, and dividend yield
Basis for determining the number of equity instruments that can be exercised	The number held by the incentive targets that meet the assessment goals based on annual evaluations of company performance indicators and individual performance indicators
Reasons for significant differences between this year's estimates and last year's estimates	Not applicable
Cumulative amount of equity-settled share-based payments included in capital reserves	1,142,304,664.39

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4. Cash-Settled Share-Based Payments

	2025
The cumulative liability amount arising from cash-settled share-based payments	–

As at 31 December 2025, the Company had no cash-settled stock appreciation rights.

5. Share-Based Payment Expenses Incurred During the Year

	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
R&D technical personnel, marketing and sales personnel, management support personnel	110,362,992.75	–
Core management	340,026,811.93	(19,593,000.00)
Total	450,389,804.68	(19,593,000.00)

6. Modifications and Terminations of Share-Based Payments

On 26 December 2025, the Company convened the second extraordinary General Meeting of 2025 to review and adopt the proposal on the Company's Third Board of Directors' Core Management Incentive Plan (Draft Amendment) and its summary. On the same day, the thirteenth meeting of the Third Board of Directors' was convened to review and adopt the proposal on the grant of restricted shares to the incentive recipients of the Third Board of Directors Core Management Incentive Plan. It was resolved to change the 11.4 million stock appreciation rights previously granted to two incentive recipients on 31 October 2024, under the Core Management Incentive Plan to the additional grant of 11.4 million restricted shares. The grant date for these restricted shares, resulting from the change in the incentive instrument, was 26 December 2025. The Company measures the fair value of the granted equity instruments on the modification date for equity-settled share-based payments, accounting for the services received in capital reserves, totaling RMB259,619,132.00, while terminating the recognition of cash-settled share-based payments liabilities confirmed on the modification date, totaling RMB359,544,000.00. The difference between the two is included in the current profit and loss.

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XIV. Commitments and Contingent Matters

1. Important Commitment Matters

	2025	2024
Capital commitments	**99,458,692.33**	85,066,126.15
Investment commitments	**142,100,000.00**	145,700,000.00
Total	**241,558,692.33**	230,766,126.15

2. Contingent Matters

As at the balance sheet date, the Group had no contingent matters that require disclosure.

XV. Subsequent Events

Profit Distribution after the Balance Sheet Date

According to the proposal on the 2025 profit distribution plan approved at the fifteenth session of the Third Board of Directors held on 30 March 2026, the Company intends to distribute a cash dividend of RMB3.90 per 10 shares (tax inclusive) to all shareholders, based on the total shares on the equity distribution record date after deducting the shares repurchased and held in the Company's repurchase special account. Taking the Company's total shares of 1,222,200,021 as of 28 February 2026, and deducting 12,533,000 shares held in the A share repurchase special account (resulting in 1,209,667,021 shares) as the calculation base, the estimated total cash dividend payout amounted to RMB471,770,138.19 (tax inclusive). This proposal is subject to approval at the general meeting of shareholders before implementation.

Sale of Assets after the Balance Sheet Date

In January 2026, the Company announced that its wholly-owned subsidiary, Montage Technology Holdings Company Limited ("Montage Cayman"), a shareholder of XConn Technologies Holdings, Ltd. ("XConn"), has been informed of an acquisition proposal from Marvell Technology, Inc. ("Marvell") to purchase 100% equity in XConn. Through negotiation between the board of Marvell and XConn, an Agreement and Plan of Reorganization was recently executed. Upon deliberation, the Company agreed on the transaction and has entered into a Support Agreement with Marvell. The total consideration for XConn's shareholders is based on a benchmark of USD540 million, subject to adjustment according to the price adjustment mechanism and allocation of cash and share consideration stipulated in the agreement. The Company estimates the transaction consideration for this equity interest to be in the range of USD58 million to US$65 million. Prior to the transaction, Montage Cayman held a fully diluted equity interest of 13.075% in XConn. Upon completion of the transaction, Montage Cayman will no longer hold any equity in XConn.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

Listing on the Main Board of The Stock Exchange of Hong Kong Limited after the balance sheet date

With the approval of The Stock Exchange of Hong Kong Limited, 65,890,000 H shares issued by the Company (prior to the exercise of the over-allotment option) were listed and commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited on 9 February, 2026. The total number of H shares offered in the global offering was 65,890,000 shares (prior to the exercise of the over-allotment option). After deducting underwriting commissions, fees, and estimated expenses related to the global offering, the net proceeds received by the Company from the global offering prior to the exercise of the over-allotment option amounted to approximately HKD6,905 million. On 10 February, 2026, the Company agreed on the full exercise of the over-allotment option by the joint global coordinators (on behalf of the international underwriters), and the issuance of 9,883,500 additional H shares was completed on 13 February, 2026. After deducting the underwriting commissions, fees, and estimated expenses payable by the Company in connection with the full exercise of the over-allotment option, the Company received additional net proceeds of approximately HKD1,043 million. Following the full exercise of the over-allotment option, a total of 75,773,500 H shares were issued under this offering.

XVI. Other Important Matters

1. Segment Reporting

(1) Operating Segment

The Group is a leading global fabless IC design company focused on offering innovative, reliable power-efficient interconnect solutions for cloud computing and AI infrastructure. Currently, it mainly includes two product lines: the interconnect chip product line and the Jintide® product line, which the Group has designated as a segment.

(2) Other Information

Geographical Information

Revenue from external transactions

	2025	2024
Mainland China and Hong Kong	**1,546,027,213.88**	1,051,447,259.20
Others	**3,900,732,382.52**	2,577,322,296.73
Total	**5,446,759,596.40**	3,628,769,555.93

Revenue from external transactions is attributed to the regions in which the customers are incorporated.

Expressed in Renminbi Yuan

Total non-current assets

	31 December 2025	31 December 2024
Mainland China	**1,848,987,619.30**	1,876,556,968.87
Others	**118,554,795.54**	91,213,271.55
Total	**1,967,542,414.84**	1,967,770,240.42

Non-current assets belong to the area where the assets are located, excluding financial assets, deferred tax assets, and long-term equity investments.

Main customer information
In 2025, the total sales revenue from the Group's five largest customers amounted to RMB4,214,284,333.89 (2024: RMB2,790,652,823.03).

2. Directors' and Chief Executive's Remuneration

Details of the remuneration received or receivable by the directors and chief executive from the Company are as follows:

	2025	2024
Fees:		
Directors	**1,080,000.00**	1,260,000.00
Other emoluments:		
Salaries, allowances and benefits in kind	**8,116,169.95**	6,404,755.47
Performance related bonuses	**18,520,060.00**	14,180,742.10
Share-based payment expenses	**320,433,811.93**	30,994,358.40
	347,070,041.88	51,579,855.97
Total	**348,150,041.88**	52,839,855.97

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

2025

	Notes	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total
Chief executive and executive directors:					
Dr. Howard C. Yang	(1)	–	3,913,974.76	9,200,000.00	13,113,974.76
Mr. Stephen Kuong-Io Tai	(1)	–	3,921,688.09	9,200,000.00	13,121,688.09
Other directors:					
Dr. Wang Rui	(2)	–	–	–	–
Ms. Fang Zhoujie	(3)	–	280,507.10	120,060.00	400,567.10
Independent directors:					
Dr. Li Ruoshan	(4)	360,000.00	–	–	360,000.00
Dr. Yuhua Cheng	(4)	360,000.00	–	–	360,000.00
Dr. Shan Hailing	(4)	360,000.00	–	–	360,000.00
		1,080,000.00	8,116,169.95	18,520,060.00	27,716,229.95

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

2024

	Notes	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total
Chief executive and executive directors:					
Dr. Howard C. Yang	(1)	–	3,010,755.08	6,979,244.92	9,990,000.00
Mr. Stephen Kuong-Io Tai	(1)	–	3,011,856.48	6,978,143.52	9,990,000.00
Other directors:					
Dr. Wang Rui	(2)	–	–	–	–
Mr. Li Rongxin	(5)	–	–	–	–
Ms. Shi Yi	(6)	–	245,910.58	90,753.66	336,664.24
Ms. Fang Zhoujie	(3)	–	136,233.33	132,600.00	268,833.33
Independent directors:					
Dr. Li Ruoshan	(4)	180,000.00	–	–	180,000.00
Dr. Yuhua Cheng	(4)	180,000.00	–	–	180,000.00
Dr. Shan Hailing	(4)	180,000.00	–	–	180,000.00
Mr. Yin Zhiyao	(7)	180,000.00	–	–	180,000.00
Mr. Lv Changjiang	(8)	180,000.00	–	–	180,000.00
Mr. Liu Jingdong	(9)	180,000.00	–	–	180,000.00
Mr. Yu Bo	(10)	180,000.00	–	–	180,000.00
		1,260,000.00	6,404,755.47	14,180,742.10	21,845,497.57

Notes:

(1) For the years ended 31 December 2024 and 2025, share-based payment expenses on the chief executive and executive directors were RMB30,994,358.40 and RMB320,433,811.93. The share-based payments expenses were equal between executive directors.

(2) Dr. Wang Rui has served as a director of the Company from 26 January 2024.

(3) Ms. Fang Zhoujie was appointed as an employee-representative Director of the Company with effect from 21 June 2024.

(4) Dr. Li Ruoshan, Dr. Yuhua Cheng and Dr. Shan Hailing have served as independent directors from 21 June 2024.

(5) Mr. Li Rongxin served as a director of the Company from 28 October 2018 to 21 June 2024.

(6) Ms. Shi Yi served as an employee-representative director of the Company from 28 September 2021 to 21 June 2024.

(7) Mr. Yin Zhiyao served as an independent director of the Company from 5 March 2019 to 21 June 2024.

(8) Mr. Lv Changjiang served as an independent director of the Company from 28 October 2018 to 21 June 2024.

(9) Mr. Liu Jingdong served as an independent director of the Company from 28 October 2018 to 21 June 2024.

(10) Mr. Yu Bo served as an independent director of the Company from 28 October 2018 to 21 June 2024.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

3. Five Highest Paid Employees

In 2025, the five highest paid employees of the Group included the two Directors disclosed above (2024: two directors). Details of directors' remuneration are provided in Note XVI.2 above. The remuneration of the remaining three (2024: three) highest paid employees (who are neither directors nor the chief executive of the Company) is as follows:

	2025	2024
Salaries, allowances and benefits in kind	**4,519,632.20**	4,927,857.28
Performance related bonuses	**23,287,875.99**	9,240,137.17
Share-based payment expenses	**–**	–
Total	**27,807,508.19**	14,167,994.45

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
HKD4,000,001 to HKD4,500,000	**–**	1
HKD4,500,001 to HKD5,000,000	**–**	1
HKD5,500,001 to HKD6,000,000	**–**	1
HKD9,000,001 to HKD9,500,000	**2**	–
HKD11,500,001 to HKD12,000,000	**1**	–
Total	**3**	3

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

XVII. Notes on Major Items in the Company's Financial Statements

1. Accounts receivable

The ageing analysis of accounts receivable is as follows:

	31 December 2025	31 December 2024
Within 1 year	**614,601,810.19**	222,936,138.65

The changes in the bad debt provision for accounts receivable are as follows:

The Company has not made any provisions or transfers for bad debts on accounts receivable in 2025 (2024: nil).

The Company's accounts receivable are amounts due from its subsidiaries, which are expected to be recoverable; therefore, no bad debt provisions are recognized.

2. Other Receivables

	31 December 2025	31 December 2024
Interest receivable	**545,205.48**	–
Dividends receivable	**100,000,000.00**	40,000,000.00
Other receivables	**1,554,661,018.52**	1,247,570,989.98
Total	**1,655,206,224.00**	1,287,570,989.98

Interest Receivable

(1) Classification of Interest Receivable

	31 December 2025	31 December 2024
Montage Electronics (Zhuhai Hengqin) Co., Ltd.	**545,205.48**	–

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

Dividends Receivable

(1) Classification of Dividends Receivable

	31 December 2025	31 December 2024
Montage Technology (Kunshan) Co., Ltd.	**100,000,000.00**	–
Montage Investment Co., Ltd	**–**	40,000,000.00
Total	**100,000,000.00**	40,000,000.00

The Company has no dividends receivable aged over one year. The management of the Company considered that no impairment provision was required for dividends receivable as at 31 December 2025 (31 December 2024: nil).

Other Receivables

(1) Analysis by Ageing

	31 December 2025	31 December 2024
Within 1 year	**514,838,759.43**	259,917,816.24
1 to 2 years	**227,521,721.06**	93,604,324.27
2 to 3 years	**73,281,688.56**	346,453,588.24
Over 3 years	**739,018,849.47**	547,595,261.23
Total	**1,554,661,018.52**	1,247,570,989.98

(2) Analysis by Nature

	31 December 2025	31 December 2024
Intercompany loans among related parties	**1,006,891,507.64**	1,075,891,507.64
Intercompany receivables among related parties	**547,550,963.88**	171,383,958.22
Security deposits or deposits	**218,547.00**	295,524.12
Total	**1,554,661,018.52**	1,247,570,989.98

Other receivables mainly consist of funds lent to subsidiaries and receivables from subsidiaries relating to equity incentive exercises. The management of the Company believes that as at 31 December 2025, there was no need to make provisions for bad debts for other receivables (31 December 2024: nil).

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

(3) *The Five Largest Amounts of the Closing Balances of Other Receivables Analysed by Debtor*

	Closing balance	Proportion of total balance of other receivables (%)	Nature	Ageing	Closing balance of bad debt provision
Montage Electronics (Shanghai) Co., Ltd.	633,091,250.84	40.72	Intercompany loans and transactions within the consolidated scope	Within 1 year to over 3 years	–
Shanghai Xitai Enterprise Co., Ltd.	567,381,507.64	36.50	Intercompany loans within the scope of consolidation	1 to over 3 years	–
Montxilu Enterprise (Shanghai) Co., Ltd.	245,691,672.98	15.80	Intercompany loans and transactions within the consolidated scope	Within 1 year to 2 years	–
Montage Capital (Hainan) Co., Ltd.	53,023,743.02	3.41	Intercompany loans and transactions within the consolidated scope	Within 1 year to 2 years	–
Montage Electronics (Zhuhai Hengqin) Co., Ltd.	20,125,128.67	1.29	Intercompany loans and transactions within the consolidated scope	Within 1 year	–
Total	1,519,313,303.15	97.72			–

The Company did not recognize or reverse any bad debt provisions in 2025.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

3. Long-Term Equity Investments

(1) Long-Term Equity Investments

	Opening balance	Changes during the year: Additional investment	Changes during the year: Share-based payments	Changes during the year: Provision for impairment	Closing balance	Impairment provision at end of the year
Investments in subsidiaries						
Montage Technology Holdings Company Limited	1,852,719,188.13	–	22,035,448.82	–	1,874,754,636.95	–
Montage Technology (Kunshan) Co., Ltd.	500,000,000.00	–	–	–	500,000,000.00	–
Montage Investment Co., Ltd	300,000,000.00	–	–	–	300,000,000.00	–
Montage Capital (Hainan) Co., Ltd.	200,000,000.00	–	–	–	200,000,000.00	–
Montage Electronics (Shanghai) Co., Ltd.	171,500,000.00	–	–	–	171,500,000.00	–
Montage Electronics (Zhuhai Hengqin) Co., Ltd.	51,080,000.00	40,200,000.00	–	–	91,280,000.00	–
Montage Electronics (Hainan) Co., Ltd.	–	–	–	–	–	10,000,000.00
Total	3,075,299,188.13	40,200,000.00	22,035,448.82	–	3,137,534,636.95	10,000,000.00

(2) Provision for Impairment of Long-Term Equity Investments

	Opening balance	Increase	Decrease	Closing balance
Montage Electronics (Hainan) Co., Ltd.	10,000,000.00	–	–	10,000,000.00

In 2024, due to business adjustments, the Company fully recognized an impairment provision of RMB10,000,000.00 for Montage Electronics (Hainan) Co., Ltd.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025
Expressed in Renminbi Yuan

4. Revenue and Cost Of Sales

(1) Revenue and Cost of Sales Disclosure

	2025		2024	
	Revenue	**Cost**	Revenue	Cost
Primary business	**911,311,991.05**	**24,573,226.47**	547,176,613.67	13,934,962.81
Other business	**9,158,617.12**	**8,966,705.99**	10,189,614.40	9,038,309.40
Total	**920,470,608.17**	**33,539,932.46**	557,366,228.07	22,973,272.21

The operating income is as follows:

	2025	2024
Revenue from contracts with customers	**911,311,991.05**	547,176,613.67
Rental income	**9,158,617.12**	10,189,614.40
Total	**920,470,608.17**	557,366,228.07

(2) Breakdown of Primary Business Revenue

Contract classification	**2025**
Geographical market	
Mainland China and Hong Kong	**–**
Others	**911,311,991.05**
Total	**911,311,991.05**
Contract type	
IP licensing – pay-per-use model	**911,311,991.05**
IP licensing – fixed fee model	**–**
	911,311,991.05
Timing of revenue recognition	
Revenue recognized at a point in time	**911,311,991.05**

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

Contract classification	2024
Geographical market	
Mainland China and Hong Kong	53,641,340.00
Others	493,535,273.67
Total	547,176,613.67
Contract type	
IP Licensing – pay-per-use model	493,535,273.67
IP Licensing – fixed fee model	53,641,340.00
	547,176,613.67
Timing of revenue recognition	
Revenue recognized at a point in time	547,176,613.67

(3) *Breakdown of Cost of Sales*

Contract classification	**2025**
Geographical market	
Mainland China and Hong Kong	–
Others	**24,573,226.47**
Total	**24,573,226.47**
Contract type	
IP Licensing – pay-per-use model	**24,573,226.47**
IP Licensing – fixed fee model	–
Total	**24,573,226.47**
Timing of revenue recognition	
Revenue recognized at a point in time	**24,573,226.47**

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

Expressed in Renminbi Yuan

5. Investment Income

	2025	2024
Investment income from structured deposits	**10,980,575.83**	25,371,397.25
Dividend income from long-term equity investments in subsidiaries	**100,000,000.00**	40,000,000.00
Total	**110,980,575.83**	65,371,397.25

SUPPLEMENTARY INFORMATION

Year ended 31 December 2025

Expressed in Renminbi Yuan

1. Statement of non-recurring gains and losses

	Amount
Gains or losses from disposal of non-current assets, including the write-off of the provision for impairment of assets	**199,825.84**
Government grants included in the current profit or loss, except those that are closely related to the Group's normal business operations, which comply with national policies and can be obtained based on established standards, and which have a continuing impact on the Group's profit or loss	**114,143,915.11**
Gains or losses arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses from the disposal of financial assets and financial liabilities other than effective hedging activities related to the Group's normal business operations	**112,863,009.41**
Investment income from structured deposits	**21,247,409.26**
Gains and losses from entrusting others to invest or manage assets	**2,440,924.39**
Non-operating income and expenses other than those mentioned above	**(443,490.48)**
Other items of profit and loss that meet the definition of non-recurring profit and loss	**1,743,916.02**
Effect of income tax	**30,213,409.24**
Impact on the non-controlling interests (after tax)	**8,040,865.07**
Total	**213,941,235.24**

The Group's recognition of non-recurring profit and loss items is carried out in accordance with the provisions of the "Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public – Non-Recurring Profit and Loss" (CSRC Announcement [2023] No. 65).

SUPPLEMENTARY INFORMATION

Year ended 31 December 2025
Expressed in Renminbi Yuan

2. Return on net assets and earnings per share

2025

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	**18.25**	**1.97**	**1.96**
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	**16.50**	**1.78**	**1.77**

2024

	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	13.41	1.25	1.25
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	11.85	1.10	1.10

FORWARD-LOOKING STATEMENTS

All statements in this report that are not historical fact or that do not relate to present facts or current conditions are forward-looking statements. Such forward-looking statements express the Group's current views, projections, beliefs and expectations with respect to future events as of the Date of this Report. Such forward-looking statements are based on a number of assumptions and factors beyond the Group's control. As a result, they are subject to significant risks and uncertainties, and actual events or results may differ materially from these forward-looking statements and the forward-looking events discussed in this report might not occur. Such risks and uncertainties include, but are not limited to, those detailed under the heading "Principal Risks and Uncertainties" in this report and the disclosure in the Prospectus. No representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts contained in this report.

DEFINITIONS

"1+9"/"1+10"	a distributed memory buffer subsystem architecture that employs one RCD chip working in conjunction with multiple DB chips, which significantly reduces the load effect between the CPU and DRAM, lowers signal transmission loss and addresses the trade-off between large memory capacity and high speed; this architecture consists of one RCD chip and nine DB chips in the DDR4 generation ("1+9"), and one RCD chip and ten DB chips in the DDR5 generation ("1+10")
"A Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the Shanghai Stock Exchange STAR Market
"A Shareholders"	holders of the A Share(s)
"AEC"	active electrical cables, high-speed data transmission cables that contain IC to boost signal quality, enabling longer reach and improved performance compared to passive cables while using traditional copper conductors
"AFRC" or "Accounting and Financial Reporting Council"	the Accounting and Financial Reporting Council of Hong Kong
"AI"	artificial intelligent
"Articles" or "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
"Board" or "our Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"CASBE"	the China Accounting Standards for Business Enterprises

DEFINITIONS

"Chief Executive Officer"	the chief executive officer of our Company
"China", "mainland China", or "PRC"	the People's Republic of China, which, for the purposes of this Report and for geographical reference only, excludes Hong Kong, Macau and Taiwan Region
"chip"	a miniature electronic device or component that interconnects essential circuit elements, such as transistors, diodes, resistors, capacitors and inductors, through specific wiring methods with semiconductor fabrication processes into a complete electronic circuit, which are formed on one or several small semiconductor wafers or dielectric substrates and encapsulated in a package
"CKD"	a DDR5 clock driver, a specialized buffer IC used on client DDR5 memory modules to buffer and re-drive signals from the memory controller to the DRAM chips, which improves signal integrity by reducing clock jitter and loading, supporting higher frequencies for client modules
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"cluster networking"	the network infrastructure and configuration that connect multiple servers in a computing cluster to enable high-speed and low latency communication
"Company", "Montage Technology" or "the Company"	Montage Technology Co., Ltd. (瀾起科技股份有限公司), a limited liability company incorporated in the PRC on May 27, 2004, the A Shares of which are listed on the Shanghai Stock Exchange STAR Market (stock code: 688008) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 6809)
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Management Incentive Plan"	the employee incentive plan of our core senior management approved and adopted on September 19, 2024 and as amended on December 26, 2025
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules

"CPU"	central processing unit, a mass integrated circuit that serves as the computational and controlling core of electronic devices
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"CXL"	compute express link, an open industry standard high-speed interconnect that enables efficient, low-latency communication between CPUs and accelerators, memory expanders, or other devices, supporting memory coherence and advanced computing
"data center"	a complex facility that houses not only computer systems and related equipment, but also includes redundant data communication links, environmental controls, monitoring systems and various security devices, which provides large-scale, high-quality, secure and reliable services such as professional server hosting, space leasing and wholesale bandwidth to internet content providers and websites
"Date of this Report"	March 30, 2026, the date on which this report was approved by the Board
"dB"	decibel, a logarithmic unit used to express the ratio between two values, commonly used to measure signal strength, power gain/loss, or sound intensity in electronics and telecommunications
"DB"	data buffer, a device used to buffer and re-drive data signals coming from the memory controller or memory
"DDR"	double data rate, a memory technology used to double the data transfer rate by transmitting data on both the rising and falling edges of the clock signals
"DFE"	decision feedback equalization, a signal processing technique used in high-speed data communication to correct inter-symbol interference, which works by using previously detected bits to subtract expected distortion from the current signal, improving signal clarity and reducing error rates
"DIMM"	dual in-line memory module, a type of memory module used in computers, consisting of DRAM chips mounted on a small circuit board with separate electrical contacts on each side, allowing for wider data paths and higher performance compared to older SIMMs

DEFINITIONS

"Director(s)" or "our Director(s)"	the director(s) of our Company
"DRAM"	dynamic random access memory, a semiconductor storage device
"DSC"	dynamic security check, a real-time assessment of system or application behavior to detect security threats
"EDSFF"	Enterprise & Data Center SSD Form Factor, a solid-state drive (SSD) form factor standard specifically designed for enterprise storage systems and data centers, aimed at delivering storage solutions with higher density, improved thermal management, and enhanced scalability
"Ethernet"	a widely used networking technology that enables devices to communicate over a local area network using standardized protocols for data transmission via wired connections
"fabless"	IC design companies that focus solely on IC research, development and sales, while outsourcing wafer fabrication, packaging and testing to specialized foundries and service providers; the term is sometimes also used to refer to this business model
"foundry"	a manufacturer specializing in the production and manufacture of chips in the field of integrated circuits
"frequency"	the rate at which a power electronic device, such as a switch or rectifier, operates; it is a crucial factor influencing the performance and efficiency of power systems
"GPU"	A specialized processor primarily designed for rapid rendering of images and video, which is now widely used for parallel processing tasks in scientific computing, AI, and cloud machine learning
"GT/s"	gigatransfers per second, a unit measuring data transfer rate, commonly used in PCI Express and other high-speed interfaces
"H Share(s)"	ordinary share(s) in the share capital of our 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 Hong Kong Stock Exchange
"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"I/O"	input/output
"IC design"	the entire process of circuit function definition, structural design, circuit design and simulation, layout design and verification, as well as subsequent post-design processing
"IC"	integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
"Intel Capital"	Intel Capital Corporation, a limited company established in the US on April 6, 1998
"JEDEC"	Joint Electron Device Engineering Council (now known as the JEDEC Solid State Technology Association), a global organization in developing open standards for the microelectronics industry
"Listing Date of the H Shares"	February 9, 2026, the date on which the Company's H Shares listed on the Hong Kong Stock Exchange
"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
"LRDIMM"	load reduced dual in-line memory module, a type of memory module that uses a buffer to reduce the electrical load on the memory controller, enabling higher memory capacity and improved signal integrity, particularly in servers and advanced systems

DEFINITIONS

"MDB"	multiplexed rank data buffer, a memory buffer chip that manages data signals for multiple memory ranks by multiplexing them, which improves memory system performance and capacity by efficiently handling data flow between the memory controller and several DRAM ranks on a module
"memory"	a storage device within an electronic system used to store programs and data, such as all information in a computer including input data, computing programs, intermediate results and final outputs, which stores and retrieves information according to the addresses specified by the controller
"MRCD"	multiplexed rank registering clock driver, a specialized buffer chip used in memory modules to buffer and re-drive clock, address, and command signals efficiently across multiple memory ranks, improving signal integrity and enabling higher memory speeds and capacities
"MRDIMM"	multiplexed rank dual in-line memory module, a high-bandwidth server memory module based on the DDR5 LRDIMM architecture adopting the "1+10" design consisting of one MRCD chip and 10 MDB chips, which, compared with RDIMM and LRDIMM, enables simultaneous access to two memory arrays on the module and effectively doubles the bandwidth; the first generation of MRDIMM is also referred to MCRDIMM by some manufacturers
"MT/s"	mega transfers per second, a unit measuring data transfer rate
"MXC"	memory expansion controller, the core chip of high-bandwidth and high-capacity memory expansion modules based on the CXL protocol, which connects to the host via the CXL interface and enables high-bandwidth and low-latency memory access for server systems
"Newave Technology"	Newave Technology (Shanghai) Co., Ltd., a limited liability company established in September 1997 under the laws of the PRC, which is primarily engaged in the design of integrated circuit. The then shareholders of Newave Technology (Shanghai) Co. Ltd. include, among others, its founding management team and other renowned institutional investors, such as an affiliate of Walden International, Shanghai Hua Hong Microelectronics Co., Ltd. (currently known as Shanghai Huahong (Group) Co., Ltd.), and an affiliate of Nomura Securities

"NIC"	network interface card, a hardware component that connects a computer or server to a network, enabling communication over local area networks or the internet
"Nomination Committee"	the nomination committee of the Board
"NVMe SSD"	non-volatile memory express solid-state drive, a high – speed storage device that provides fast data transfer, low latency and efficient access to flash memory
"ODM"	original design manufacturer
"OEM"	original equipment manufacturer
"packaging"	the process of encapsulating the bare die into a finished chip product with external shell and leads, which is electrically connected to external pins through wires or other interconnection methods and then securely closed; IC packaging not only provides electrical connections between the internal bonding points of the chip and the external circuitry, but also offers a stable and reliable operating environment, ensuring proper functionality, high stability and long-term reliability
"PAM4"	four-level pulse amplitude modulation, a high-speed digital signal modulation technique that encodes data using four voltage levels, enabling the transmission of two bits per symbol, which doubles the data rate within the same bandwidth compared with NRZ technology
"PCI-SIG"	Peripheral Component Interconnect Special Interest Group, an international industry consortium focused on the development and management of computer bus standards with a core mission to promote the standardization and adoption of technologies including peripheral component interconnect
"PCIe Retimer"	a high-speed PCIe signal conditioning chip that compensates for channel attenuation and mitigates jitter to enhance signal integrity and extend signal reach, which serves as a critical interconnect component in applications such as cloud computing, AI, and data centers

DEFINITIONS

"PCIe Switch"	PCIe switch chip, a core interconnect component in data centers, AI acceleration systems, and storage systems, expands PCIe topology to enable efficient communication among multiple devices, addressing bandwidth bottleneck issues between hosts and peripheral devices
"PCIe"	peripheral component interconnect express, a high-speed serial interface standard used to connect components like graphics cards, SSDs, and NICs to a computer's motherboard, offering fast data transfer and scalable bandwidth through multiple lanes
"photomask"	a key piece of photolithography equipment used in semiconductor manufacturing, which contains the circuit pattern to be projected onto the wafer and plays a critical role in defining the features of IC
"PMIC"	power management IC, a specialized integrated circuit that manages voltage regulation, power distribution, and real-time monitoring in electronic systems, which optimizes power efficiency while ensuring stable operation across all power domains
"PrC"	Pre-Check, a hardware-level security checking mechanism that verifies CPU instructions before execution to enhance processor safety
"Prospectus"	the prospectus published by our Company on January 30, 2026
"R&D"	research and development
"RCD"	registering clock driver, a device used to buffer and re-drive address, command and control signals coming from the memory controller to DRAM devices
"RDIMM"	registered dual in-line memory module, a type of memory module that uses RCD chips to buffer address, command, and control signals. It is mainly used in servers
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	January 1, 2025 to December 31, 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"SerDes"	Serializer/Deserializer, a reusable hardware design block used in chip design, which enables high-speed serial data communication by converting parallel data into serial form for transmission and converting it back on reception
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Rongying"	Zhuhai Rongying Investment Partnership (Limited Partnership) (珠海融英投資合夥企業(有限合夥)), (formerly known as "Zhuhai Rongying Equity Investment Partnership (Limited Partnership) (珠海融英股權投資合夥企業(有限合夥))", and currently known as Shanghai Rongying Enterprise Management Partnership (Limited Partnership) (上海融迎企業管理合夥企業(有限合夥))) a limited partnership established in the PRC on February 4, 2016, our existing Shareholder
"Shanghai Stock Exchange STAR Market"	the Science and Technology Innovation Board of the Shanghai Stock Exchange
"SSE"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"SPD"	serial presence detect, a small chip on a memory module that stores configuration information, such as size, speed, voltage and timing, which the system reads during boot to correctly initialize the memory
"SSD"	solid-state drive, a storage device that uses flash memory to store data, offering faster read/write speeds, lower latency and greater durability compared to traditional mechanical hard drives
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"tape-out"	the final stage in the IC design process where the verified physical design data (photomask sets) is released to the semiconductor foundry for wafer fabrication

DEFINITIONS

"TCO"	total cost of ownership
"testing"	the process of wafer testing, final product testing reliability testing and failure analysis
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"TS"	temperature sensor
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"United States" or "U.S." or "USA"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"VAT"	value-added tax
"voltage" or "V"	voltage, the unit of electric potential or voltage, which measures the difference in electric potential between two points in a circuit
"wafer"	a circular silicon substrate used in the manufacturing of ICs, where various circuit structures can be fabricated to produce IC products with specific electrical functions
"WLT Partners"	WLT Partners, L.P., a limited partnership incorporated under the laws of Cayman Islands on October 15, 2015, our existing Shareholder.
"year-on-year"	compared with the same period last year
"%"	per cent

In the case of inconsistency, the English text of this report shall prevail over the Chinese text.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	Year ended 31 December				
	2025	2024	2023	2022	2021
Revenue	**5,456,316,783.63**	3,638,911,068.29	2,285,738,498.23	3,672,258,476.69	2,562,017,472.42
Less: Cost of sales	**2,060,961,088.35**	1,523,614,938.54	939,216,263.95	1,966,746,655.26	1,330,196,520.14
Taxes and surcharges	**6,645,694.95**	6,325,049.35	5,542,303.54	5,747,715.08	9,707,444.02
Selling expenses	**120,228,658.51**	96,006,550.08	89,960,686.45	86,146,682.92	76,581,965.46
Administrative expenses	**526,287,844.89**	196,262,500.24	173,132,541.22	202,407,561.12	198,754,814.45
Research and development expenses	**915,030,216.00**	763,469,994.44	681,812,435.36	563,487,414.32	369,849,699.97
Finance expenses	**(228,316,436.63)**	(240,504,105.54)	(180,259,065.85)	(81,279,491.95)	(83,626,877.24)
Add: Other income	**115,887,831.13**	91,576,969.33	84,437,465.04	46,455,026.33	76,236,596.20
Investment income	**97,013,584.17**	48,599,096.46	90,978,489.24	374,618,472.28	278,113,880.07
Fair value gains	**25,894,061.14**	23,888,571.20	(87,328,284.96)	90,746,229.81	(99,368,476.74)
Credit impairment losses	**(921,798.92)**	(464,514.83)	143,860.44	(710,583.99)	(437,366.74)
Reversal of impairment losses/ (impairment losses) of assets	**28,423,710.47**	(44,443,090.77)	(192,529,082.56)	(26,031,549.20)	(88,377.84)
Gains on disposal of non-current assets	**–**	–	–	442,477.90	–
Operating profit	**2,321,777,105.55**	1,412,893,172.57	472,035,780.76	1,414,522,013.07	915,010,160.57
Add: Non-operating income	**–**	5,170.00	1,364,162.00	12,743.36	-
Less: Non-operating expenses	**1,209,052.09**	280,492.50	1,181,132.22	669,147.24	2,801.58
Profit before tax	**2,320,568,053.46**	1,412,617,850.07	472,218,810.54	1,413,865,609.19	915,007,358.99
Less: Income tax expenses	**190,932,103.50**	71,881,725.57	21,071,329.40	114,493,920.91	85,869,814.61
Net profit	**2,129,635,949.96**	1,340,736,124.50	451,147,481.14	1,299,371,688.28	829,137,544.38
Profit attributable to shareholders of the parent	**2,235,569,970.18**	1,411,778,923.59	450,909,813.13	1,299,378,059.37	829,137,544.38
Profit attributable to non-controlling interests	**(105,934,020.22)**	(71,042,799.09)	237,668.01	(6,371.09)	–
Basic earnings per share	**1.97**	1.25	0.40	1.15	0.73
Diluted earnings per share	**1.96**	1.25	0.40	1.15	0.73

FIVE-YEAR FINANCIAL HIGHLIGHTS

	As of December 31				
	2025	2024	2023	2022	2021
Total assets	**13,748,147,352.18**	12,218,911,386.38	10,697,540,981.27	10,686,045,951.98	8,958,562,224.94
Total current assets	**11,034,075,364.70**	9,461,304,025.38	8,296,126,766.99	8,636,478,472.63	7,423,055,672.85
Total non-current assets	**2,714,071,987.48**	2,757,607,361.00	2,401,414,214.28	2,049,567,479.35	1,535,506,552.09
Total liabilities	**876,991,502.11**	822,405,821.47	490,921,528.40	758,790,929.42	567,862,848.48
Total current liabilities	**769,642,858.13**	679,877,742.90	391,173,070.26	639,429,208.53	437,297,476.93
Total non-current liabilities	**107,348,643.98**	142,528,078.57	99,748,458.14	119,361,720.89	130,565,371.55
Total equity attributable to shareholders of the parent	**12,923,722,372.46**	11,403,438,067.08	10,191,406,155.95	9,912,186,393.65	8,390,699,376.46

	Year ended 31 December				
	2025	2024	2023	2022	2021
Net cash flows from operating activities	**2,022,020,556.92**	1,691,321,506.14	731,249,699.11	688,835,385.81	680,414,534.55
Net cash flows from/(used in) investing activities	**850,312,118.68**	(443,474,435.73)	(574,240,549.10)	63,444,981.61	68,907,919.69
Net cash flows used in financing activities	**(1,029,063,587.76)**	(276,938,001.46)	(372,109,506.20)	(270,090,224.19)	(609,138,415.87)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**8,416,073,633.40**	6,698,931,684.67	5,665,880,219.28	5,833,750,412.54	5,083,941,010.39