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**GigaDevice**

**GigaDevice Semiconductor Inc.**

**兆易創新科技集團股份有限公司**

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

**(Stock Code: 3986)**

**INTERIM RESULTS ANNOUNCEMENT FOR  
THE SIX MONTHS ENDED JUNE 30, 2026**

The board of directors (the “**Board**”) of GigaDevice Semiconductor Inc. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2026. This results announcement, containing the full text of the 2026 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

The Group’s interim results for the six months ended June 30, 2026 have been reviewed by the audit committee of the Board.

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

The 2026 interim report of the Company will be published on the above-mentioned website of Hong Kong Exchanges and Clearing Limited and the website of the Company respectively.

By order of the Board

**GigaDevice Semiconductor Inc.**

**Mr. Zhu Yiming**

*Chairman of the Board and Executive Director*

Beijing, the PRC, August 18, 2026

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

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# CORPORATE INFORMATION

## COMPANY'S CHINESE NAME

兆易創新科技集團股份有限公司

## COMPANY'S ENGLISH NAME

GigaDevice Semiconductor Inc.

## REGISTERED ADDRESS, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## DIRECTORS

### Executive Directors

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

### Non-Executive Directors

Ms. Wen Tian (文恬)

### Independent Non-Executive Directors

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

## STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE

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

## AUDIT COMMITTEE

Mr. Zhou Haitao (*Chairperson*)  
Dr. Qian He  
Ms. Yeung Siuman Shirley

## REMUNERATION AND APPRAISAL COMMITTEE

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

## NOMINATION COMMITTEE

Dr. Qian He (*Chairperson*)  
Dr. Chen Jie  
Mr. Zheng Xiaodong



## CORPORATE INFORMATION

### LEGAL REPRESENTATIVE

Mr. He Wei

### JOINT COMPANY SECRETARIES

Ms. Dong Lingyan (董靈燕)<sup>1</sup>

Ms. Wong Wai Yee, Ella (黃慧兒)<sup>2</sup>  
(FCG HKFCG(PE))

Mr. Xie Feiwang (謝飛旺)<sup>3</sup>

Ms. Lai Janette Tin Yun (賴天恩)<sup>4</sup>  
(ACG HKACG)

### AUTHORIZED REPRESENTATIVES

Mr. Hu Hong

Ms. Wong Wai Yee, Ella<sup>2</sup>

Ms. Lai Janette Tin Yun<sup>4</sup>

### COMPANY'S WEBSITE

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

### COMPLIANCE ADVISOR

Altus Capital Limited

21 Wing Wo Street

Central

Hong Kong

### HONG KONG LEGAL ADVISOR

Jingtian & Gongcheng LLP

Suites 3203-3209, 32/F.,

Edinburgh Tower, The Landmark,

15 Queen's Road Central, Hong Kong

### AUDITOR

KPMG Huazhen LLP

Public Interest Entity Auditor recognised  
in accordance with the Accounting and  
Financial Reporting Council Ordinance  
8th Floor, KPMG Tower, Oriental Plaza,  
1 East Chang An Avenue,  
Beijing, China

### H SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

### STOCK CODE

Shanghai Stock Exchange: 603986

Hong Kong Stock Exchange: 3986

Notes:

1. Ms. Dong Lingyan has resigned as a joint company secretary of the Company with effect from August 18, 2026.
2. Ms. Wong Wai Yee, Ella has resigned as a joint company secretary and an authorized representative of the Company with effect from August 18, 2026.
3. Following the consideration and approval by the Board of the Company, Mr. Xie Feiwang has been appointed as a joint company secretary with effect from August 18, 2026.
4. Following the consideration and approval by the Board of the Company, Ms. Lai Janette Tin Yun has been appointed as a joint company secretary and an authorized representative with effect from August 18, 2026.

# FINANCIAL HIGHLIGHTS

|                                    | Six months ended June 30, |           |
|------------------------------------|---------------------------|-----------|
|                                    | 2026                      | 2025      |
|                                    | (RMB'000)                 | (RMB'000) |
| <b>Revenue</b>                     | <b>11,565,760</b>         | 4,150,309 |
| Cost of sales                      | <b>4,264,244</b>          | 2,605,976 |
| Gross profit                       | <b>7,301,516</b>          | 1,544,333 |
| Profit from operations             | <b>7,714,524</b>          | 597,774   |
| Profit before taxation             | <b>7,666,490</b>          | 596,079   |
| Income tax                         | <b>781,491</b>            | 8,244     |
| Profit for the period              | <b>6,884,999</b>          | 587,835   |
| <b>Attributable to:</b>            |                           |           |
| Equity shareholders of the Company | <b>6,856,786</b>          | 575,476   |
| Non-controlling interests          | <b>28,213</b>             | 12,359    |

|                                                          | As of<br>June 30,<br>2026 | As of<br>December 31,<br>2025 |
|----------------------------------------------------------|---------------------------|-------------------------------|
|                                                          | (RMB'000)                 | (RMB'000)                     |
| Non-current assets                                       | <b>19,643,444</b>         | 7,971,349                     |
| Current assets                                           | <b>22,761,729</b>         | 13,425,233                    |
| Current liabilities                                      | <b>3,527,161</b>          | 1,947,460                     |
| Net current assets                                       | <b>19,234,568</b>         | 11,477,773                    |
| Total assets less current liabilities                    | <b>38,878,012</b>         | 19,449,122                    |
| Non-current liabilities                                  | <b>1,334,680</b>          | 226,285                       |
| Net assets                                               | <b>37,543,332</b>         | 19,222,837                    |
| Total equity                                             | <b>37,543,332</b>         | 19,222,837                    |
| Total equity attributable to shareholders of the Company | <b>37,283,403</b>         | 19,007,782                    |
| Non-controlling interests                                | <b>259,929</b>            | 215,055                       |



# MANAGEMENT DISCUSSION AND ANALYSIS

## DESCRIPTION OF THE COMPANY'S INDUSTRY AND PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

### Principal Business, Major Products and Their Uses

#### *Principal Business*

The Company's principal business is the research and development, technical support, and sales of memories, micro control units, sensors and analog chips. According to the Industrial Classification for National Economic Activities (GB/T 4754-2017), the Company's industry belongs to "Integrated Circuit Design" (Code: 6520) under the "Software and Information Technology Services" sector. The Company's products are widely used in consumer electronics, automobiles, industrial applications, PCs and servers, IoT, network communications, mobile devices and other fields. At the same time, the Company provides customers with a complete set of systems and solutions, including corresponding algorithms and software.

#### *Major Products and Uses*

The Company continues to promote product diversification and optimize its product matrix. During the Reporting Period, the Company's products mainly included specialty memory products, micro control unit products, sensor products and analog products.

The Company's specialty memory products include flash memory chips (NOR Flash, SLC NAND Flash) and niche dynamic random access memory (DRAM).

- I. NOR Flash is a code-type flash memory chip, primarily used to store code and a small amount of data. NOR Flash allows random access to data and can execute code directly from memory quickly and reliably, thus it is widely used in embedded systems that require frequent and fast access to executable code. The Company's NOR Flash products are widely used in various fields such as industrial, automobiles, consumer electronics, PCs and servers, network communications, IoT and mobile devices.



## MANAGEMENT DISCUSSION AND ANALYSIS

- II. NAND Flash, a data-type flash memory chip, is divided into two main categories: large-capacity NAND Flash, primarily TLC and QLC 3D NAND, with erase/write cycles ranging from hundreds to thousands, mostly used in large-capacity data storage; and small-capacity NAND Flash, mainly SLC NAND and 2D MLC NAND, which offer higher reliability, with SLC NAND achieving erase/write cycles exceeding tens of thousands. The Company's NAND Flash products are SLC NAND, and have achieved full product category coverage in consumer electronics, industrial, automotive electronics, communications, and other fields.
- III. DRAM, or Dynamic Random Access Memory, is currently the most important system memory in the market, occupying a core position in computing systems and widely used in fields such as servers, mobile devices, PCs and consumer electronics. The Company's niche DRAM products include DDR3L/DDR4/LPDDR4X, which feature low power consumption and small size. They are mainly used in various fields such as televisions and projection equipment, network communications, industrial applications, data center infrastructure and smart homes.

The Company's Micro Control Unit (MCU) products focus on 32-bit general-purpose MCU products with ARM® and RISC-V architectures, offering high performance and low power consumption and a high cost-to-performance ratio. The Company's MCU products support a wide range of applications, with typical application scenarios including motion control, energy and electricity, industrial control, network communications, health monitoring, home appliances and in-vehicle equipment.

The Company's sensor products include capacitive touch sensing chips, fingerprint sensors and barometric pressure sensors. The Company's sensor products are widely used in fields such as mobile, computing, consumer electronics, IoT, smart wearables, industrial and automobile.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Company's analog products mainly include power products, motor driver chips, battery management chips and general signal chain products. The Company's general-purpose products achieve broad coverage across the entire industry, while the specialized products precisely meet the customized needs of specific industries, achieving deep implementation in many market segments such as servers, power utilities, home appliances, energy storage, cleaning appliances, light mobility, humanoid robotics, and 3D printers. Suzhou XySemi, the Company's controlling subsidiary, is a leading domestic company in lithium battery protection segments.

### Business Model

As an IC design enterprise, the Company has adopted a Fabless model since its establishment, focusing on integrated circuit design, sales and customer service, while outsourcing wafer fabrication, packaging and testing to specialized wafer foundries, packaging and testing factories. The Company's business model is determined by the inherent attributes of its products. Considering factors such as investment efficiency and operational flexibility, the Company's products are more suited to the Fabless development model. From the perspective of the overall integrated circuit industry chain, integrated circuit design is the R&D and design stage that possesses independent intellectual property rights and embodies core technological content, while product sales constitute the central stage that integrates sales channels and customer resources. Both integrated circuit design and product sales play a core and leading role in the industry chain and are the source of value creation in the IC industry. The Company focuses on integrated circuit R&D, design and product sales, occupying an important position and possessing core competitiveness in the entire industry chain.

From the perspective of sales models, the Company primarily adopts two models: direct sales and distribution. Under the direct sales model, the Company directly enters into sales contracts (orders) with customers and delivers the goods; under the distribution model, the relationship between the Company and distributors is a buyer-seller relationship, and ownership of the products is transferred when distributors purchase the products. Revenue is recognized when the products are delivered to distributors or their designated consignees and duly received, and control of the products is transferred to distributors.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Segments of the Company's Products and Their Positions within the Industry

In the field of memory products:

- I. In terms of NOR Flash products, the global competitive landscape is relatively stable and highly concentrated. According to Omdia data, in the SPI NOR Flash product segment, the top three companies accounted for approximately 62.4% of the total market size in 2025. The Company held a market share of approximately 19.4%, ranking second globally and first in Chinese Mainland.
- II. In terms of SLC NAND Flash products, according to Web-Feet Research data, the Company held a market share of approximately 7.1% in 2025, ranking sixth globally.
- III. In terms of DRAM products, the Company focuses on the niche DRAM market (consumer, industrial, network communication, etc.) and has launched product series such as DDR3L, DDR4, LPDDR4X. In 2024, the global market share of niche DRAM was highly concentrated among leading overseas enterprises in South Korea and the United States, with the Company ranking seventh globally and second in Chinese Mainland by market share. In 2025, the Company remained a leading niche DRAM manufacturer in Chinese Mainland.

In the MCU product segment, the global MCU market share is highly concentrated among major overseas manufacturers. According to Omdia data, the Company ranked seventh among global 32-bit general-purpose MCU manufacturers (excluding smart card chip manufacturers) in 2025, with a market share of approximately 1.7%.

In the sensor product segment, the Company ranked second in Chinese Mainland for fingerprint sensor chip market share in 2024.

### Situation of the Industry in which the Company Operates

According to the World Semiconductor Trade Statistics (WSTS), the global semiconductor market is expected to grow significantly year-on-year in the first half of 2026. The demand for AI computing power is reshaping the industry's demand logic, shifting the industry from being dominated by the traditional consumer electronics inventory cycle to a long-term upturn cycle driven by AI capital expenditure. According to import and export statistics released by the General Administration of Customs in July 2026, the value of domestic integrated circuit exports increased significantly year-on-year from January to June 2026, with cumulative integrated circuit exports for the first six months increasing by approximately 96.1% year-on-year. The integrated circuit export value for June alone reached USD38.21 billion, representing a significant year-on-year increase of 122.2%. From a structural perspective, while the volume of chip exports increased slightly, the significant increase in value was primarily due to the rapid expansion of global AI computing power demand and the continuous upward trend in prices caused by tight memory capacity.

In the memory business segment, the Company's specialty memory chips include NOR Flash, SLC NAND Flash and niche DRAM. In terms of NOR Flash, demand for large-capacity NOR Flash from AI Smartphone, AI PCs, servers and automotive cockpits continues to grow, with the total volume of code constantly increasing. Against the backdrop of relatively tight industry supply, prices have risen moderately. According to Omdia data, global NOR Flash revenue is estimated to be approximately USD5.64 billion in 2026. In terms of SLC NAND Flash products, benefiting from the surge in AI-driven demand, the demand for mainstream 3D NAND (such as eSSD) has increased significantly, prompting major international manufacturers to cut 2D NAND capacity and shift their strategic focus toward 3D NAND. This has created a notable supply gap in 2D NAND market, and the price of SLC NAND Flash remained on an upward trend in the first half of 2026. In 2026, the global market size of SLC NAND Flash is approximately USD3 billion. In terms of DRAM products, the surge in demand from AI servers and other applications has driven a sharp increase in demand for mainstream memory products such as DDR5 and HBM. Leading international companies are accelerating their migration to mainstream products like HBM and DDR5 at new process nodes, abandoning or reducing the production of niche products. The tight supply has led to a significant increase in the prices of niche DRAM. According to Omdia data, the global DRAM market size is projected to be approximately USD522.6 billion in 2026. In 2025, servers, mobile devices (mainly mobile phones and tablets) and personal computers collectively accounted for approximately 91% of the global DRAM downstream application market. The Company's niche DRAM products are primarily supplied to a broad and fragmented downstream market, excluding mobile phones, PCs and servers, including consumer, industrial, network communications and automotive sectors. The niche DRAM market typically accounts for approximately 10% of the overall DRAM market.



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of MCU products, after several years of continuous destocking and a moderate recovery in demand, the first half of 2026 saw a moderate increase in product prices. According to Omdia data, the global revenue of MCUs is estimated to be approximately USD24.6 billion in 2026. The Company holds a leading domestic position in the field of 32-bit MCU products, with automotive-grade, industrial control, digital energy, and white goods markets as the Company's key areas of focus.

In the sensor business, the market size of China's smartphone fingerprint chips is approximately RMB1.8 billion in 2026. In the analog chip business segment, the projected market size in China for power management chips and signal chain chips in 2026 is USD3.37 billion.

### DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE

In the first half of 2026, due to the tight supply in the memory chip industry, both the volume and price of the Company's memory chip products increased, which in turn significantly boosted the profitability of its memory business. MCU products benefited from demand driven by sectors such as industrial, consumer and automotive, also achieving growth in shipment volume. The Company's revenue and profitability quality improved simultaneously, driving a substantial increase in overall operating performance.

During the Reporting Period, the Company's operating performance continued to improve. The Company achieved operating revenue of RMB11.566 billion, representing a year-on-year increase of 178.67%; net profit attributable to shareholders of the listed company amounted to RMB6.857 billion, representing a year-on-year increase of 1,091.50%; and net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss was RMB4.883 billion, representing a year-on-year increase of 796.90%.



## MANAGEMENT DISCUSSION AND ANALYSIS

The following is a summary of the Company's operating performance for the first half of 2026:

### **The Memory Business Continued to Improve, Multiple Business Product Lines Including MCUs Maintaining Strong Momentum**

The Company's revenue from memory chip increased significantly by 245.44% year-on-year. Among these, niche DRAM and SLC NAND Flash achieved high year-on-year growth.

In terms of niche DRAM products, as major overseas manufacturers have withdrawn from the niche DRAM market, the niche market experienced a supply shortage. In the first half of 2026, the Company's DRAM products saw growth in both volume and price, with gross profit margins significantly improving year-on-year. The Company's DDR4 is in full mass production across various niche application fields, with steadily growing shipments, and the self-developed LPDDR4X products are progressing smoothly.

In terms of SLC NAND Flash products, leading international manufacturers have reduced 2D NAND production capacity and shifted their strategic focus to 3D NAND, resulting in a significant supply gap for 2D NAND. Based on its many years of experience in the SLC NAND Flash field, the Company has a relatively comprehensive range of product part numbers (including serial and parallel port products, with capacities covering 1Gb to 8Gb) and has rapidly established a presence in the niche market. In the first half of 2026, the Company's SLC NAND Flash products experienced increases in both volume and price, with a corresponding significant year-on-year increase in gross profit margin. The Company firmly seized market opportunities, actively planned for capacity expansion, and further increased its market share.

In terms of NOR Flash products, in the first half of 2026, sales volume achieved varying degrees of growth across all application areas, while prices also showed a moderate increase, driving a significant year-on-year increase in overall revenue. Good progress was made in the key development areas of industrial and automotive, with revenue and sales volume achieving significant year-on-year growth.



## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of MCU products, the Company continued to strengthen its strategy of deep cultivation in the premium consumer and industrial markets, driving a relatively fast year-on-year growth of 49.07% in revenue for MCU products in the first half of 2026, with revenue from the industrial sector being the largest source of revenue for the Company's MCU products. The Company's ongoing expansion in the automotive sector also achieved good growth in revenue and shipments. During the Reporting Period, the industry was affected by rising upstream packaging and testing and wafer costs, leading to a general increase in MCU product prices. The Company's MCU product prices also began to experience a moderate increase in the second quarter of this year.

In terms of analog chips, the Company's existing analog chip business continued its strong growth momentum. Suzhou XySemi, the Company's controlling subsidiary, also recorded year-on-year growth in revenue and shipment volume.

In terms of sensor chips, the Company's touch-type chips achieved relatively good year-on-year growth in both revenue and sales, while fingerprint chips were affected by the mobile phone market, resulting in a year-on-year decline in both revenue and sales, leading to an overall year-on-year decline in the sensor business revenue.

The Company continues to deeply cultivate the automobile market and deepen its cooperation with domestic and international automakers and Tier 1 suppliers. The cumulative shipments of the Company's automotive-grade Flash have exceeded 450 million units, widely empowering core scenarios such as smart cockpits, autonomous driving and intelligent connectivity; automotive-grade MCUs have also achieved mass shipments of over 10 million units and have been widely validated in applications such as vehicle body, cockpit, connectivity and intelligent driving for multiple mainstream automotive manufacturers.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Diversified Product Portfolio, Continuously Enriching the Product Line

The Company gains insights into industry trends, proactively builds a diversified product portfolio, rapidly responds to customer needs, further enhances customer stickiness, and improves its comprehensive competitiveness and brand influence.

#### *Memory Products*

The Company has for many years been deeply involved in niche markets, with products covering NOR Flash, SLC NAND Flash and niche DRAM, extensively covering fields such as consumer electronics, industrial, communications and automotive electronics.

Regarding NOR Flash, the Company's products cover a capacity range from 512Kb to 2Gb, meeting the demands of different markets and application scenarios. With the development of AI, the demand for NOR Flash products in AI infrastructure is extensive, ranging from hyperscale data centers to edge devices, providing new growth momentum for NOR Flash. During the Reporting Period, the Company's 1.2V ultra-low power SPI NOR Flash GD25UF series achieved full capacity expansion from 8Mb to 256Mb, meeting the differentiated storage demands of diverse application scenarios ranging from high-performance AI computing to low-power battery-powered devices, thereby enhancing AI inference efficiency and system flexibility.

In terms of SLC NAND Flash, the Company's products are based on mature 38nm and 24nm processes, with capacities ranging from 1Gb to 8Gb, offering a relatively comprehensive product portfolio. During the Reporting Period, the Company continued to enrich its product line by launching new 4Gb/8Gb larger capacity products to meet the continuously growing storage demands in various fields such as smart terminals, IoT devices, automotive electronics, and industrial automation.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Company's niche DRAM product portfolio is relatively comprehensive, with DDR4 products having achieved full mass production across various niche application fields. These products are widely used in televisions and projection equipment, network communications, industrial applications, data center infrastructure, smart homes, and other areas. The Company is also further advancing the mass production of new LPDDR4X products and continuing to expand its product categories. The Company's controlling subsidiary, CreMemory Technology, has completed the establishment of its core team, and related customized storage businesses are progressing in an orderly manner, achieving breakthroughs with key clients and projects in various fields such as AI mobile phones, AI PCs and robotics.

Building upon its existing memory products, the Company launched its first GD24CL series EEPROM product with an I<sup>2</sup>C communication interface at the end of the Reporting Period, further enhancing its non-volatile memory product line and providing more competitive storage solutions to the market. At the same time, the Company has commenced the strategic deployment of 2D MLC NAND Flash products, entering the larger-capacity planar NAND market.

### *MCU Products*

The Company's MCU products have successfully achieved mass production, with 79 series and over 800 MCU product models available for the market. During the Reporting Period, the Company continued to enrich its product line and launched a series of new products in response to market demand: a new generation of GD32H7 series ultra-high-performance MCU for servo control, variable frequency drives, digital power supplies, portable electronic products, smart home and other fields; the GD32M53 series products for various motor control application scenarios such as air conditioner outdoor units, air source heat pumps, washing machines/dryers, dishwashers and multi-head induction cookers; the GD32F5HC series products for miniaturization, high performance and high security design requirements in consumer electronics, smart home, industrial control and other fields; and the new GD32E512 and GD32E252 series MCUs specifically for optical modules, covering diverse application scenarios from traditional low-speed to new-generation high-speed optical modules.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Sensor Products*

The Company's fingerprint recognition products have been commercially adopted in multiple flagship, high-end, and mid-range smartphones, utilizing front/rear/side capacitive and optical solutions, making it one of the mainstream solution providers in the market. The Company's touch products cover human-machine interaction fields such as mobile phones, tablets, and smart homes. The Company's high-precision barometric pressure sensors provide solutions for areas such as mobile phones, wearables, and IoT.

### *Analog Products*

The Company's GD30 series of analog chips comprises over 700 models, covering four core product series: power management, motor drive, battery management and general-purpose signal chain. During the Reporting Period, the Company launched three new three-phase brushless motor gate drivers, further expanding its motor driver chip portfolio, and introduced a series of automotive-grade SBCs (System Basis Chips), further enhancing its product matrix in the automotive electronics sector. The analog chip products of Suzhou XySemi, a controlling subsidiary of the Company, have been successfully used in the products and solutions of numerous well-known end customers.

### **Actively Responding to Industry Capacity Shortages and Ensuring Stable Supply for Multiple Product Lines**

In the first half of 2026, against the backdrop of industry growth driven by the expansion of demand across the entire AI value chain, multiple segments on the supply side continued to face pressure. Benefiting from the Company's consistent and steadfast supply chain strategy in recent years, and by establishing deep strategic cooperation with excellent domestic and international suppliers, effective production capacity has been steadily expanded. At the same time, the Company has established a Business Continuity Management (BCM) control system to proactively manage supply chain risks and ensure the stable supply of its core product lines. The Company will continue to rely on its existing digital supply chain foundation, actively build an intelligent supply chain system, support the long-term growth and supply resilience of its various product lines, and solidify the foundation for the Company's overall development.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Practicing Sustainable Development and Comprehensively Enhancing ESG Performance

The Company actively adopts various measures to continuously deepen ESG governance. In the first half of 2026, the Company made significant progress on various key ESG issues, including corporate governance (continuously enhancing the three-tier management structure, comprising the Strategy and Sustainable Development Committee, the ESG Leadership Group, and the ESG Working Group), environment (continuously deepening climate risk management) and social aspects (continuously fostering diversity, equity and inclusion culture building, and public welfare practices). The Company will continue to empower long-term sustainable development through systematic ESG management.

### ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

#### Diversified Business Portfolio and Multi-sector Synergistic Development

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

In addition to its existing product lines of Flash, MCU, niche DRAM, sensor and analog chips, the Company continues to launch EEPROM products and has commenced research and development of MLC NAND Flash products. The Company continues to expand the application fields of its chips, with downstream application scenarios already covering industrial, automotive, consumer electronics (including wearable products, smart watches, TWS earphones, home appliances, etc.), network communications (including wireless routers, base stations, optical modules, etc.), PCs and servers, as well as the IoTs, achieving extensive coverage of product applications.

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

The Company's NOR Flash business ranks second globally and is a mature product line with global competitiveness; the niche DRAM business benefited from an improved competitive landscape and achieved both volume and price increases during the Reporting Period, leveraging its strengths in product competitiveness and customer coverage, with revenue and profit both increasing significantly year-on-year and quarter-on-quarter; the SLC NAND Flash business achieved rapid growth year-on-year and quarter-on-quarter and has become a new growth point for the Company's revenue and profit. Shipment volume of MCU products recorded relatively fast year-on-year growth, and prices also began to rise moderately; The Company's customized memory solutions made smooth progress in customer expansion in several areas, including AI Smartphone, AI PCs, automobiles, and robotics, with some projects expected to achieve mass production in the second half of the year and contribute a certain amount of revenue to the Company.

### *Product Depth and Breadth Continue to Improve*

The Company's SPI NOR Flash achieves full product line coverage from 512Kb to 2Gb, making it the first manufacturer in Chinese Mainland with such coverage capability; its MCU products have successfully achieved mass production for 79 product series and over 800 models, achieving comprehensive coverage of high-performance, mainstream, entry-level, low power, wireless, automotive-grade, and specialized products; its analog products form a product portfolio with over 700 models in the GD30 series and Suzhou XySemi battery management products; and its sensor products provide solutions centered on multi-dimensional sensing and edge intelligence. In the automotive electronics field, the Company's automotive-grade SPI NOR Flash products have fully covered the capacity range from 2Mb to 2Gb, along with a new generation of automotive-grade MCU equipped with an M7 core that can be used in scenarios such as body domain control, body control, and chassis applications.



## MANAGEMENT DISCUSSION AND ANALYSIS

### R&D and Technological Innovation Driving Product Iteration

#### *Continuous Investment in R&D and Technological Innovation*

The Company continues to invest significant resources in R&D. During the Reporting Period, the Company's R&D expenditure was approximately RMB966 million, a year-on-year increase of 40.72%; As of the end of the Reporting Period, the Company filed 88 new patent applications, of which 83 were invention patent applications, accounting for 94%; and obtained 86 granted patents, of which 68 were invention patents, accounting for 79%. The Company had accumulated a total of 1,245 granted patents (1,004 invention patents, accounting for 81%), 354 registered trademarks, 71 integrated circuit layout designs, 54 software copyrights and 12 non-software copyright.

#### *Continuous Advancement of Process Technology*

The Company is one of the first movers to achieve large-scale mass production of 45nm node SPI NOR Flash with a significant improvement in storage density compared to the previous generation, and continues to maintain its technological advantages and market position. NAND Flash currently uses 24nm as its main process technology, with product capacities ranging from 1Gb to 8Gb, offering a relatively comprehensive product portfolio. The niche DRAM product categories already include DDR3L, DDR4, LPDDR4X, etc., and its share in the global niche DRAM market is growing rapidly. The Company's MCU products cover all process nodes including 110nm, 55nm, 40nm and 22nm, with product architectures covering ARM® and RISC-V. The Company is also the first in China to launch high-performance MCU products with an M7 core.

#### *Continuous Expansion of Customized Storage*

The development of AI has put forward new requirements for memory solutions. The Company's controlling subsidiary, CreMemory Technology, keeps abreast of customer needs and actively explores new technologies, new products and new markets, including customized memory solutions, providing customers with solutions tailored to their inference demand in terms of capacity, and power consumption, reshaping the new form of memory. During the Reporting Period, customized memory solutions in pilot projects launched by certain customers confirmed the significant advantages of this technology on the system and application ends, positioning the Company at the forefront of the industry with a first-mover advantage.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Stable and Thriving Global Partnership Ecosystem and Increasingly Deepened Global Presence

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

#### *Large High-Quality Customer Base*

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

#### *Extensive and Deep Supply Chain Collaboration and Service Capabilities*

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

#### *Increasingly Deepened Global Presence*

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Flexible Fabless Asset-Light Business Model Advantages

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

### Experienced Core Management Team With a Global Perspective

The Company's management team possesses extensive industry experience and a global perspective, working collaboratively to drive the Company's strategic vision. The Company's management team members average over 15 years of industry experience, combining diverse professional backgrounds with rich corporate management expertise. They possess profound insights into global industry trends and customer needs. The Company upholds a "pragmatic" spirit and embodies the corporate values and engineering culture of "Excellence, Teamwork, Open Innovation, Goal-Driven, Integrity, Accountability". Prioritizing talent, the Company has established comprehensive systems for training, motivation, and promotion, cultivating a capable and forward-looking management team. The Company's strong cultural foundation and unwavering commitment to mission fulfillment continue to propel it forward with great momentum.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

#### Analysis of Principal Business

#### *Analytical statement of changes in relevant items in the financial statements*

Unit: Yuan    Currency: RMB

| Items                                   | Amount for the<br>current period | Amount for the same<br>period of last year | Change<br>percentage (%) |
|-----------------------------------------|----------------------------------|--------------------------------------------|--------------------------|
| Operating revenue                       | <b>11,565,760,432.15</b>         | 4,150,308,632.88                           | 178.67                   |
| Operating costs                         | <b>4,264,243,719.27</b>          | 2,605,975,689.03                           | 63.63                    |
| Selling expenses                        | <b>308,702,864.67</b>            | 224,352,769.09                             | 37.60                    |
| Administrative expenses                 | <b>403,777,650.87</b>            | 291,990,456.45                             | 38.28                    |
| Finance costs                           | <b>224,389,617.38</b>            | -147,063,510.67                            | N/A                      |
| Research and development expenses       | <b>764,816,831.78</b>            | 567,680,401.92                             | 34.73                    |
| Net cash flow from operating activities | <b>6,048,341,057.06</b>          | 957,820,931.47                             | 531.47                   |
| Net cash flow from investing activities | <b>-5,111,910,128.77</b>         | -1,762,845,214.95                          | N/A                      |
| Net cash flow from financing activities | <b>4,141,844,250.71</b>          | -453,839,322.13                            | N/A                      |

Explanation of changes in operating revenue: During the Reporting Period, the memory chip industry experienced tight supply, and the Company's memory chip products saw both volume and price increases; MCU products benefited from demand drivers in industrial, consumer and automotive sectors, also achieving good growth in shipment scale.



## MANAGEMENT DISCUSSION AND ANALYSIS

Explanation of changes in operating costs: Primarily due to the growth in operating revenue during the Reporting Period.

Explanation of changes in selling expenses: Primarily due to an increase in staff costs during the Reporting Period.

Explanation of changes in administrative expenses: Primarily due to an increase in staff costs during the Reporting Period.

Explanation of changes in finance costs: Primarily due to an increase in exchange losses during the Reporting Period.

Explanation of changes in research and development expenses: Primarily due to an increase in staff costs during the Reporting Period.

Reasons for changes in net cash flow from operating activities: An increase of approximately RMB5.09 billion year-on-year, mainly due to: ① growth of operating results, with net cash inflow from sales receipts and procurement expenditures increasing by approximately RMB5.54 billion; ② an increase of approximately RMB190 million in cash paid for all types of taxes; and ③ an increase of approximately RMB160 million in cash paid to and on behalf of employees.

Explanation of changes in net cash flow from investing activities: A decrease of approximately RMB3.35 billion year-on-year, primarily due to: ① an increase of RMB2.73 billion in cash outflow for cash management products and equity investments; and ② an increase of RMB530 million in cash outflow for the acquisition of fixed assets, intangible assets and other long-term assets.

Explanation of changes in net cash flow from financing activities: An increase of approximately RMB4.60 billion year-on-year, primarily due to: ① the Company's H-share listing, exercise of options, etc. cash received from absorption of investments increased by approximately RMB4.88 billion; and ② cash dividends paid during the Reporting Period increased by approximately RMB310 million as compared to the same period of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Explanation of Significant Changes in Profit due to Non-principal Business

During the Reporting Period, the Company's gain on changes in fair value was RMB2.228 billion, representing an increase of approximately RMB2.221 billion compared to the same period last year. This was primarily due to the increase in the fair value of the Company's securities investments at the end of the Reporting Period. For details, please refer to "Investment in Securities" under "Analysis of Investment Status".

### Analysis of Assets and Liabilities

Unit: Yuan Currency: RMB

| Items                             | Closing balance for the current period | Closing balance for the current period as a percentage of total assets (%) | Closing balance at the end of last year | Closing balance at the end of last year as a percentage of total assets (%) | Change in closing balance from the end of last year (%) | Explanations                                                                                                                                                   |
|-----------------------------------|----------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cash and bank balances            | 16,964,598,373.16                      | 40.01                                                                      | 9,186,269,982.61                        | 42.93                                                                       | 84.67                                                   | It was mainly due to the increase in net cash flow generated from the Company's operating activities and the increase in funds raised from the H share listing |
| Financial assets held for trading | 472,401,818.21                         | 1.11                                                                       | 101,603,129.67                          | 0.47                                                                        | 364.95                                                  | It was mainly due to an increase in investments held for trading such as wealth management products                                                            |
| Bills receivables                 | 1,233,512.92                           | 0.00                                                                       | 6,146,725.10                            | 0.03                                                                        | -79.93                                                  | It was mainly due to the collection of customer notes receivable upon maturity                                                                                 |
| Accounts receivables              | 435,689,503.57                         | 1.03                                                                       | 192,618,022.79                          | 0.90                                                                        | 126.19                                                  | It was primarily attributable to the increase in demand for the Company's products and the increase in sales to credit customers                               |

## MANAGEMENT DISCUSSION AND ANALYSIS

| Items                                  | Closing balance for the current period | Closing balance for the current period as a percentage of total assets (%) | Closing balance at the end of last year | Closing balance at the end of last year as a percentage of total assets (%) | Change in closing balance from the end of last year (%) | Explanations                                                                                                                                                                                      |
|----------------------------------------|----------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inventories                            | 4,184,224,748.31                       | 9.87                                                                       | 3,065,974,388.37                        | 14.33                                                                       | 36.47                                                   | It was mainly due to an increase in the                                                                                                                                                           |
| Accounts payables                      | 1,649,350,170.94                       | 3.89                                                                       | 812,928,595.58                          | 3.80                                                                        | 102.89                                                  | Company's procurement and restocking, resulting in increases in both inventories and accounts payable to suppliers                                                                                |
| Non-current assets due within one year | –                                      | –                                                                          | 313,005,799.04                          | 1.46                                                                        | -100.00                                                 | Prepayments to suppliers for purchases were completed in the current period                                                                                                                       |
| Other current assets                   | 396,944,880.79                         | 0.94                                                                       | 253,607,764.35                          | 1.19                                                                        | 56.52                                                   | It was mainly due to the increase in prepaid taxes and input VAT to be deducted                                                                                                                   |
| Long-term equity investment            | 1,126,519,054.15                       | 2.66                                                                       | 491,210,155.69                          | 2.30                                                                        | 129.34                                                  | It was mainly due to new equity investments in Silicon Innovation, Shanghai Stony Creek GigaDevice Zhixin, Stony Creek Chuangzhi Fund, etc. during the current period                             |
| Investment in other equity instruments | 11,437,360,730.29                      | 26.97                                                                      | 3,594,205,489.31                        | 16.80                                                                       | 218.22                                                  | It was primarily attributable to the increase in the closing fair value of the shares of CXMT held by the Company                                                                                 |
| Other non-current financial assets     | 2,984,128,403.73                       | 7.04                                                                       | 603,451,765.83                          | 2.82                                                                        | 394.51                                                  | It was primarily attributable to the increase in the closing fair value of the equity interests held by the Company in listed companies such as Semight Instruments, Genori Technology and Maxone |

## MANAGEMENT DISCUSSION AND ANALYSIS

| Items                         | Closing balance for the current period | Closing balance for the current period as a percentage of total assets (%) | Closing balance at the end of last year | Closing balance at the end of last year as a percentage of total assets (%) | Change in closing balance from the end of last year (%) | Explanations                                                                                                                                                                                                 |
|-------------------------------|----------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction in progress      | 19,479,834.87                          | 0.05                                                                       | 12,382,353.79                           | 0.06                                                                        | 57.32                                                   | It was mainly due to an increase in office renovation                                                                                                                                                        |
| Development expenditure       | 512,355,608.99                         | 1.21                                                                       | 320,574,809.79                          | 1.50                                                                        | 59.82                                                   | It was mainly due to an increase in capitalized R&D investment for the current period                                                                                                                        |
| Deferred income tax assets    | 446,649,331.50                         | 1.05                                                                       | 285,064,939.77                          | 1.33                                                                        | 56.68                                                   | It was primarily due to an increase in deductible losses of certain subsidiaries and an increase in unrealised profits from intra-group transactions, which led to an increase in deferred income tax assets |
| Other non-current assets      | 484,298,297.56                         | 1.14                                                                       | 168,175,685.78                          | 0.79                                                                        | 187.97                                                  | It was mainly due to the increase in prepayments for equipment purchases                                                                                                                                     |
| Short-term borrowings         | –                                      | –                                                                          | 200,138,722.22                          | 0.94                                                                        | -100.00                                                 | Repayment of short-term borrowings upon maturity                                                                                                                                                             |
| Contract liabilities          | 452,362,115.12                         | 1.07                                                                       | 218,174,401.41                          | 1.02                                                                        | 107.34                                                  | It was mainly due to an increase in prepayments from chip sales contracts                                                                                                                                    |
| Other non-current liabilities | 84,449,547.15                          | 0.20                                                                       | 47,592,574.05                           | 0.22                                                                        | 77.44                                                   | It was primarily due to an increase in prepayments from customized services                                                                                                                                  |

## MANAGEMENT DISCUSSION AND ANALYSIS

| Items                      | Closing balance for the current period | Closing balance for the current period as a percentage of total assets (%) | Closing balance at the end of last year | Closing balance at the end of last year as a percentage of total assets (%) | Change in closing balance from the end of last year (%) | Explanations                                                                                                                                                                                                                                                   |
|----------------------------|----------------------------------------|----------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Staff remuneration payable | 587,815,857.31                         | 1.39                                                                       | 367,902,785.81                          | 1.72                                                                        | 59.77                                                   | It was primarily attributable to operating performance growth during the Reporting Period and an increase in accrued year-end bonuses                                                                                                                          |
| Taxes payable              | 591,320,836.32                         | 1.40                                                                       | 125,287,424.65                          | 0.59                                                                        | 371.97                                                  | It was primarily due to the increase in corporate income tax payable                                                                                                                                                                                           |
| Other current liabilities  | 95,507,641.20                          | 0.23                                                                       | 24,012,532.28                           | 0.11                                                                        | 297.74                                                  | It was primarily due to an increase in the provisions                                                                                                                                                                                                          |
| Long-term payables         | 4,422,606.43                           | 0.01                                                                       | –                                       | –                                                                           | N/A                                                     | It was primarily due to the payables for long-term asset purchases due in more than one year                                                                                                                                                                   |
| Deferred income            | 62,803,699.59                          | 0.15                                                                       | 42,492,679.48                           | 0.20                                                                        | 47.80                                                   | It was primarily due to the increase in government grants relating to assets                                                                                                                                                                                   |
| Deferred tax liabilities   | 1,147,423,982.39                       | 2.71                                                                       | 93,627,951.10                           | 0.44                                                                        | 1,125.51                                                | It was primarily due to the increase in fair value of investment in other equity instruments and other non-current financial assets held by the Company at the end of the period, and the corresponding increase in deferred income tax liabilities recognized |



## MANAGEMENT DISCUSSION AND ANALYSIS

### Analysis of Investment Status

As of June 30, 2026, the Company's external investment balance was approximately RMB16.02 billion, representing an increase of approximately 234.4% from the investment balance of approximately RMB4.79 billion at the beginning of the year. The main investments and changes are as follows:

### Overall Analysis of External Equity Investments

Unit: RMB100 million

| Type of investment                     | June 30, 2026 | December 31, 2025 |
|----------------------------------------|---------------|-------------------|
| Financial assets held for trading      | <b>4.72</b>   | 1.02              |
| Long-term equity investments           | <b>11.27</b>  | 4.91              |
| Investment in other equity instruments | <b>114.37</b> | 35.94             |
| Other non-current financial assets     | <b>29.84</b>  | 6.03              |
| Total                                  | <b>160.20</b> | 47.90             |

For details of investment in subsidiaries, please refer to "Interests in Other Entities" in the "Financial Report"

## MANAGEMENT DISCUSSION AND ANALYSIS

### Investment in Significant Equity

Unit: 0'000 Currency: RMB

| Name of investee company                                                                                             | Principal business        | Whether the target is principally engaged in the investment business | Method of investment | Amount of investment | Proportion of shareholding | Whether to consolidate | Statement item (if applicable) | Sources of funds | Partner (if applicable) | Term of investment | Status as at the balance sheet date | Estimated earnings (if any) | Effect of profit or loss for the current period | Whether involved in any legal actions |
|----------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------------|----------------------|----------------------|----------------------------|------------------------|--------------------------------|------------------|-------------------------|--------------------|-------------------------------------|-----------------------------|-------------------------------------------------|---------------------------------------|
| Shanghai Story Creek GigaDevice Zhixin Venture Capital Partnership (Limited Partnership)<br>(上海石溪兆易智芯創業投資合夥企業(有限合夥)) | Private equity investment | Yes                                                                  | New establishment    | 40,000               | 25.06%                     | No                     | Long-term equity investments   | Own funds        |                         | 8 years            | RMB160 million has been contributed |                             | -25.49                                          | No                                    |
| Total                                                                                                                | /                         | /                                                                    | /                    | 40,000               | /                          | /                      | /                              | /                | /                       | /                  | /                                   |                             | -25.49                                          | /                                     |

### Financial Assets Measured at Fair Value

Unit: Yuan Currency: RMB

| Type of assets                                  | Opening amount   | Profit or loss arising from changes in fair value for the current period | Accumulated changes in fair value included into equity | Provision for impairment for the current period | Amount purchased for the current period | Amount sold/redeemed for the current period | Other changes  | Closing amount    |
|-------------------------------------------------|------------------|--------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------|-----------------------------------------|---------------------------------------------|----------------|-------------------|
| Stocks                                          | 278,450,253.90   | 2,162,838,022.19                                                         | 20,404,240.41                                          | -                                               | 120,955,817.38                          | 14,172,803.96                               | -234,954.00    | 2,575,660,932.79  |
| Wealth management products                      | 101,603,129.67   | 3,644,826.68                                                             | -                                                      | -                                               | 400,706,420.33                          | 34,830,019.00                               | -8,573,282.06  | 462,551,075.62    |
| Other equity investments measured at fair value | 3,919,207,001.24 | 67,025,537.48                                                            | 8,631,248,093.39                                       | -                                               | 157,775,853.75                          | 79,018,129.26                               | -2,761,737.80  | 11,855,678,943.82 |
| Total                                           | 4,299,260,384.81 | 2,233,508,386.35                                                         | 8,651,652,333.80                                       | -                                               | 679,438,091.46                          | 128,020,952.22                              | -11,569,973.86 | 14,893,890,952.23 |

Note: The shares of Atech Automotive (Wuhu) Co., Ltd. (埃泰克汽車電子(蕪湖)有限公司) held by the Company were listed during the Reporting Period, and the opening amount of RMB38,670,000 was transferred from "other equity investments measured at fair value" to "stocks"; "other changes" mainly represents exchange differences on translation of foreign currency financial statements

# MANAGEMENT DISCUSSION AND ANALYSIS

## Investment In Securities

Unit: Yuan Currency: RMB

| Type of securities | Securities code | Securities abbreviation | Initial investment cost | Source of funds | Carrying value at the beginning of the period | Profit or loss arising from changes in fair value for the current period | Accumulated changes in fair value included into equity | Amount purchased for the current period | Amount sold for the current period | Investment gain/loss for the current period | Carrying value at the end of the period | Accounting item                        |
|--------------------|-----------------|-------------------------|-------------------------|-----------------|-----------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------|------------------------------------|---------------------------------------------|-----------------------------------------|----------------------------------------|
| Stocks             | 688220          | ASR                     | 49,999,892.79           | Own funds       | 24,978,372.65                                 | -                                                                        | -12,409,875.99                                         | -                                       | -                                  | -                                           | 37,590,016.80                           | Investment in other equity instruments |
| Stocks             | 688627          | SEICHITECH              | 772,419.13              | Own funds       | 9,703,582.40                                  | -                                                                        | 30,257,865.86                                          | -                                       | -                                  | -                                           | 31,030,284.99                           | Investment in other equity instruments |
| Stocks             | 603293          | ATECH                   | 30,000,000.00           | Own funds       | 38,670,000.00                                 | -                                                                        | 2,556,250.54                                           | 9,996,229.16                            | -                                  | -                                           | 42,552,479.70                           | Investment in other equity instruments |
| Stocks             | 688809          | MaxOne                  | 80,610,607.13           | Own funds       | 205,098,298.85                                | 327,701,495.43                                                           | -                                                      | -                                       | -                                  | -                                           | 532,799,794.28                          | Other non-current financial assets     |
| Stocks             | 688808          | SEMIGHT                 | -                       | Own funds       | -                                             | 1,262,729,936.44                                                         | -                                                      | 53,270,063.56                           | -                                  | -                                           | 1,316,000,000.00                        | Other non-current financial assets     |
| Stocks             | 920186          | SKY                     | -                       | Own funds       | -                                             | 43,762,915.89                                                            | -                                                      | 8,425,455.49                            | -                                  | -                                           | 52,188,371.38                           | Other non-current financial assets     |
| Stocks             | 688797          | GENORI                  | -                       | Own funds       | -                                             | 511,928,071.53                                                           | -                                                      | 41,721,171.52                           | -                                  | -                                           | 553,649,243.05                          | Other non-current financial assets     |
| Stocks             | 01879           | XIZHI TECH-P            | -                       | Own funds       | -                                             | 16,715,602.90                                                            | -                                                      | 7,542,897.65                            | 14,172,803.96                      | 3,118,544.98                                | 9,850,742.59                            | Held-for-trading financial assets      |
| Total              | /               | /                       | 161,382,919.05          | /               | 278,450,253.90                                | 2,162,838,022.19                                                         | 20,404,240.41                                          | 120,955,817.38                          | 14,172,803.96                      | 3,118,544.98                                | 2,575,660,932.79                        | /                                      |



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Investment In Private Funds*

1. In February 2024, the Company, as a limited partner, participated in subscribing for fund units of Stony Creek Chuangzhi Fund with its own funds of RMB300 million, with the committed capital contribution accounting for 30% of the total committed capital contribution of the fund. In July 2024, the Company completed the first installment of its paid-in capital contribution, representing 30% of its total committed capital contribution; in August 2024, Stony Creek Chuangzhi Fund added one new limited partner, and the Company's committed capital contribution ratio consequently changed from 30% to 27.27%; in May 2025, the Company completed the second installment of its paid-in capital contribution, representing 40% of its total committed capital contribution. In January 2026, the Company completed the final installment of its paid-in capital contribution, representing 30% of its total committed capital contribution.
2. In August 2023, the Company, as a limited partner, participated in subscribing for fund units of Infotech (Beijing) Science and Technology Innovation and Venture Capital Fund (Limited Partnership)\* (盈富泰克(北京)科技创新创业投资基金(有限合伙)) (hereinafter referred to as the “**Infotech Venture Capital Fund**”) with its own funds of RMB50 million. The committed capital contribution accounted for 9.43% of the then-raised capital scale. In September 2023, the Company completed the first installment of its paid-in capital contribution, representing 40% of its total committed capital contribution. In January 2024 and April 2024, Infotech Venture Capital Fund added two new limited partners, and the Company's committed capital contribution accounted for approximately 6.85% of the total committed capital contribution. In July 2025, the Company completed the second installment of its paid-in capital contribution, representing 30% of its total committed capital contribution. In June 2026, the Company completed the third installment of its paid-in capital contribution, representing 30% of its total committed capital contribution.



## MANAGEMENT DISCUSSION AND ANALYSIS

3. In March 2026, the Company, as a limited partner, participated in subscribing for fund units of Shanghai Stony Creek GigaDevice Zhixin Venture Capital Partnership (Limited Partnership)\* (上海石溪兆易智芯創業投資合夥企業(有限合夥)) (hereinafter referred to as the “**Stony Creek Zhixin Fund**”) with its own funds of RMB400 million. The committed capital contribution accounted for 25.87% of the then-raised capital scale. In April 2026, Stony Creek Zhixin Fund added one limited partner, and the Company’s committed capital contribution accounted for approximately 25.06% of the total committed capital contribution. In May 2026, the Company completed the first installment of its paid-in capital contribution, representing 40% of its committed capital contribution.
4. In July 2022, the Company, as a limited partner, participated in subscribing for fund units of Beijing Xiaomi Intelligent Manufacturing Equity Investment Fund Partnership (Limited Partnership)\* (北京小米智造股權投資基金合夥企業(有限合夥)) (hereinafter referred to as the “**Xiaomi Intelligent Manufacturing Fund**”) with its own funds of RMB200 million. The committed capital contribution accounted for 3.16% of the initial fundraising size. In August 2022, the Company completed the first installment of its paid-in capital contribution, representing 40% of its committed capital contribution. In March 2023, the Xiaomi Intelligent Manufacturing Fund completed its second fundraising round, adding five new limited partners, with the Company’s committed capital contribution accounting for 2.21% of the total fund size after the second fundraising round. In January 2024, the Company completed the second installment of its paid-in capital contribution, representing 30% of its committed capital contribution. In July 2024, the Xiaomi Intelligent Manufacturing Fund added four new limited partners, and two previously raised partners made additional subscriptions. The Company’s committed capital contribution percentage consequently changed from 2.21% to 2%. In October 2025, the Company completed the final installment of its paid-in capital contribution, representing 30% of its committed capital contribution. In July 2026, the partners’ meeting of Xiaomi Intelligent Manufacturing Fund passed a resolution to extend the fund’s investment period from the first four years to the first five years from the date of the first closing.
5. In July 2026, Beijing Yitang Huachuang Equity Investment Center (Limited Partnership)\* (北京屹唐華創股權投資中心(有限合夥)) (hereinafter referred to as the “**Yitang Huachuang Investment Fund**”) passed a resolution to extend its operating period until August 2, 2027, and the fund manager shall no longer charge management fees to the partners or the partnership during the extended period. The Company, as a limited partner of Yitang Huachuang Investment Fund, made a paid-in capital contribution of RMB100 million, holding an 8.97% interest.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Investments In Derivatives

Unit: 0'000 Currency: RMB

| Type of derivatives investment     | Initial investment amount | Carrying value at the beginning of the period | Profit or loss arising from changes in fair value for the current period | Accumulated changes in fair value included into equity | Amount purchased for the Reporting Period | Amount sold for the Reporting Period | Carrying value at the end of the period | Proportion of carrying value at the end of the period to the Company's net assets at the end of the Reporting Period (%) |
|------------------------------------|---------------------------|-----------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Foreign Exchange Derivatives (USD) | 41,882.10                 | -336.60                                       | -556.33                                                                  | -                                                      | 293,359.00                                | 125,219.30                           | -298.78                                 | -0.01                                                                                                                    |
| Total                              | 41,882.10                 | -336.60                                       | -556.33                                                                  | -                                                      | 293,359.00                                | 125,219.30                           | -298.78                                 | -0.01                                                                                                                    |

Explanations of the accounting policies and specific accounting principles for hedging activities during the Reporting Period, and whether there have been any significant changes compared to the last reporting period

Accounting shall be conducted in accordance with relevant provisions including "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 24 – Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments" and "Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement".  
No major changes.

Explanation of actual profit and loss during the Reporting Period

During the Reporting Period, the Company's actual profit and loss from foreign exchange derivatives amounted to RMB-5.5633 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

|                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Description of hedging effectiveness                                                                                                                                                                                        | The Company conducts foreign exchange derivative transactions based on its specific business operations, with the aim of hedging against and preventing exchange rate risks and reducing risk exposure, which is conducive to enhancing the Company's ability to respond to foreign exchange fluctuation risks and strengthening its financial stability.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Source of funds for derivatives investment                                                                                                                                                                                  | Own funds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Risk analysis of positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) | <p>Risk Analysis of Foreign Exchange Derivatives Trading</p> <p>The Company's foreign exchange derivative transactions adhere to the principles of legality, prudence, safety and effectiveness, and are not for speculative purposes. All foreign exchange derivative transactions are based on normal cross-border business, but there are still certain risks:</p> <ol style="list-style-type: none"><li>1. Exchange Rate Fluctuation Risk: Exchange rate changes are highly uncertain. If the trend of foreign exchange rates deviates significantly from the Company's judgment of the direction of exchange rate fluctuations, the costs incurred by the Company after locking in the exchange rate may exceed the costs incurred if the exchange rate were not locked in, thereby causing losses to the Company;</li><li>2. Performance Risk: The risk arising from the inability of the Company to settle the original foreign exchange contract at the contract price upon its maturity, i.e., the contract cannot be performed upon maturity, due to significant uncontrollable risk events such as operational problems or market failure of the cooperating financial institution, or other circumstances, during the contract term;</li><li>3. Operational Risk: Foreign exchange derivatives trading is highly specialized and complex, and risks may arise due to inadequate internal controls or the skill level of operating personnel.</li></ol> |



## MANAGEMENT DISCUSSION AND ANALYSIS

### Risk Control Measures for Foreign Exchange Derivatives Trading

1. To effectively control risks associated with foreign exchange derivative transactions, the Company has formulated and continuously improved the Management System for Foreign Exchange Hedging Business, which clearly stipulates the approval authority, operating procedures, risk reporting and handling for the Company's foreign exchange derivative transactions, thereby effectively regulating and controlling the conduct and risks of foreign exchange derivative transactions;
2. The Company shall, based on its specific operating businesses and for the purpose of risk aversion, conduct foreign exchange derivative transactions, prohibit speculative and arbitrage trading, and strictly operate in accordance with the provisions of the Management System for Foreign Exchange Hedging Business to control business risks and ensure the effective implementation of the system;
3. The Management System for Foreign Exchange Hedging Business clarifies the specific operating and supervisory departments for foreign exchange derivative transactions. The Company shall strengthen research and analysis of exchange rates, closely monitor changes in the international market environment, and when significant changes occur in the foreign exchange market, promptly report, actively respond and properly handle such changes to minimize exchange losses;
4. To control the risk of transaction default, the Company only conducts foreign exchange derivative transactions with large banks and other financial institutions that possess legal business qualifications, thereby hedging against potential risks.

Changes in market prices or fair value of derivative investments during the Reporting Period (fair value analysis should include measurement methods and related assumptions and parameters)

The Company determines the fair value based on the valuation notice issued by external financial institutions.

Date of announcement of the Board's approval of the derivative investment (if any) March 31, 2026

Note: In the table, "Initial investment amount", "Amount purchased during the Reporting Period" and "Amount sold during the Reporting Period" shall be filled in according to the contract amount (notional principal), while other items shall be filled in according to carrying value (fair value), where "Carrying value at the end of the period" represents the unrealised gain or loss of foreign exchange derivatives not yet settled at the end of the period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Analysis of Major Subsidiaries and Associates

Major subsidiaries and associates accounting for over 10% of the net profit of the Company

Unit: 0'000 Currency: RMB

| Company name                                              | Company type | Principal business                                             | Registered capital | Total assets | Net assets | Operating revenue | Operating profit | Net profit |
|-----------------------------------------------------------|--------------|----------------------------------------------------------------|--------------------|--------------|------------|-------------------|------------------|------------|
| GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司) | Subsidiary   | Outsourced processing and sales of integrated circuit products | US\$6.56 million   | 514,829.40   | 126,481.67 | 527,776.25        | 13,764.67        | 11,769.55  |
| GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)      | Subsidiary   | R&D, design and sales of integrated circuit products           | 4,961.42           | 385,895.82   | 346,131.78 | 222,352.81        | 136,395.50       | 123,680.26 |
| Silead Inc. (上海思立微電子科技有限公司)                               | Subsidiary   | R&D, design and sales of integrated circuit chips              | 16,000.00          | 137,783.60   | 114,085.77 | 68,241.54         | 13,855.12        | 8,661.76   |
| GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司)     | Subsidiary   | Development and sales of integrated circuit products           | 11,000.00          | 115,038.50   | 102,523.45 | 47,893.14         | 14,202.14        | 13,877.32  |
| GigaDevice Semiconductor Singapore PTE. LTD               | Subsidiary   | Development and sales of integrated circuit products           | US\$20 million     | 146,996.96   | 18,145.61  | 321,697.77        | 355.42           | 287.75     |
| XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司)                        | Subsidiary   | R&D, design and sales of integrated circuit chips              | 15,000.00          | 530,291.26   | 370,525.93 | 372,998.23        | 247,847.93       | 212,358.73 |
| GigaDevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司)    | Subsidiary   | Development and sales of integrated circuit technology         | 2,000.00           | 38,598.71    | 31,703.63  | 1,952.97          | -7,707.64        | -5,632.11  |



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Acquisition and disposal of subsidiaries during the Reporting Period*

| Company name                                                                                                     | Methods to acquire and dispose of subsidiaries during the Reporting Period | Impact on overall production, operation and performance |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------|
| Ping An Securities Ping An 30 Private Exclusive No. 8 FOF Single-asset Management Plan (平安證券平安30私享8號FOF單一資產管理計劃) | New establishment                                                          | No significant impact                                   |

### Structured Entities Controlled by the Company

As of June 30, 2026, the Company consolidated 3 structured entities. After comprehensively considering factors such as the investment decision-making right held, exposure to variable returns and the ability to use investment decision-making right to influence variable returns, the Company included the structured entities over which it has control in the scope of its consolidated financial statements. For related content, please refer to “Interests in Other Entities” in the “Financial Report”.

## OTHER DISCLOSURE MATTERS

### Potential Risks

We are exposed to risks arising from macro environment and industry volatility, supply chain, talent attrition, foreign exchange gains and losses, product R&D falling short of expectations, and external mergers and acquisitions integration falling short of expectations in the ordinary course of our business. In addition, the gains or losses arising from changes in the fair value of our securities investments that are included in other non-current financial assets affect non-recurring profit or loss. Furthermore, the aforementioned gains may fluctuate subsequently with changes in the fair value of the securities investments, which also impact the Company’s future net profit.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Macro Environment and Industry Volatility Risk

The semiconductor industry is facing global competition and cooperation, which will be influenced by macro-environmental factors such as domestic and international macroeconomic conditions, industry regulations, and international trade frictions. Concurrently, the semiconductor industry exhibits a degree of cyclical volatility. During the Reporting Period, the memory industry in which the Company operates was in an upward cycle, and product prices increased to varying degrees. Subsequently, if there are changes in the macroeconomic environment, industry cycle, market supply and demand relationship, etc., product prices may fall, which will then have a negative impact on the product selling prices and gross profit margins of the Company's memory business. The Company will continue to fortify its core competitiveness in technology and products, persistently deepening technological pre-research and reserves. By aligning with the developmental characteristics and future trends of the industry, the Company will make arrangements in advance, explore avenues for differentiation, and adjust product and customer portfolios. This strategy enables swift responses to market dynamics, thereby mitigating the impact of macroeconomic and industry fluctuations.

### Supply Chain Risks

The Company's product characteristics render a fabless operating model suitable. Uncertainties and risks exist regarding whether the production capacity of various supply chain segments, including wafer foundries and assembly and testing factories, can adequately meet procurement demands at a reasonable cost. Against the backdrop of the current overall supply shortage in the specialty memory market, there is a risk of further tightening of wafer foundry capacity supply from upstream partners. To mitigate supplier risks, the Company adheres to a development strategy focused on supply chain diversification and resilience management. It has established long-term, robust business relationships with multiple reputable suppliers to accommodate the Company's rapid growth requirements.

### Talent Attrition Risk

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign Exchange Gains and Losses Risk

The Company has a relatively high proportion of overseas sales, which are primarily settled in US Dollars. Significant fluctuations in exchange rates may expose the Company's operations to exchange risk. The Company has formulated the Management System for Foreign Exchange Hedging Business and, in light of its actual circumstances, prudently conducts foreign exchange hedging activities. This approach aims to effectively mitigate foreign exchange market risks, prevent the adverse effects of substantial exchange rate volatility, and control fluctuations in the Company's financial expenses.

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

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

### Risk of External M&A Integration Falling Short of Expectations

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

### LIQUIDITY AND CAPITAL RESOURCES

During the Reporting Period, we financed our operations primarily through cash generated from our operating activities. As of June 30, 2026 and December 31, 2025, we had cash and cash equivalents of RMB13,929.4 million and RMB9,161.9 million, respectively.

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

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

### BANK LOANS

As of June 30, 2026, the Group had no bank borrowings (December 31, 2025: RMB200.1 million). The decrease in bank borrowings was due to repayment upon maturity.

As of June 30, 2026, we had unutilised banking facilities of approximately RMB3,270.6 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CONTINGENT LIABILITIES

As of June 30, 2026, the Group did not have any material contingent liabilities.

### GEARING RATIO

As of the end of the Reporting Period, the Group's gearing ratio (calculated as total liabilities divided by total assets at period end, then multiplied by 100%) was 11.5% (as of December 31, 2025: 10.2%).

### SIGNIFICANT INVESTMENTS

As of June 30, 2026, the Group held significant investments in CXMT, which accounted for more than 5% of the Group's total assets. CXMT is a leading IC manufacturing company with an IDM business model established in June 2016 and headquartered in Hefei, Anhui Province, the PRC, primarily engaged in the research, development, production and sales of DRAM. As of June 30, 2026, the Company held 1,085,672,415 shares or approximately 1.80% of the shares of CXMT, and the corresponding investment cost was RMB2,300.0 million. As of June 30, 2026, the fair value of such investment was RMB10,062.0 million, accounting for 23.7% of the total assets of the Group. For the period ended June 30, 2026, the cumulative fair value changes of such investment recognized in equity was RMB7,762.0 million and dividend income was nil. Through long-term strategic planning, we achieve financial returns while realizing strategic synergies with CXMT.

Save as disclosed above, as of June 30, 2026, we did not hold any significant investments representing 5% or more of the Group's total assets.

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### **FUTURE PLANS FOR CAPITAL ASSET INVESTMENTS**

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

### **PLEDGE OF ASSETS**

As of June 30, 2026, the Group did not have any material pledge of assets.

### **EMPLOYEES**

As of June 30, 2026, we had 2,458 full-time employees, with approximately 97.23% of our employees located in China.

The Company has designed a series of comprehensive training programs to closely align with its strategic direction and talent development objectives. These programs adopt a hybrid learning model combining online and in-person learning formats, aiming to comprehensively enhance employees' job competency, unlock their potential, and strengthen their leadership and overall professional qualities. We continuously optimize our Training Management Policy based on the development needs of our business, emphasizing the in-depth development of internal talent, and are committed to establishing efficient talent cultivation channels to lay a solid foundation for the Company's high-quality development.



## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2026, the Company continued to build a tiered talent development system, achieving full coverage for all employees and managers at all levels. Targeting different groups, we have launched an exclusive curriculum matrix covering three core dimensions: leadership, general capabilities, and professional expertise. Through online and offline integration, we have achieved precise and systematic talent development. Concurrently, a special program for internal instructor coaching and empowerment was launched to promote continuous iteration and upgrading of internal course quality through a professional mentorship mechanism. Leveraging an integrated information platform, the Company effectively integrates internal and external expert resources, deepens the development and application of general courses, continuously enhances the effectiveness of core talent cultivation, actively promotes the establishment of a learning organization, and provides an efficient platform for employees' career development.

None of our employees are represented by a union or collective bargaining agreements. We believe that we have good employment relationships with our employees. From the Listing Date of H Shares up to the end of the Reporting Period, we did not experience any strikes, work stoppages, labor disputes or other actions which had a material adverse effect on our business and operations.

### REMUNERATION POLICY

We provide our employees with certain benefits including social insurance coverage and other employee benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined according to their job positions, technical skills, and job performance and competition.

The Company, based on the Compensation Management System for Directors and Senior Management, reasonably sets the annual performance targets for directors and senior management in line with the Company's strategy and annual business operational goals, continuously reviews and follows up the performance targets in the middle of the year, conducts performance reports at the end of the year based on the performance appraisal targets and actual work completion, and conducts appraisals for directors and senior management. Corresponding incentive applications shall be implemented based on the principle of closely linking appraisal results with compensation incentives. The Remuneration and Appraisal Committee of the Board reviews and supervises the establishment and implementation of the appraisal and incentive mechanism for directors and senior management, and determines the specific remuneration in strict accordance with the Company's established remuneration and performance framework, taking into comprehensive consideration job value, market remuneration levels, and individual performance.

### FUTURE OUTLOOK

In the first half of 2026, all memory products operated by the Company faced a tight supply situation, and prices increased accordingly. While vigorously developing its memory business, the Company also needs to achieve more balanced development across its other product lines, continue to seize industry opportunities, comprehensively increase market share, and strive to further enhance its operating performance, and build a more resilient development model for stable and long-term growth.

#### Building on our existing strengths to continuously increase market share

In terms of Flash products, the Company continues to prioritize market share as its core focus. While consolidating its stronghold in advantageous areas such as consumer electronics, networking communications, and the domestic industrial market, we will continue to increase the market share penetration for NOR Flash in areas including automotive, computing, edge AI, and overseas markets. In terms of DRAM products, the Company will continue to advance customer adoption of products such as DDR4 4Gb/8Gb in key areas including TV, industrial (e.g., power) clients and edge AI, as well as the mass production of LPDDR4X products and the research and development of small-capacity LPDDR5 products. In the customized storage business, the Company will continue to drive products toward mass production in fields such as automotive cockpits, AI PCs, and robotics, contributing a certain scale of revenue. In the new product line, the Company's 256Kb capacity EEPROM has been launched to the market, and market development will continue in 2026, along with further R&D advancement for 128Kb and 512Kb capacity products. At the same time, the Company will advance the R&D of MLC NAND Flash products.

In terms of MCU products, the Company will continue to focus on the industrial, automotive, and white appliances sectors as its primary development directions. In the automotive MCU sector, which has high entry barriers and requires long R&D cycles, the Company will maintain strategic focus, accelerate the pace of product research and development and introduction, and maintain close and strong cooperation with leading domestic and international Tier-1 suppliers and automakers. The Company will also actively seize opportunities presented by localization to increase its market share in the white appliances sector. In 2026, the Company will continue to enhance market development for new products (primarily high-performance MCU such as the H7 and F5 series) and increase their contribution to total revenue. In terms of analog products, the Company will continue to deepen integration with XySemi to achieve expansion of analog product categories, enhancement of the Company's profitability, strengthening of customer stickiness and further improvement of market coverage.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Further advancing high-quality development

At the R&D and technology level, the Company will continuously strive to enhance R&D efficiency and drive the effective transformation of R&D achievements. It will persistently refine foundational technologies, promote technological synergy and innovation efficiency, injecting strong momentum into the Company's development. At the sales level, the Company will continue to advance the transformation of sales professionalism, deeply cultivate industry customers, and build an industry ecosystem. At the supply chain management level, the Company will continuously strengthen its dual-track supply system both domestically and internationally, enhance production capacity resilience, achieve multi-product line synergy and the implementation of digital applications, thereby empowering the Company's business and supply chain partners. At the same time, the Company will leverage various initiatives including enhancing efficiency through AI applications, accelerating product and technology initiatives through mergers and acquisitions, and establishing an evolutionary organization to comprehensively safeguard the Company's steady progress. Additionally, the Company will continue to closely monitor industry development trends and potential market investment opportunities, optimize its industry layout, and enhance its overall competitiveness in the semiconductor field.

### Establishing A+H dual platforms, expanding the Company's international vision for business management, and promoting the Company's steady and sustainable growth

The Company was listed on the Hong Kong Stock Exchange on January 13, 2026. In 2026 and the following years, the Company will continue to advance the phased implementation of the use of proceeds from this offering, thereby promoting the long-term development of the Company's business.



## OTHER INFORMATION

### SHARE INFORMATION

As at June 30, 2026, the total issued share capital of the Company was RMB701,749,599, comprising 701,749,599 shares of nominal value of RMB1.00 each. The share capital structure of the Company as at June 30, 2026 was as follows:

| <b>Class of shares</b> | <b>Number of<br/>shares</b> | <b>Approximately %<br/>of issued share<br/>capital</b> |
|------------------------|-----------------------------|--------------------------------------------------------|
| A Shares               | 668,496,499                 | 95.26%                                                 |
| H Shares               | 33,253,100                  | 4.74%                                                  |
| Total                  | 701,749,599                 | 100.00%                                                |

## OTHER INFORMATION

### CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS OF THE COMPANY

#### Changes in shares

##### *Table of changes in shares*

|                                                   | Before the change |                | Increase/decrease in the current change (+, -) |        |            | After the change |                |
|---------------------------------------------------|-------------------|----------------|------------------------------------------------|--------|------------|------------------|----------------|
|                                                   | Number            | Proportion (%) | Issuance of new shares                         | Others | Subtotal   | Number           | Proportion (%) |
| I. Shares subject to selling restrictions         | 4,565             | 0.00           | 14,394,300                                     | -      | 14,394,300 | 14,398,865       | 2.05           |
| 1. State-owned shares                             | -                 | -              | -                                              | -      | -          | -                | -              |
| 2. Shareholding by state-owned legal persons      | -                 | -              | -                                              | -      | -          | -                | -              |
| 3. Other domestic shareholding                    | 4,565             | 0.00           |                                                |        |            | 4,565            | 0.00           |
| Including: shareholdings                          | -                 | -              | -                                              | -      | -          | -                | -              |
| by domestic non-state-owned legal persons         |                   |                |                                                |        |            |                  |                |
| shareholdings by domestic natural persons         | 4,565             | 0.00           | -                                              | -      | -          | 4,565            | 0.00           |
| 4. Foreign shareholding                           | -                 | -              | 14,394,300                                     | -      | 14,394,300 | 14,394,300       | 2.05           |
| Including: shareholding by overseas legal persons | -                 | -              | 14,394,300                                     | -      | 14,394,300 | 14,394,300       | 2.05           |
| shareholding by overseas natural persons          | -                 | -              | -                                              | -      | -          | -                | -              |
| II. Shares not subject to selling restrictions    | 667,844,786       | 100.00         | 19,505,948                                     | -      | 19,505,948 | 687,350,734      | 97.95          |
| 1. RMB ordinary shares                            | 667,844,786       | 100.00         | 647,148                                        | -      | 647,148    | 668,491,934      | 95.26          |
| 2. Domestic listed foreign shares                 | -                 | -              | -                                              | -      | -          | -                | -              |
| 3. Overseas listed foreign shares                 | -                 | -              | 18,858,800                                     | -      | 18,858,800 | 18,858,800       | 2.69           |
| 4. Others                                         | -                 | -              | -                                              | -      | -          | -                | -              |
| III. Total number of shares                       | 667,849,351       | 100.00         | 33,900,248                                     | -      | 33,900,248 | 701,749,599      | 100.00         |

### *Description of changes in shares*

1. On January 13, 2026, 28,915,800 H Shares of the Company (prior to the exercise of the over-allotment option) were listed and traded on the Main Board of the Hong Kong Stock Exchange. On February 11, 2026, an additional 4,337,300 H Shares of the Company issued upon the full exercise of the over-allotment option were listed and traded on the Main Board of the Hong Kong Stock Exchange, and the Company's H Shares increased from 28,915,800 shares to 33,253,100 shares. Of these, 14,394,300 shares are held by cornerstone investors, and the lock-up period ended on July 12, 2026 in accordance with the relevant cornerstone investment agreements.
2. On June 16, 2026, the Company received the transfer and registration certificate for the shares exercised for the second exercise period under the 2024 Stock Option Incentive Plan. The number of shares exercised was 1,250,168 shares, of which 647,148 shares were A ordinary shares of the Company issued to the targets of the incentives through a targeted issuance, increasing the Company's A Shares from 667,849,351 shares to 668,496,499 shares; and 603,020 shares were A ordinary shares of the Company repurchased from the secondary market, which were not subject to selling restrictions before and after the exercise and did not affect the Company's total share capital.

## OTHER INFORMATION

### Changes in shares subject to selling restrictions

| Name of shareholder                                                                                   | Number of restricted shares at the beginning of the period | Number of the release of restricted shares during the Reporting Period | Number of the increase in restricted shares during the Reporting Period | Number of restricted shares at the end of the Reporting Period | Reason for the selling restrictions                                                                                                                                                                                                    | Date of release from the selling restrictions |
|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| HKSCC NOMINEES LIMITED                                                                                | -                                                          | -                                                                      | 14,394,300                                                              | 14,394,300                                                     | As cornerstone investors, they participated in subscribing for the Company's Hong Kong initial public offering shares, and the lock-up period ended on July 12, 2026 in accordance with the relevant cornerstone investment agreements | July 13, 2026                                 |
| Management and core and backbone personnel under the 2021 Restricted Share Incentive Plan (6 persons) | 4,565                                                      | -                                                                      | -                                                                       | 4,565                                                          | Equity Incentive Plan                                                                                                                                                                                                                  | /                                             |
| Total                                                                                                 | 4,565                                                      | -                                                                      | 14,394,300                                                              | 14,398,865                                                     | /                                                                                                                                                                                                                                      | /                                             |

1. On January 13, 2026, 28,915,800 H Shares of the Company (prior to the exercise of the over-allotment option) were listed and traded on the Main Board of the Hong Kong Stock Exchange. Of these, 14,394,300 shares are held by cornerstone investors, and the lock-up period ended on July 12, 2026 in accordance with the relevant cornerstone investment agreements.
2. 4,565 restricted shares at the beginning of the period under the 2021 Restricted Share Incentive Plan of the Company were repurchased and cancelled by the Company on July 9, 2026, due to the resignation of the targets of the incentives and failure to meet the conditions for releasing the selling restrictions.

## PARTICULARS OF SHAREHOLDERS

### Total number of Shareholders

As of the end of the Reporting Period, the total number of ordinary Shareholders of the Company was 360,261, of which the total number of A Shareholders was 360,259 and the total number of H Shareholders was 2.

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

Unit: Share

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

| Name of shareholder<br>(Full name)                                                                                                                                                                   | Increase or<br>decrease<br>during the<br>Reporting<br>Period | Number of<br>Shares held at<br>the end of the<br>period | Proportion (%) | Number of<br>shares subject<br>to selling<br>restrictions | Shares pledged,<br>marked or frozen |         | Nature of shares        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|----------------|-----------------------------------------------------------|-------------------------------------|---------|-------------------------|
|                                                                                                                                                                                                      |                                                              |                                                         |                |                                                           | Status of<br>shares                 | Number  |                         |
| Hong Kong Securities Clearing<br>Company Limited                                                                                                                                                     | -3,168,645                                                   | 38,161,725                                              | 5.44           | -                                                         | Nil                                 | -       | Overseas legal person   |
| Zhu Yiming                                                                                                                                                                                           | -11,110,637                                                  | 34,647,376                                              | 4.94           | -                                                         | Nil                                 | -       | Domestic natural person |
| HKSCC NOMINEES LIMITED                                                                                                                                                                               | 33,253,060                                                   | 33,253,060                                              | 4.74           | 14,394,300                                                | Unknown                             | Unknown | Overseas legal person   |
| Ge Weidong                                                                                                                                                                                           | -580,000                                                     | 16,446,669                                              | 2.34           | -                                                         | Nil                                 | -       | Overseas natural person |
| InfoGrid Limited                                                                                                                                                                                     | -                                                            | 13,053,500                                              | 1.86           | -                                                         | Nil                                 | -       | Overseas legal person   |
| Wang Ping                                                                                                                                                                                            | 1,049,200                                                    | 8,605,882                                               | 1.23           | -                                                         | Nil                                 | -       | Overseas natural person |
| China Construction Bank<br>Corporation – ChinaAMC CNI<br>Semiconductor Wafer Exchange<br>Traded Funds (中國建設銀行<br>股份有限公司－華夏國證半<br>導體芯片交易型開放式指數<br>證券投資基金)                                             | -2,918,992                                                   | 5,042,465                                               | 0.72           | -                                                         | Nil                                 | -       | Others                  |
| Chen Wensi                                                                                                                                                                                           | 4,505,777                                                    | 4,505,777                                               | 0.64           | -                                                         | Nil                                 | -       | Domestic natural person |
| Shanghai Jueshuo Asset<br>Management Center (Limited<br>Partnership) – Jueshuo Jingfan<br>Multi-Strategy No. 1 Private<br>Securities Investment Fund<br>(上海珏朔資產管理中心<br>(有限合夥)－珏朔驚帆多策<br>略一號私募證券投資基金) | 1,067,300                                                    | 4,289,700                                               | 0.61           | -                                                         | Nil                                 | -       | Others                  |
| Feng Wenyan                                                                                                                                                                                          | 3,700,726                                                    | 3,700,726                                               | 0.53           | -                                                         | Nil                                 | -       | Domestic natural person |

## OTHER INFORMATION

### Shareholding of top ten Shareholders not subject to selling restrictions (excluding shares lent under the refinancing and securities lending arrangement)

| Name of shareholder                                                                                                                                                                            | Number of circulation<br>shares not subject to<br>selling restrictions                                                                                                                                                                                                                                                                                                                    | Class and number of shares     |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------|
|                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                           | Class                          | Number     |
| Hong Kong Securities Clearing Company Limited                                                                                                                                                  | 38,161,725                                                                                                                                                                                                                                                                                                                                                                                | RMB ordinary shares            | 38,161,725 |
| Zhu Yiming                                                                                                                                                                                     | 34,647,376                                                                                                                                                                                                                                                                                                                                                                                | RMB ordinary shares            | 34,647,376 |
| HKSCC NOMINEES LIMITED                                                                                                                                                                         | 18,858,760                                                                                                                                                                                                                                                                                                                                                                                | Overseas listed foreign shares | 18,858,760 |
| Ge Weidong                                                                                                                                                                                     | 16,446,669                                                                                                                                                                                                                                                                                                                                                                                | RMB ordinary shares            | 16,446,669 |
| InfoGrid Limited                                                                                                                                                                               | 13,053,500                                                                                                                                                                                                                                                                                                                                                                                | RMB ordinary shares            | 13,053,500 |
| Wang Ping                                                                                                                                                                                      | 8,605,882                                                                                                                                                                                                                                                                                                                                                                                 | RMB ordinary shares            | 8,605,882  |
| China Construction Bank Corporation – ChinaAMC<br>CNI Semiconductor Wafer Exchange Traded<br>Funds (中國建設銀行股份有限公司－華夏<br>國證半導體芯片交易型開放式指數證券投<br>資基金)                                              | 5,042,465                                                                                                                                                                                                                                                                                                                                                                                 | RMB ordinary shares            | 5,042,465  |
| Chen Wensi                                                                                                                                                                                     | 4,505,777                                                                                                                                                                                                                                                                                                                                                                                 | RMB ordinary shares            | 4,505,777  |
| Shanghai Jueshuo Asset Management Center<br>(Limited Partnership) – Jueshuo Jingfan<br>Multi-Strategy No. 1 Private Securities<br>Investment Fund (上海珏朔資產管理中心<br>(有限合夥)－珏朔驚帆多策略一號私募證<br>券投資基金) | 4,289,700                                                                                                                                                                                                                                                                                                                                                                                 | RMB ordinary shares            | 4,289,700  |
| Feng Wenyuan                                                                                                                                                                                   | 3,700,726                                                                                                                                                                                                                                                                                                                                                                                 | RMB ordinary shares            | 3,700,726  |
| Description of the related relationship of the above<br>Shareholders or the parties acting in concert                                                                                          | Zhu Yiming and InfoGrid Limited are parties acting in concert. Ge Weidong and Wang Ping are parties acting in concert. In addition, the Company is not aware whether there exists any related relationship among the above Shareholders or whether they are parties acting in concert as defined in the Measures for the Administration of the Takeover of Listed Companies 《上市公司收購管理辦法》. |                                |            |

Note: HKSCC NOMINEES LIMITED, a Shareholder, holds H Shares of the Company, of which 14,394,300 shares are held by cornerstone investors, and the lock-up period ended on July 12, 2026 in accordance with the relevant cornerstone investment agreements.

## OTHER INFORMATION

### *Number of shareholding of top ten Shareholders subject to selling restrictions and conditions for selling restrictions*

Unit: Share

| No.                                                                                                | Name of shareholders subject to selling restrictions                                                  | Number of shares subject to selling restrictions held | Shares subject to selling restrictions available for listing and trading |                                                               | Conditions for selling restrictions                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                    |                                                                                                       |                                                       | Time available for listing and trading                                   | Number of additional shares available for listing and trading |                                                                                                                                                                                                                                         |
| 1                                                                                                  | HKSCC NOMINEES LIMITED                                                                                | 14,394,300                                            | July 13, 2026                                                            | —                                                             | As cornerstone investors, they participated in subscribing for the Company's Hong Kong initial public offering shares, and the lock-up period ended on July 12, 2026 in accordance with the relevant cornerstone investment agreements. |
| 2                                                                                                  | Management and core and backbone personnel under the 2021 Restricted Share Incentive Plan (6 persons) | 4,565                                                 |                                                                          | —                                                             | The Company repurchased and cancelled on July 9, 2026, due to the resignation of the targets of the incentives and failure to meet the conditions for releasing the selling restrictions.                                               |
| Description of the related relationship of the above Shareholders or the parties acting in concert |                                                                                                       | Not applicable                                        |                                                                          | —                                                             |                                                                                                                                                                                                                                         |

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2026, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required 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/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Interests in the Company

| Name                        | Nature of interest                       | Number of<br>Shares or underlying<br>Shares held <sup>1</sup> | Approximately<br>% of the relevant<br>class of<br>Shares held <sup>2</sup> | Approximate<br>% of the total<br>issued Share<br>capital of the<br>Company held <sup>2</sup> |
|-----------------------------|------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Mr. Zhu Yiming <sup>3</sup> | Beneficial owner                         | 34,647,376 A Shares                                           | 5.18%                                                                      | 4.94%                                                                                        |
|                             | Interest held jointly with other persons | 13,053,500 A Shares                                           | 1.95%                                                                      | 1.86%                                                                                        |
| Mr. He Wei <sup>4</sup>     | Beneficial owner                         | 285,427 A Shares                                              | 0.04%                                                                      | 0.04%                                                                                        |
|                             | Interests in controlled corporations     | 267,520 A Shares                                              | 0.04%                                                                      | 0.04%                                                                                        |
| Mr. Hu Hong <sup>5</sup>    | Beneficial owner                         | 1,462,325 A Shares                                            | 0.22%                                                                      | 0.21%                                                                                        |

Notes:

- All interests shown are long positions.
- As at June 30, 2026, the total number of issued Shares of the Company was 701,749,599, comprising 668,496,499 A Shares and 33,253,100 H Shares.
- InfoGrid Limited has issued the Acting-in-Concert Undertaking. By virtue of the SFO, Mr. Zhu Yiming and InfoGrid Limited are deemed to be interested in the Shares held by each other.

## OTHER INFORMATION

4. As of June 30, 2026, Mr. He Wei had interests in the following Shares: (i) 218,287 A Shares held by him; (ii) 67,140 unexercised stock options granted to him under the 2024 Stock Option Incentive Plan entitling him to receive 67,140 A Shares subject to vesting; and (iii) 267,520 A Shares held by Tianjin Yourong Hengtong Technology Development Center (Limited Partnership) (天津友容恒通科技發展中心(有限合夥)), in which Mr. He Wei, as a limited partner holding more than one-third of the partnership interests, is deemed to be interested in the 267,520 A shares of the Company held by such partnership.
5. As of June 30, 2026, Mr. Hu Hong had interests in the following Shares: (i) 605,165 A Shares held by him; and (ii) 857,160 unexercised stock options granted to him under the 2024 Stock Option Incentive Plan entitling him to receive 857,160 A Shares subject to vesting.

### Interests in the associated corporations of the Company

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

Notes:

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

Save as disclosed above, as at June 30, 2026, none of the Directors and the chief executive of the Company had or was deemed to have any interests and/or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required 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/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

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

As at June 30, 2026, so far as is known to any Director, the following persons (other than the Directors and chief executive of the Company) had or would be deemed or taken to have interests and/or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO and which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital of the Company (carrying voting rights at Shareholders' meetings of any other member of the Company):

| Name of shareholder                                                  | Nature of interest                       | Number and description of Shares or underlying Shares held | Long position/ short position | Approximate % of shareholding in relevant class of Shares <sup>1</sup> | Approximate % of shareholding interests in total issued share capital of the Company <sup>1</sup> |
|----------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                                                      |                                          |                                                            |                               |                                                                        |                                                                                                   |
| InfoGrid Limited <sup>2</sup>                                        | Beneficial owner                         | 13,053,500 A Shares                                        | Long position                 | 1.95%                                                                  | 1.86%                                                                                             |
|                                                                      | Interest held jointly with other persons | 34,647,376 A Shares                                        | Long position                 | 5.18%                                                                  | 4.94%                                                                                             |
| Huatai Securities Co., Ltd. <sup>3</sup>                             | Interests in controlled corporations     | 2,655,500 H Shares                                         | Long position                 | 7.98%                                                                  | 0.38%                                                                                             |
|                                                                      |                                          | 2,594,100 H Shares                                         | Short position                | 7.80%                                                                  | 0.37%                                                                                             |
| Huatai International Financial Holdings Company Limited <sup>3</sup> | Interests in controlled corporations     | 2,655,500 H Shares                                         | Long position                 | 7.98%                                                                  | 0.38%                                                                                             |
|                                                                      |                                          | 2,594,100 H Shares                                         | Short position                | 7.80%                                                                  | 0.37%                                                                                             |
| Huatai Capital Investment Limited <sup>3</sup>                       | Beneficial owner                         | 2,648,100 H Shares                                         | Long position                 | 7.96%                                                                  | 0.38%                                                                                             |
|                                                                      |                                          | 2,594,100 H Shares                                         | Short position                | 7.80%                                                                  | 0.37%                                                                                             |

Notes:

- As at June 30, 2026, the total number of issued Shares of the Company was 701,749,599, comprising 668,496,499 A Shares and 33,253,100 H Shares.
- InfoGrid Limited has issued the Acting-in-Concert Undertaking. By virtue of the SFO, Mr. Zhu Yiming and InfoGrid Limited are deemed to be interested in the Shares held by each other.

3. Huatai Securities Co., Ltd. indirectly holds 100% interest in Huatai International Financial Holdings Company Limited. Huatai International Financial Holdings Company Limited directly holds 100% interest in Huatai Financial Holdings (Hong Kong) Limited and directly holds 100% interest in Huatai Capital Investment Limited. Huatai Financial Holdings (Hong Kong) Limited holds 7,400 H Shares (long position) of the Company, and Huatai Capital Investment Limited holds 2,648,100 H Shares (long position) and 2,594,100 H Shares (short position) of the Company. Accordingly, Huatai International Financial Holdings Company Limited and Huatai Securities Co., Ltd. are deemed to be interested in the aggregate of 2,655,500 H Shares (long position) and 2,594,100 H Shares (short position) of the Company held by Huatai Financial Holdings (Hong Kong) Limited and Huatai Capital Investment Limited.

Save as disclosed above, so far as is known to the Company, as at June 30, 2026, there was no other person (other than the Directors and chief executive of the Company) who had an interest and/or short position in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO and which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section headed “A Share Equity Incentive Plans”, neither the Company nor any of its subsidiaries entered into any arrangement during the six months ended June 30, 2026 that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended June 30, 2026, 37 targets of the incentives exercised a total of 1,250,168 stock options under the Company’s 2024 Stock Option Incentive Plan at an exercise price of RMB58.09 per share. In this regard, the Company issued 647,148 A Shares to such targets of the incentives by way of targeted issuance, which portion of shares has been listed for trading on June 23, 2026; and transferred 603,020 A treasury shares held in the dedicated securities account for repurchase to such targets of the incentives, with the transfer registration for this portion of shares completed on June 12, 2026. For details, please refer to the Company’s overseas regulatory announcement dated June 16, 2026. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including the sale or transfer of treasury shares).

As of June 30, 2026, the Company did not hold any treasury shares.

### **SUFFICIENT PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at June 30, 2026, the Company has maintained the prescribed public float under Rule 19A.28B(2) of the Listing Rules.

## OTHER INFORMATION

### USES OF PROCEEDS

#### Uses of Proceeds from H Shares

The Company was listed on the Main Board of the Stock Exchange on January 13, 2026 and issued 33,253,100 H Shares at an Offer Price of HK\$162.00 per share (including 4,337,300 H Shares allotted and issued upon the full exercise of the Over-allotment Option), with a par value of RMB1.00 per H Share and an aggregate par value of RMB33,253,100. The gross proceeds from the Global Offering amounted to approximately HK\$5,387.0 million, and the net proceeds from the Listing amounted to approximately HK\$5,307.9 million after deducting underwriting commissions, fees and other expenses in connection with the Global Offering, representing a net price of approximately HK\$159.62 per H Share. The proceeds from the Listing will be utilised in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, as follows:

| Items                                                                                                                                                | Percentage | Amount for relevant purposes (HK\$ million) | Amount utilised during the period from the Listing Date of H Shares up to the end of the Reporting Period (HK\$ million) | Amount unutilised as of the end of the Reporting Period (HK\$ million) | Expected timetable for full utilisation of the unutilised amount <sup>Note</sup> |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| For continuous enhancement of R&D capabilities                                                                                                       | 40.0%      | 2,123.2                                     | 192.3                                                                                                                    | 1,930.9                                                                | Before the end of 2030                                                           |
| For strategic industry-related investments and acquisitions                                                                                          | 35.0%      | 1,857.8                                     | 614.5                                                                                                                    | 1,243.3                                                                | Before the end of 2030                                                           |
| For global strategic expansion and strengthening of the Company's global influence, including strengthening the global marketing and service network | 9.0%       | 477.7                                       | 38.6                                                                                                                     | 439.1                                                                  | Before the end of 2030                                                           |
| For improvement of operational efficiency                                                                                                            | 6.0%       | 318.5                                       | 0.2                                                                                                                      | 318.3                                                                  | Before the end of 2030                                                           |
| For working capital and other general corporate purposes                                                                                             | 10.0%      | 530.7                                       | 351.4                                                                                                                    | 179.3                                                                  | Before the end of 2030                                                           |
| Total                                                                                                                                                | 100.0%     | 5,307.9                                     | 1,197.0                                                                                                                  | 4,110.9                                                                |                                                                                  |

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

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

### Use of Proceeds from A Shares

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

## OTHER INFORMATION

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

Unit: RMB

| Project name                                                  | Nature of project | Whether it is a promised investment project in the A-share Prospectus | Whether it changed                                                                                     | Difference between the committed investment amount and the planned amount from the proceeds for in-progress projects at the beginning of 2026 |                  | Amount invested during the year | Accumulated amount invested as of the end of the Reporting Period | Cumulative investment progress as of the end of the Reporting Period (%) | Date of the projects becoming ready for intended use | The effectiveness achieved during the year | The achieved effectiveness/ R&D results of the project     |
|---------------------------------------------------------------|-------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------|------------------------------------------------------------|
|                                                               |                   |                                                                       |                                                                                                        | Total planned investment amount from the proceeds                                                                                             |                  |                                 |                                                                   |                                                                          |                                                      |                                            |                                                            |
| DRAM Chip R&D and Industrialization Project                   | R&D               | Yes                                                                   | Yes, the project has not been cancelled; the total amount of proceeds to be invested has been adjusted | 2,824,137,468.04                                                                                                                              | 1,801,243,004.93 | 509,800,427.51                  | 1,532,694,890.62                                                  | 54.27                                                                    | December 2028                                        | 2,450,602,704.05                           | Several projects of DDR3 and DDR4 achieved mass production |
| Automotive Electronics Chip R&D and Industrialization Project | R&D               | No                                                                    | Yes, a new project                                                                                     | 706,441,198.10                                                                                                                                | 663,054,271.52   | 113,573,722.03                  | 156,960,648.61                                                    | 22.22                                                                    | December 2028                                        | Construction phase                         | Construction phase                                         |
| Replenishment of liquidity 1                                  | Others            | Yes                                                                   | No                                                                                                     | 960,415,094.34                                                                                                                                | /                | -                               | 960,503,340.18                                                    | 100.01                                                                   | /                                                    | /                                          | /                                                          |
| Replenishment of liquidity 2                                  | Others            | No                                                                    | Yes, a new project                                                                                     | 205,399,215.92                                                                                                                                | /                | -                               | 205,399,215.92                                                    | 100.00                                                                   | /                                                    | /                                          | /                                                          |
| Total                                                         | /                 | /                                                                     | /                                                                                                      | 4,696,392,976.40                                                                                                                              | 2,464,297,276.45 | 623,374,149.54                  | 2,855,558,095.33                                                  | /                                                                        | /                                                    | 2,450,602,704.05                           | /                                                          |

Note: The difference between the adjusted total investment amount and the total investment amount committed from the proceeds is the reinvestment of interest income from the proceeds.

## A SHARE EQUITY INCENTIVE PLANS

During the Reporting Period, the Company's existing equity incentive plans include the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2021 Restricted Share Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan. The Equity Incentive Plans do not involve any grant of stock options or restricted shares by the Company upon the listing of the H Shares. Accordingly, the terms of the Equity Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules.

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

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

## Outstanding Stock Options

As at the end of the Reporting Period, the number of A Shares underlying the outstanding stock options granted under the Stock Option Incentive Plans as resolved by the Board was 8,361,618, representing approximately 1.19% of the total issued Shares (excluding treasury shares). No consideration is required for the grant.

## OTHER INFORMATION

The following table sets forth details of outstanding stock options granted to the Directors, senior management and other employees of the Company under the Stock Option Incentive Plans as at the end of the Reporting Period:

| Name                                                                     | Positions                                                            | Stock Option Incentive Plan      | Date of Grants (Registration) | Vesting period | Number of Grants (Registrations) | Outstanding as of January 1, 2026 | Granted during the Reporting Period | Vested during the Reporting Period | Cancelled during the Reporting Period | Lapsed during the Reporting Period | Outstanding as of June 30, 2026 |
|--------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------|-------------------------------|----------------|----------------------------------|-----------------------------------|-------------------------------------|------------------------------------|---------------------------------------|------------------------------------|---------------------------------|
| Directors and senior management                                          |                                                                      |                                  |                               |                |                                  |                                   |                                     |                                    |                                       |                                    |                                 |
| Mr. He Wei                                                               | Executive Director, deputy chairman of the Board and general manager | 2024 Stock Option Incentive Plan | June 3, 2024                  | Note 1         | 111,900                          | 89,520                            | –                                   | 22,380                             | –                                     | –                                  | 67,140                          |
| Mr. Hu Hong                                                              | Executive Director and deputy general manager                        | 2024 Stock Option Incentive Plan | June 3, 2024                  | Note 1         | 1,428,600                        | 1,142,880                         | –                                   | 285,720                            | –                                     | –                                  | 857,160                         |
| Ms. Sun Guijing                                                          | Deputy general manager and chief financial officer                   | 2024 Stock Option Incentive Plan | June 3, 2024                  | Note 1         | 335,700                          | 268,560                           | –                                   | 67,140                             | –                                     | –                                  | 201,420                         |
| Mr. Li Baokui                                                            | Deputy general manager                                               | 2024 Stock Option Incentive Plan | June 3, 2024                  | Note 1         | 468,800                          | 375,040                           | –                                   | 93,760                             | –                                     | –                                  | 281,280                         |
|                                                                          |                                                                      | 2020 Stock Option Incentive Plan | February 23, 2021             | Note 3         | 78,400                           | –                                 | –                                   | –                                  | 19,600                                | –                                  | –                               |
| Other grantees                                                           |                                                                      |                                  |                               |                |                                  |                                   |                                     |                                    |                                       |                                    |                                 |
| Other grantees other than directors and senior management of the Company |                                                                      | 2024 Stock Option Incentive Plan | June 3, 2024                  | Note 1         | 4,436,400                        | 3,310,960                         | –                                   | 781,168                            | 65,532                                | –                                  | 2,483,220                       |
|                                                                          |                                                                      | 2023 Stock Option Incentive Plan | August 21, 2023               | Note 2         | 10,743,800                       | 4,612,027                         | –                                   | –                                  | 522,709                               | 49,538                             | 4,471,398                       |
|                                                                          |                                                                      | 2021 Stock Option Incentive Plan | September 1, 2021             | Note 2         | 3,104,830                        | –                                 | –                                   | –                                  | 50,810                                | –                                  | –                               |
|                                                                          |                                                                      | 2020 Stock Option Incentive Plan | February 23, 2021             | Note 3         | 3,248,000                        | –                                 | –                                   | –                                  | 17,834                                | –                                  | –                               |
| Total                                                                    | /                                                                    | /                                |                               |                | 23,956,430                       | 9,798,987                         | –                                   | 1,250,168                          | 676,485                               | 49,538                             | 8,361,618                       |

Notes:

1. Under the 2024 Stock Option Incentive Plan, the stock options are vested in tranches of 20%, 20%, 30% and 30% in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.
2. Under the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan, the stock options are vested in tranches of 25% in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.
3. Under the 2020 Stock Option Incentive Plan, the stock options are vested in tranches of 25% in each of the four vesting periods that occur between (i) the first trading date after 13 months from the date of registration and the last trading day up to 25 months from the date of registration, (ii) the first trading date after 25 months from the date of registration and the last trading day up to 37 months from the date of registration, (iii) the first trading date after 37 months from the date of registration and the last trading day up to 49 months from the date of registration, and (iv) the first trading date after 49 months from the date of registration and the last trading day up to 61 months from the date of registration, respectively.

During the Reporting Period, a total of 1,250,168 stock options were exercised, being the 1,250,168 stock options exercised under the 2024 Stock Option Incentive Plan, with an exercise price of RMB58.09 per share. The weighted average closing price of the Shares immediately before the date of exercise of the stock options was RMB483.5 per share.

The exercise price of the 2024 Stock Option Incentive Plan was RMB58.09 per share; the exercise price of the 2023 Stock Option Incentive Plan was RMB85.38 per share; the exercise price of the 2021 Stock Option Incentive Plan was RMB185.94 per share; the exercise price of the 2020 Stock Option Incentive Plan was RMB141.73 per share.

## OTHER INFORMATION

### Outstanding Restricted Shares

As at the end of the Reporting Period, none of the grantees under the 2021 Restricted Share Incentive Plan is a Director, member of senior management or connected person of the Company. The table below sets forth the details of outstanding restricted shares granted under the 2021 Restricted Share Incentive Plan as at the end of the Reporting Period:

| Restricted Share Incentive Plan      | Number of grantees                   | Date of registration | Number of outstanding restricted shares as of January 1, 2026 <sup>1</sup> | Purchase price (per Share) | Number of outstanding restricted shares as of June 30, 2026 | As an approximate percentage of total issued share capital (excluding treasury shares) as at the end of the Reporting Period |
|--------------------------------------|--------------------------------------|----------------------|----------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 2021 Restricted Share Incentive Plan | 6 (all being employees of the Group) | September 8, 2021    | 4,565                                                                      | RMB93.98                   | 4,565 <sup>2</sup>                                          | 0.001%                                                                                                                       |

Notes:

- Under the 2021 Restricted Share Incentive Plan, the restricted shares will be unlocked in tranches of 25% in each of the four unlocking periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.
- At the 11th meeting of the fifth session of the Board held on April 29, 2026, the Company considered and approved the "Resolution in Relation to the Cancellation of Certain Stock Options and the Repurchase and Cancellation of Certain Restricted Shares". Due to the resignation of the targets of the incentives and failure to meet the conditions for releasing the selling restrictions, the Company agreed to repurchase and cancel 4,565 restricted shares. The aforesaid shares were cancelled on July 9, 2026.

During the Reporting Period, no restricted shares were vested, lapsed or cancelled under the 2021 Restricted Share Incentive Plan.



## OTHER INFORMATION

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

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

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

## REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended June 30, 2026. The Company's external auditor, KPMG Huazhen LLP, has reviewed the consolidated and the Company balance sheets as at 30 June 2026, the consolidated and the Company income statements, consolidated and the Company cash flow statements and consolidated and the Company statements of changes in equity for the period from 1 January to 30 June 2026 and relevant notes to the financial statements, prepared in accordance with China Accounting Standards for Business Enterprises.



## OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has been committed to maintaining and enhancing the corporate governance standards, thereby improving the transparency of the Group with a view to increasing long-term shareholder returns. For the six months ended June 30, 2026, the Company has complied with the code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 of the Listing Rules. The Company has established a corporate governance system in accordance with the requirements of the corporate governance policies as stipulated in the Code.

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

### DIRECTORS’ COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code regarding Directors’ securities transactions. Having made specific enquiry of all Directors, each of the Directors confirmed that he/she had complied with the Model Code for the six months ended June 30, 2026.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2026.

### CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B OF THE LISTING RULES

Since the date of the Company’s latest published annual report up to the end of the Reporting Period, there has been no change in the information of our Directors and chief executive required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### COMPLIANCE WITH LAWS AND REGULATIONS

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

### MATERIAL LITIGATION AND ARBITRATION

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

### EVENTS AFTER THE REPORTING PERIOD

#### Uniform Accounting Standards and Resignation of Overseas Auditor

Given that the financial statements prepared under the China Accounting Standards for Business Enterprises and IFRS Accounting Standards have achieved substantial convergence, in order to fully ensure the consistency of information disclosure between the domestic and overseas markets and effectively improve work efficiency, the Board passed a resolution on July 21, 2026 that, the Company uniformly adopts China Accounting Standards for Business Enterprises in the preparation of its financial statements commencing from the interim report of the Company for the six months ended June 30, 2026. The financial position and operating results of the Company will not be materially affected by the uniform adoption and disclosure of financial statements prepared in accordance with China Accounting Standards for Business Enterprises.

As the Company uniformly adopts China Accounting Standards for Business Enterprises to prepare its financial statements and no longer adopts IFRS Accounting Standards to prepare financial statements, KPMG has tendered its resignation as the overseas auditor of the Company with effect from July 21, 2026.

Following the resignation of KPMG, KPMG Huazhen LLP became the sole auditor to audit the financial statements of the Company prepared in accordance with China Accounting Standards for Business Enterprises and continued to undertake the duties as the auditor of the Company for the year of 2026. For details, please refer to the Company's announcement dated July 21, 2026.



## OTHER INFORMATION

### Proposed A Share Repurchase Plan

To protect the interests of all Shareholders of the Company, enhance investor confidence, and stabilize and enhance the Company's value, based on its confidence in the Company's future development, the Company intends to repurchase A Shares by means of centralized bidding, using its own funds and/or self-raised funds of no less than RMB1 billion (inclusive) and no more than RMB2 billion (inclusive). Upon completion of the repurchase, the repurchased shares will be canceled in accordance with the law, and the Company's registered capital will be reduced accordingly.

On July 31, 2026, the Board of the Company considered and approved the proposal regarding the A Shares repurchase plan of the Company by means of centralized bidding transactions, which is still subject to the consideration and approval of the Company's Shareholders at the extraordinary general meeting to be held on August 20, 2026. For details, please refer to the Company's circular dated August 2, 2026.

### Proposed Adoption of the 2026 H Share Award Scheme

To attract and retain eligible participants who have made significant contributions to the long-term growth and success of the Group, to recognize and reward their contributions to the Group; to encourage eligible participants to further contribute to the Group and strive to enhance the value of the Company and its Shares for the best interests of the Company and its Shareholders; to strengthen the Group's long-term remuneration incentive strategy; and to align the interests of eligible participants with those of the Company and its Shareholders to promote the Group's long-term performance (both financially, in business and operationally), the Board has considered and approved the resolutions on the proposed adoption of the 2026 H Share Award Scheme on August 18, 2026, which is subject to the consideration and approval by the Shareholders at the extraordinary general meeting to be held on September 9, 2026. For details, please refer to the Company's circular dated August 18, 2026.

Save as disclosed in this interim report, no material events have occurred in the Group from June 30, 2026 up to the date of this interim report.

## I. REVIEW REPORT

KPMG Huazhen Zhuan Zi No.2604204

To the Shareholders of GigaDevice Semiconductor Inc.:

We have reviewed the accompanying interim financial statements of GigaDevice Semiconductor Inc. (“**GigaDevice**”) which comprise the consolidated and the Company balance sheets as at 30 June 2026, the consolidated and the Company income statements, consolidated and the Company cash flow statements and consolidated and the Company statements of changes in equity for the period from 1 January to 30 June 2026 and relevant notes to the financial statements. The management of GigaDevice Semiconductor Inc. is responsible for the preparation of these interim financial statements. Our responsibility is to issue our review report on these interim financial statements based on our review.

We conducted our review in accordance with the Review Standard for Chinese Certified Public Accountants No. 2101 Review of Financial Statements. The standard requires us to plan and conduct a review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of personnel of GigaDevice and performing analytical procedures on the data. A review provides less assurance than an audit. We have not performed an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the aforesaid interim financial statements of GigaDevice are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China, or do not fairly reflect the consolidated and the Company’s financial position of GigaDevice as at 30 June 2026 and the consolidated and the Company’s operating results and cash flow of GigaDevice for the period from 1 January 2026 to 30 June 2026 in any material respect.

KPMG Huazhen LLP

Chinese Certified Public Accountant:

Liu Jingyuan

Beijing, PRC

Zhao Donghui

18 August 2026

# FINANCIAL REPORT

## II. FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET

30 June 2026 Unit: Yuan Currency: RMB

| Items                                  | Note   | June 30, 2026            | December 31, 2025 |
|----------------------------------------|--------|--------------------------|-------------------|
| <b>Current assets:</b>                 |        |                          |                   |
| Cash and bank balances                 | VII. 1 | <b>16,964,598,373.16</b> | 9,186,269,982.61  |
| Settlement reserves                    |        | —                        | —                 |
| Placements with banks                  |        | —                        | —                 |
| Financial assets held for trading      | VII. 2 | <b>472,401,818.21</b>    | 101,603,129.67    |
| Derivative financial assets            |        | —                        | —                 |
| Bills receivables                      | VII. 3 | <b>1,233,512.92</b>      | 6,146,725.10      |
| Accounts receivable                    | VII. 4 | <b>435,689,503.57</b>    | 192,618,022.79    |
| Receivable financing                   |        | —                        | —                 |
| Prepayments                            | VII. 5 | <b>125,555,502.21</b>    | 106,290,938.74    |
| Premiums receivable                    |        | —                        | —                 |
| Reinsurance accounts receivable        |        | —                        | —                 |
| Reinsurance contract reserves          |        | —                        | —                 |
| receivable                             |        | —                        | —                 |
| Other receivables                      | VII. 6 | <b>181,080,960.42</b>    | 199,714,797.73    |
| Including: Interest receivable         |        | —                        | —                 |
| Dividend receivable                    |        | —                        | —                 |
| Financial assets purchased under       |        | —                        | —                 |
| resale                                 |        | —                        | —                 |
| Inventories                            | VII. 7 | <b>4,184,224,748.31</b>  | 3,065,974,388.37  |
| Including: Data resources              |        | —                        | —                 |
| Contract assets                        |        | —                        | —                 |
| Assets held for sale                   |        | —                        | —                 |
| Non-current assets due within one year | VII. 8 | —                        | 313,005,799.04    |
| Other current assets                   | VII. 9 | <b>396,944,880.79</b>    | 253,607,764.35    |
| Total current assets                   |        | <b>22,761,729,299.59</b> | 13,425,231,548.40 |

## FINANCIAL REPORT

| Items                                  | Note      | June 30, 2026            | December 31, 2025 |
|----------------------------------------|-----------|--------------------------|-------------------|
| <b>Non-current assets:</b>             |           |                          |                   |
| Loans and advances granted             |           | –                        | –                 |
| Debt investments                       |           | –                        | –                 |
| Other debt investments                 |           | –                        | –                 |
| Long-term receivables                  |           | –                        | –                 |
| Long-term equity investments           | VII. 10   | <b>1,126,519,054.15</b>  | 491,210,155.69    |
| Investment in other equity instruments | VII. 11   | <b>11,437,360,730.29</b> | 3,594,205,489.31  |
| Other non-current financial assets     | VII. 12   | <b>2,984,128,403.73</b>  | 603,451,765.83    |
| Investment property                    |           | –                        | –                 |
| Fixed assets                           | VII. 13   | <b>1,473,720,995.36</b>  | 1,313,020,493.08  |
| Construction in progress               | VII. 14   | <b>19,479,834.87</b>     | 12,382,353.79     |
| Productive biological assets           |           | –                        | –                 |
| Oil and gas assets                     |           | –                        | –                 |
| Right-of-use assets                    | VII. 15   | <b>80,807,407.01</b>     | 95,622,579.13     |
| Intangible assets                      | VII. 16   | <b>351,647,012.15</b>    | 323,776,475.23    |
| Including: Data resources              |           | –                        | –                 |
| Development expenditure                | VIII. (2) | <b>512,355,608.99</b>    | 320,574,809.79    |
| Including: Data resources              |           | –                        | –                 |
| Goodwill                               | VII. 17   | <b>617,184,549.46</b>    | 617,184,549.46    |
| Long-term prepaid expenses             | VII. 18   | <b>109,292,877.13</b>    | 146,678,938.59    |
| Deferred tax assets                    | VII. 19   | <b>446,649,331.50</b>    | 285,064,939.77    |
| Other non-current assets               | VII. 20   | <b>484,298,297.56</b>    | 168,175,685.78    |
| Total non-current assets               |           | <b>19,643,444,102.20</b> | 7,971,348,235.45  |
| Total assets                           |           | <b>42,405,173,401.79</b> | 21,396,579,783.85 |

## FINANCIAL REPORT

| Items                                       | Note    | June 30, 2026           | December 31, 2025 |
|---------------------------------------------|---------|-------------------------|-------------------|
| <b>Current liabilities:</b>                 |         |                         |                   |
| Short-term borrowings                       | VII. 22 | –                       | 200,138,722.22    |
| Borrowings from central bank                |         | –                       | –                 |
| Placements from banks                       |         | –                       | –                 |
| Financial liabilities held for trading      | VII. 23 | <b>2,987,785.67</b>     | 3,366,000.00      |
| Derivative financial liabilities            |         | –                       | –                 |
| Bills payables                              |         | –                       | –                 |
| Accounts payable                            | VII. 24 | <b>1,649,350,170.94</b> | 812,928,595.58    |
| Receipts in advance                         |         | –                       | –                 |
| Contract liabilities                        | VII. 25 | <b>452,362,115.12</b>   | 218,174,401.41    |
| Financial assets sold under repurchase      |         | –                       | –                 |
| Deposits from customers and interbank       |         | –                       | –                 |
| Agency securities payables                  |         | –                       | –                 |
| Underwriting securities payables            |         | –                       | –                 |
| Employee benefits payable                   | VII. 26 | <b>587,815,857.31</b>   | 367,902,785.81    |
| Taxes payables                              | VII. 27 | <b>591,320,836.32</b>   | 125,287,424.65    |
| Other payables                              | VII. 28 | <b>102,344,471.99</b>   | 141,203,860.41    |
| Including: Interest payable                 |         | –                       | –                 |
| Dividend payable                            |         | –                       | –                 |
| Fees and commission payable                 |         | –                       | –                 |
| Reinsurance accounts payable                |         | –                       | –                 |
| Liabilities held for sale                   |         | –                       | –                 |
| Non-current liabilities due within one year | VII. 29 | <b>45,472,890.43</b>    | 54,444,795.98     |
| Other current liabilities                   | VII. 30 | <b>95,507,641.20</b>    | 24,012,532.28     |
| <b>Total current liabilities</b>            |         | <b>3,527,161,768.98</b> | 1,947,459,118.34  |

## FINANCIAL REPORT

| Items                               | Note    | June 30, 2026           | December 31, 2025 |
|-------------------------------------|---------|-------------------------|-------------------|
| <b>Non-current liabilities:</b>     |         |                         |                   |
| Insurance contract reserves         |         | —                       | —                 |
| Long-term borrowings                |         | —                       | —                 |
| Bonds payable                       |         | —                       | —                 |
| Including: Preference shares        |         | —                       | —                 |
| Perpetual bonds                     |         | —                       | —                 |
| Lease liabilities                   | VII. 31 | <b>35,580,198.75</b>    | 42,570,818.73     |
| Long-term payables                  | VII. 32 | <b>4,422,606.43</b>     | —                 |
| Long-term employee benefits payable |         | —                       | —                 |
| Provisions                          |         | —                       | —                 |
| Deferred income                     | VII. 33 | <b>62,803,699.59</b>    | 42,492,679.48     |
| Deferred tax liabilities            | VII. 19 | <b>1,147,423,982.39</b> | 93,627,951.10     |
| Other non-current liabilities       | VII. 34 | <b>84,449,547.15</b>    | 47,592,574.05     |
| Total non-current liabilities       |         | <b>1,334,680,034.31</b> | 226,284,023.36    |
| Total liabilities                   |         | <b>4,861,841,803.29</b> | 2,173,743,141.70  |

## FINANCIAL REPORT

| Items                                                               | Note    | June 30, 2026            | December 31, 2025 |
|---------------------------------------------------------------------|---------|--------------------------|-------------------|
| <b>Owners' equity (or shareholders' equity):</b>                    |         |                          |                   |
| Paid-in capital (or share capital)                                  | VII. 35 | <b>701,749,599.00</b>    | 667,849,351.00    |
| Other equity instruments                                            |         | —                        | —                 |
| Including: Preference shares                                        |         | —                        | —                 |
| Perpetual bonds                                                     |         | —                        | —                 |
| Capital reserve                                                     | VII. 36 | <b>13,798,626,498.56</b> | 8,867,475,996.39  |
| Less: Treasury shares                                               | VII. 37 | <b>416,373.65</b>        | 46,330,009.07     |
| Other comprehensive income                                          | VII. 38 | <b>7,691,326,143.39</b>  | 777,709,963.95    |
| Special reserve                                                     |         | —                        | —                 |
| Surplus reserve                                                     | VII. 39 | <b>333,924,675.50</b>    | 333,924,675.50    |
| General risk reserve                                                |         | —                        | —                 |
| Retained earnings                                                   | VII. 40 | <b>14,758,192,179.43</b> | 8,407,152,153.02  |
| Total equity attributable to owners (or shareholders) of the parent |         | <b>37,283,402,722.23</b> | 19,007,782,130.79 |
| Minority interests                                                  |         | <b>259,928,876.27</b>    | 215,054,511.36    |
| Total owners' equity (or shareholders' equity)                      |         | <b>37,543,331,598.50</b> | 19,222,836,642.15 |
| Total liabilities and owners' equity (or shareholders' equity)      |         | <b>42,405,173,401.79</b> | 21,396,579,783.85 |

Person in charge  
of the Company:  
**He Wei**

Person in charge  
of accounting affairs:  
**Sun Guijing**

Person in charge  
of the accounting department:  
**Sun Guijing**

## COMPANY BALANCE SHEET

30 June 2026 Unit: Yuan Currency: RMB

| Items                                  | Notes  | June 30, 2026            | December 31, 2025 |
|----------------------------------------|--------|--------------------------|-------------------|
| <b>Current Assets:</b>                 |        |                          |                   |
| Cash and bank balances                 |        | <b>8,836,576,723.84</b>  | 4,179,918,193.89  |
| Financial assets held for trading      |        | —                        | —                 |
| Derivative financial assets            |        | —                        | —                 |
| Bills receivables                      |        | —                        | —                 |
| Accounts receivable                    | XIX. 1 | <b>1,484,791,869.38</b>  | 936,013,511.86    |
| Receivable financing                   |        | —                        | —                 |
| Prepayments                            |        | <b>99,417,505.74</b>     | 87,392,544.50     |
| Other receivables                      | XIX. 2 | <b>67,509,494.56</b>     | 542,785,701.26    |
| Including: Interest receivable         |        | —                        | —                 |
| Dividend receivable                    |        | —                        | —                 |
| Inventories                            |        | <b>1,224,202,904.31</b>  | 1,208,489,432.69  |
| Including: Data resources              |        | —                        | —                 |
| Contract assets                        |        | —                        | —                 |
| Assets held for sale                   |        | —                        | —                 |
| Non-current assets due within one year |        | —                        | 313,005,799.04    |
| Other current assets                   |        | <b>91,726,433.15</b>     | 51,830,318.16     |
| <b>Total current assets</b>            |        | <b>11,804,224,930.98</b> | 7,319,435,501.40  |

## FINANCIAL REPORT

| Items                                  | Notes  | June 30, 2026            | December 31, 2025 |
|----------------------------------------|--------|--------------------------|-------------------|
| <b>Non-current Assets:</b>             |        |                          |                   |
| Debt investments                       |        | —                        | —                 |
| Other debt investments                 |        | —                        | —                 |
| Long-term receivables                  |        | —                        | —                 |
| Long-term equity investments           | XIX. 3 | <b>6,938,368,082.30</b>  | 5,723,756,504.08  |
| Investment in other equity instruments |        | <b>10,584,818,099.09</b> | 3,139,118,244.22  |
| Other non-current financial assets     |        | <b>2,879,202,874.20</b>  | 518,780,149.45    |
| Investment property                    |        | —                        | —                 |
| Fixed assets                           |        | <b>535,919,341.84</b>    | 510,234,115.42    |
| Construction in progress               |        | <b>3,945,539.59</b>      | 2,392,043.19      |
| Productive biological assets           |        | —                        | —                 |
| Oil and gas assets                     |        | —                        | —                 |
| Right-of-use assets                    |        | <b>15,639,575.10</b>     | 20,194,053.49     |
| Intangible assets                      |        | <b>182,997,964.01</b>    | 146,345,518.05    |
| Including: Data resources              |        | —                        | —                 |
| Development expenditure                |        | <b>214,176,385.18</b>    | 158,320,408.91    |
| Including: Data resources              |        | —                        | —                 |
| Goodwill                               |        | —                        | —                 |
| Long-term prepaid expenses             |        | <b>74,677,610.47</b>     | 100,499,244.51    |
| Deferred income tax assets             |        | —                        | —                 |
| Other non-current assets               |        | <b>37,597,464.43</b>     | 18,642,295.05     |
| Total non-current assets               |        | <b>21,467,342,936.21</b> | 10,338,282,576.37 |
| Total assets                           |        | <b>33,271,567,867.19</b> | 17,657,718,077.77 |

## FINANCIAL REPORT

| Items                                       | Notes | June 30, 2026           | December 31, 2025 |
|---------------------------------------------|-------|-------------------------|-------------------|
| <b>Current liabilities:</b>                 |       |                         |                   |
| Short-term borrowings                       |       | –                       | 200,138,722.22    |
| Financial liabilities held for trading      |       | <b>2,987,785.67</b>     | 3,366,000.00      |
| Derivative financial liabilities            |       | –                       | –                 |
| Bills payables                              |       | –                       | –                 |
| Accounts payables                           |       | <b>495,421,670.55</b>   | 351,351,824.77    |
| Receipts in advance                         |       |                         |                   |
| Contract liabilities                        |       | <b>33,490,694.51</b>    | 32,598,970.92     |
| Employee benefits payable                   |       | <b>180,985,032.02</b>   | 111,048,851.85    |
| Taxes payable                               |       | <b>9,120,272.11</b>     | 26,450,161.88     |
| Other payables                              |       | <b>1,015,376,353.19</b> | 893,468,652.57    |
| Including: Interest payable                 |       | –                       | –                 |
| Dividend payable                            |       | –                       | –                 |
| Liabilities held for sale                   |       | –                       | –                 |
| Non-current liabilities due within one year |       | <b>3,240,123.45</b>     | 15,657,340.46     |
| Other current liabilities                   |       | <b>4,755,564.20</b>     | 3,867,158.06      |
| Total current liabilities                   |       | <b>1,745,377,495.70</b> | 1,637,947,682.73  |

## FINANCIAL REPORT

| Items                               | Notes | June 30, 2026           | December 31, 2025 |
|-------------------------------------|-------|-------------------------|-------------------|
| <b>Non-current liabilities:</b>     |       |                         |                   |
| Long-term borrowings                |       | —                       | —                 |
| Bonds payable                       |       | —                       | —                 |
| Including: Preference shares        |       | —                       | —                 |
| Perpetual bonds                     |       | —                       | —                 |
| Lease liabilities                   |       | <b>4,035,251.13</b>     | 543,581.80        |
| Long-term payables                  |       | —                       | —                 |
| Long-term employee benefits payable |       | —                       | —                 |
| Provisions                          |       | —                       | —                 |
| Deferred income                     |       | <b>28,475,925.54</b>    | 18,574,639.53     |
| Deferred tax liabilities            |       | <b>991,012,592.44</b>   | 39,160,704.43     |
| Other non-current liabilities       |       | <b>528,301.89</b>       | —                 |
| Total non-current liabilities       |       | <b>1,024,052,071.00</b> | 58,278,925.76     |
| Total liabilities                   |       | <b>2,769,429,566.70</b> | 1,696,226,608.49  |

## FINANCIAL REPORT

| Items                                                          | Notes | June 30, 2026            | December 31, 2025 |
|----------------------------------------------------------------|-------|--------------------------|-------------------|
| <b>Owners' equity (or shareholders' equity):</b>               |       |                          |                   |
| Paid-in capital (or share capital)                             |       | <b>701,749,599.00</b>    | 667,849,351.00    |
| Other equity instruments                                       |       | —                        | —                 |
| Including: Preference shares                                   |       | —                        | —                 |
| Perpetual bonds                                                |       | —                        | —                 |
| Capital reserve                                                |       | <b>13,639,432,455.84</b> | 8,789,173,777.72  |
| Less: Treasury shares                                          |       | <b>416,373.65</b>        | 46,330,009.07     |
| Other comprehensive income                                     |       | <b>7,248,694,747.00</b>  | 592,937,993.47    |
| Special reserve                                                |       | —                        | —                 |
| Surplus reserve                                                |       | <b>333,924,675.50</b>    | 333,924,675.50    |
| Retained earnings                                              |       | <b>8,578,753,196.80</b>  | 5,623,935,680.66  |
| Total owners' equity (or shareholders' equity)                 |       | <b>30,502,138,300.49</b> | 15,961,491,469.28 |
| Total liabilities and owners' equity (or shareholders' equity) |       | <b>33,271,567,867.19</b> | 17,657,718,077.77 |

Person in charge  
of the Company:  
**He Wei**

Person in charge  
of accounting affairs:  
**Sun Guijing**

Person in charge  
of the accounting department:  
**Sun Guijing**

# FINANCIAL REPORT

## CONSOLIDATED INCOME STATEMENT

From 1 January 2026 to 30 June 2026 Unit: Yuan Currency: RMB

| Items                                          | Notes   | First half of 2026       | First half of 2025 |
|------------------------------------------------|---------|--------------------------|--------------------|
| I. Total operating revenue                     |         | <b>11,565,760,432.15</b> | 4,150,308,632.88   |
| Including: Operating revenue                   | VII. 41 | <b>11,565,760,432.15</b> | 4,150,308,632.88   |
| Interest income                                |         | —                        | —                  |
| Premiums earned                                |         | —                        | —                  |
| Fee and commission income                      |         | —                        | —                  |
| II. Total operating costs                      |         | <b>6,013,274,774.56</b>  | 3,563,222,312.48   |
| Including: Operating costs                     | VII. 41 | <b>4,264,243,719.27</b>  | 2,605,975,689.03   |
| Interest expense                               |         | —                        | —                  |
| Fee and commission expense                     |         | —                        | —                  |
| Surrender value                                |         | —                        | —                  |
| Net claims paid                                |         | —                        | —                  |
| Net provision for insurance liability reserves |         | —                        | —                  |
| Policyholder dividend expense                  |         | —                        | —                  |
| Reinsurance costs                              |         | —                        | —                  |
| Taxes and surcharges                           | VII. 42 | <b>47,344,090.59</b>     | 20,286,506.66      |
| Selling expenses                               | VII. 43 | <b>308,702,864.67</b>    | 224,352,769.09     |
| Administrative expenses                        | VII. 44 | <b>403,777,650.87</b>    | 291,990,456.45     |
| Research and development expenses              | VII. 45 | <b>764,816,831.78</b>    | 567,680,401.92     |
| Finance expenses                               | VII. 46 | <b>224,389,617.38</b>    | -147,063,510.67    |
| Including: Interest expense                    | VII. 46 | <b>2,196,114.18</b>      | 14,086,662.95      |
| Interest income                                | VII. 46 | <b>197,146,672.46</b>    | 147,382,619.14     |

## FINANCIAL REPORT

| Items                                                                                            | Notes   | First half of 2026      | First half of 2025 |
|--------------------------------------------------------------------------------------------------|---------|-------------------------|--------------------|
| Add: Other income                                                                                | VII. 47 | <b>12,553,419.51</b>    | 30,588,790.81      |
| Investment income (loss indicated by “-”)                                                        | VII. 48 | <b>-7,824,455.34</b>    | -9,967,373.63      |
| Including: Investment income from associates and joint ventures                                  | VII. 48 | <b>-11,283,810.07</b>   | -10,345,664.75     |
| Income from derecognition of financial assets measured at amortized cost (loss indicated by “-”) |         | <b>—</b>                | —                  |
| Exchange gain (loss indicated by “-”)                                                            |         | <b>—</b>                | —                  |
| Net exposure hedging gain (loss indicated by “-”)                                                |         | <b>—</b>                | —                  |
| Gain on changes in fair value (loss indicated by “-”)                                            | VII. 49 | <b>2,227,945,059.17</b> | 7,357,878.27       |
| Credit impairment loss (loss indicated by “-”)                                                   | VII. 50 | <b>-1,149,769.92</b>    | -464,894.97        |
| Asset impairment loss (loss indicated by “-”)                                                    | VII. 51 | <b>-69,781,429.26</b>   | -17,320,559.72     |
| Gain on disposal of assets (loss indicated by “-”)                                               | VII. 52 | <b>295,141.23</b>       | 493,639.07         |
| III. Operating profit (loss indicated by “-”)                                                    |         | <b>7,714,523,622.98</b> | 597,773,800.23     |
| Add: Non-operating income                                                                        | VII. 53 | <b>907,358.26</b>       | 3,982,797.60       |
| Less: Non-operating expenses                                                                     | VII. 54 | <b>48,940,569.05</b>    | 5,677,456.42       |
| IV. Total profit (total loss indicated by “-”)                                                   |         | <b>7,666,490,412.19</b> | 596,079,141.41     |
| Less: Income tax expense                                                                         | VII. 55 | <b>781,491,393.28</b>   | 8,244,379.16       |

## FINANCIAL REPORT

| Items                                                                                        | Notes | First half of 2026      | First half of 2025 |
|----------------------------------------------------------------------------------------------|-------|-------------------------|--------------------|
| V. Net profit (net loss indicated by “-”)                                                    |       | <b>6,884,999,018.91</b> | 587,834,762.25     |
| (I) Breakdown by continuity of operations                                                    |       | —                       | —                  |
| 1. Net profit from continuing operations (net loss indicated by “-”)                         |       | <b>6,884,999,018.91</b> | 587,834,762.25     |
| 2. Net profit from discontinued operations (net loss indicated by “-”)                       |       | —                       | —                  |
| (II) Breakdown by attributable interests                                                     |       | —                       | —                  |
| 1. Net profit attributable to shareholders of the parent company (net loss indicated by “-”) |       | <b>6,856,786,413.68</b> | 575,475,605.82     |
| 2. Minority interests (net loss indicated by “-”)                                            |       | <b>28,212,605.23</b>    | 12,359,156.43      |
| VI. Other comprehensive income, net of tax                                                   |       | <b>6,933,244,244.76</b> | 140,043,366.05     |
| (I) Other comprehensive income attributable to owners of the parent company, net of tax      |       | <b>6,933,244,365.42</b> | 140,043,366.05     |
| 1. Other comprehensive income not to be reclassified to profit or loss                       |       | <b>6,978,143,715.81</b> | 144,915,455.17     |
| (1) Changes in remeasurement of defined benefit plans                                        |       | —                       | —                  |
| (2) Other comprehensive income using equity method not to be reclassified to profit or loss  |       | —                       | —                  |
| (3) Changes in fair value of investment in other equity instruments                          |       | <b>6,978,143,715.81</b> | 144,915,455.17     |
| (4) Changes in fair value of the company’s own credit risk                                   |       | —                       | —                  |

## FINANCIAL REPORT

| Items                                                                                   | Notes | First half of 2026    | First half of 2025 |
|-----------------------------------------------------------------------------------------|-------|-----------------------|--------------------|
| 2. Other comprehensive income to be reclassified to profit or loss                      |       | <b>-44,899,350.39</b> | -4,872,089.12      |
| (1) Other comprehensive income using equity method to be reclassified to profit or loss |       | <b>-2,274.51</b>      | -23.29             |
| (2) Changes in fair value of other debt investments                                     |       | —                     | —                  |
| (3) Amount of financial assets reclassified into other comprehensive income             |       | —                     | —                  |
| (4) Credit impairment provision for other debt investments                              |       | —                     | —                  |
| (5) Cash flow hedge reserve                                                             |       | —                     | —                  |
| (6) Exchange differences on translation of foreign currency financial statements        |       | <b>-44,897,075.88</b> | -4,872,065.83      |
| (7) Others                                                                              |       | —                     | —                  |
| (II) Other comprehensive income attributable to minority interests, net of tax          |       | <b>-120.66</b>        | —                  |

## FINANCIAL REPORT

| Items                                                                       | Notes | First half of 2026       | First half of 2025 |
|-----------------------------------------------------------------------------|-------|--------------------------|--------------------|
| VII. Total comprehensive income                                             |       | <b>13,818,243,263.67</b> | 727,878,128.30     |
| (I) Total comprehensive income attributable to owners of the parent company |       | <b>13,790,030,779.10</b> | 715,518,971.87     |
| (II) Total comprehensive income attributable to minority interests          |       | <b>28,212,484.57</b>     | 12,359,156.43      |
| VIII. Earnings per share:                                                   |       |                          |                    |
| (I) Basic earnings per share (RMB/share)                                    | XX. 2 | <b>9.83</b>              | 0.87               |
| (II) Diluted earnings per share (RMB/share)                                 | XX. 2 | <b>9.77</b>              | 0.87               |

In the event of a business combination involving enterprises under common control occurring during the current period, the net profit realized by the merged party before the combination is: RMB Nil, and the net profit realized by the merged party in the previous period is: RMB Nil.

*Person in charge  
of the Company:*

**He Wei**

*Person in charge  
of accounting affairs:*

**Sun Guijing**

*Person in charge  
of the accounting department:*

**Sun Guijing**

## COMPANY INCOME STATEMENT

From 1 January 2026 to 30 June 2026 Unit: Yuan Currency: RMB

| Items                                                                                            | Notes  | First half of 2026      | First half of 2025 |
|--------------------------------------------------------------------------------------------------|--------|-------------------------|--------------------|
| I. Operating revenue                                                                             | XIX. 4 | <b>4,279,870,440.23</b> | 1,910,703,309.63   |
| Less: Operating costs                                                                            | XIX. 4 | <b>1,793,882,465.96</b> | 1,262,227,780.88   |
| Taxes and surcharges                                                                             |        | <b>23,225,276.51</b>    | 5,590,737.28       |
| Selling expenses                                                                                 |        | <b>134,946,357.24</b>   | 92,581,623.57      |
| Administrative expenses                                                                          |        | <b>218,500,372.38</b>   | 161,207,714.83     |
| Research and development expenses                                                                |        | <b>274,961,563.90</b>   | 233,494,487.03     |
| Finance expenses                                                                                 |        | <b>137,394,811.20</b>   | -57,361,850.19     |
| Including: Interest expense                                                                      |        | <b>7,553,779.01</b>     | 13,329,977.35      |
| Interest income                                                                                  |        | <b>132,131,801.26</b>   | 62,422,081.85      |
| Add: Other income                                                                                |        | <b>2,470,246.88</b>     | 22,121,370.37      |
| Investment income (loss indicated by “-”)                                                        | XIX. 5 | <b>-6,824,746.96</b>    | -6,658,119.57      |
| Including: Investment income from associates and joint ventures                                  |        | <b>-6,824,746.96</b>    | -7,036,410.69      |
| Income from derecognition of financial assets measured at amortized cost (loss indicated by “-”) |        | —                       | —                  |
| Net exposure hedging gain (loss indicated by “-”)                                                |        | —                       | —                  |
| Gain on changes in fair value (loss indicated by “-”)                                            |        | <b>2,187,330,716.44</b> | 6,353,358.12       |
| Credit impairment loss (loss indicated by “-”)                                                   |        | <b>-1,243,516.79</b>    | -1,764,711.71      |
| Asset impairment loss (loss indicated by “-”)                                                    |        | <b>-46,543,325.03</b>   | -24,270,941.40     |
| Gain on disposal of assets (loss indicated by “-”)                                               |        | <b>49,464.99</b>        | —                  |

## FINANCIAL REPORT

| Items                                                                                      | Notes | First half of 2026      | First half of 2025 |
|--------------------------------------------------------------------------------------------|-------|-------------------------|--------------------|
| II. Operating profit (loss indicated by “-”)                                               |       | <b>3,832,198,432.57</b> | 208,743,772.04     |
| Add: Non-operating income                                                                  |       | <b>51,129.03</b>        | 163,289.85         |
| Less: Non-operating expenses                                                               |       | <b>52,804.62</b>        | 1,256,474.79       |
| III. Total profit (total loss indicated by “-”)                                            |       | <b>3,832,196,756.98</b> | 207,650,587.10     |
| Less: Income tax expense                                                                   |       | <b>353,796,781.64</b>   | 786,633.90         |
| IV. Net profit (net loss indicated by “-”)                                                 |       | <b>3,478,399,975.34</b> | 206,863,953.20     |
| (I) Net profit from continuing operations (net loss indicated by “-”)                      |       | <b>3,478,399,975.34</b> | 206,863,953.20     |
| (II) Net profit from discontinued operations (net loss indicated by “-”)                   |       | —                       | —                  |
| V. Other comprehensive income, net of tax                                                  |       | <b>6,657,548,867.58</b> | 92,667,869.70      |
| (I) Other comprehensive income not to be reclassified to profit or loss                    |       | <b>6,657,548,816.28</b> | 92,667,869.70      |
| 1. Changes in remeasurement of defined benefit plans                                       |       | —                       | —                  |
| 2. Other comprehensive income using equity method not to be reclassified to profit or loss |       | —                       | —                  |
| 3. Changes in fair value of investment in other equity instruments                         |       | <b>6,657,548,816.28</b> | 92,667,869.70      |
| 4. Changes in fair value of the company’s own credit risk                                  |       | —                       | —                  |

## FINANCIAL REPORT

| Items                                                                                  | Notes | First half of 2026 | First half of 2025 |
|----------------------------------------------------------------------------------------|-------|--------------------|--------------------|
| (II) Other comprehensive income to be reclassified to profit or loss                   |       | 51.30              | —                  |
| 1. Other comprehensive income using equity method to be reclassified to profit or loss |       | 51.30              | —                  |
| 2. Changes in fair value of other debt investments                                     |       | —                  | —                  |
| 3. Amount of financial assets reclassified into other comprehensive income             |       | —                  | —                  |
| 4. Credit impairment provision for other debt investments                              |       | —                  | —                  |
| 5. Cash flow hedge reserve                                                             |       | —                  | —                  |
| 6. Exchange differences on translation of foreign currency financial statements        |       | —                  | —                  |
| 7. Others                                                                              |       | —                  | —                  |
| VI. Total comprehensive income                                                         |       | 10,135,948,842.92  | 299,531,822.90     |
| VII. Earnings per share:                                                               |       |                    |                    |
| (I) Basic earnings per share (RMB/share)                                               |       | —                  | —                  |
| (II) Diluted earnings per share (RMB/share)                                            |       | —                  | —                  |

Person in charge  
of the Company:  
**He Wei**

Person in charge  
of accounting affairs:  
**Sun Guijing**

Person in charge  
of the accounting department:  
**Sun Guijing**

# FINANCIAL REPORT

## CONSOLIDATED CASH FLOW STATEMENT

From 1 January 2026 to 30 June 2026 Unit: Yuan Currency: RMB

| Items                                                            | Notes      | First half of 2026       | First half of 2025 |
|------------------------------------------------------------------|------------|--------------------------|--------------------|
| <b>I. Cash flows from operating activities:</b>                  |            |                          |                    |
| Cash received from sale of goods or rendering of services        |            | <b>11,966,531,819.92</b> | 4,311,947,987.53   |
| Net increase in deposits from customers and interbank placements |            | —                        | —                  |
| Net increase in borrowings from central bank                     |            | —                        | —                  |
| Net increase in placements from other financial institutions     |            | —                        | —                  |
| Cash received from premiums under original insurance contracts   |            | —                        | —                  |
| Net cash received from reinsurance business                      |            | —                        | —                  |
| Net increase in deposits and investments from policyholders      |            | —                        | —                  |
| Cash received from interest, fees and commissions                |            | —                        | —                  |
| Net increase in placements from banks                            |            | —                        | —                  |
| Net increase in funds from repurchase business                   |            | —                        | —                  |
| Net cash received from agency transactions of securities         |            | —                        | —                  |
| Tax refunds received                                             |            | <b>222,890,277.33</b>    | 202,920,302.33     |
| Other cash received relating to operating activities             | VII. 57(1) | <b>237,202,143.90</b>    | 168,472,202.30     |
| Subtotal of cash inflows from operating activities               |            | <b>12,426,624,241.15</b> | 4,683,340,492.16   |

## FINANCIAL REPORT

| Items                                                      | Notes      | First half of 2026      | First half of 2025 |
|------------------------------------------------------------|------------|-------------------------|--------------------|
| Cash paid for purchase of goods and receipt of services    |            | <b>4,805,169,685.73</b> | 2,692,283,878.67   |
| Net increase in loans and advances to customers            |            | —                       | —                  |
| Net increase in placements with central bank and interbank |            | —                       | —                  |
| Cash paid for claims under original insurance contracts    |            | —                       | —                  |
| Net increase in placements with banks                      |            | —                       | —                  |
| Cash paid for interest, fees and commissions               |            | —                       | —                  |
| Cash paid for policyholder dividends                       |            | —                       | —                  |
| Cash paid to and on behalf of employees                    |            | <b>959,668,037.98</b>   | 802,902,902.74     |
| Cash paid for all types of taxes                           |            | <b>274,795,598.01</b>   | 87,223,608.60      |
| Other cash paid relating to operating activities           | VII. 57(1) | <b>338,649,862.37</b>   | 143,109,170.68     |
| Subtotal of cash outflows from operating activities        |            | <b>6,378,283,184.09</b> | 3,725,519,560.69   |
| Net cash flows generated from operating activities         |            | <b>6,048,341,057.06</b> | 957,820,931.47     |

## FINANCIAL REPORT

| Items                                                                                         | Notes      | First half of 2026       | First half of 2025 |
|-----------------------------------------------------------------------------------------------|------------|--------------------------|--------------------|
| <b>II. Cash flows from investing activities:</b>                                              |            |                          |                    |
| Cash received from disposal of investments                                                    |            | <b>135,089,361.15</b>    | 111,402,579.80     |
| Cash received from return on investments                                                      |            | <b>41,118,785.90</b>     | 135,759,818.32     |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |            | <b>348,000.00</b>        | 19,708,801.15      |
| Net cash received from disposal of subsidiaries and other operating units                     |            | —                        | —                  |
| Other cash received relating to investing activities                                          | VII. 57(2) | <b>5,508,088.37</b>      | —                  |
| Subtotal of cash inflows from investing activities                                            |            | <b>182,064,235.42</b>    | 266,871,199.27     |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets       |            | <b>945,105,427.08</b>    | 412,482,061.21     |
| Cash paid for acquisition of investments                                                      |            | <b>4,348,868,937.11</b>  | 1,617,234,353.01   |
| Net increase in pledged loans                                                                 |            | —                        | —                  |
| Net cash paid for acquisition of subsidiaries and other operating units                       |            | —                        | —                  |
| Other cash paid relating to investing activities                                              |            | —                        | —                  |
| Subtotal of cash outflows from investing activities                                           |            | <b>5,293,974,364.19</b>  | 2,029,716,414.22   |
| Net cash flows generated from investment activities                                           |            | <b>-5,111,910,128.77</b> | -1,762,845,214.95  |

## FINANCIAL REPORT

| Items                                                                                        | Notes      | First half of 2026      | First half of 2025 |
|----------------------------------------------------------------------------------------------|------------|-------------------------|--------------------|
| <b>III. Cash flows from financing activities:</b>                                            |            |                         |                    |
| Cash received from capital contributions                                                     |            | <b>4,916,210,515.26</b> | 77,021,592.10      |
| Including: Cash received from capital contributions by minority shareholders of subsidiaries |            | <b>39,046,900.00</b>    | —                  |
| Cash received from borrowings                                                                |            | —                       | 400,000,000.00     |
| Other cash received relating to financing activities                                         |            | —                       | —                  |
| Subtotal of cash inflows from financing activities                                           |            | <b>4,916,210,515.26</b> | 477,021,592.10     |
| Cash paid for repayment of borrowings                                                        |            | <b>200,000,000.00</b>   | 705,047,346.25     |
| Cash paid for distribution of dividends or profits, or for interest expense                  |            | <b>525,577,167.98</b>   | 219,167,204.70     |
| Including: Dividends or profits paid to minority shareholders by subsidiaries                |            | —                       | —                  |
| Other cash paid relating to financing activities                                             | VII. 57(3) | <b>48,789,096.57</b>    | 6,646,363.28       |
| Subtotal of cash outflows from financing activities                                          |            | <b>774,366,264.55</b>   | 930,860,914.23     |
| Net cash flow generated from financing activities                                            |            | <b>4,141,844,250.71</b> | -453,839,322.13    |

## FINANCIAL REPORT

| Items                                                                   | Notes | First half of 2026       | First half of 2025 |
|-------------------------------------------------------------------------|-------|--------------------------|--------------------|
| <b>IV. Effect of exchange rate changes on cash and cash equivalents</b> |       | <b>-310,762,865.56</b>   | -15,618,363.27     |
| <b>V. Net increase in cash and cash equivalents</b>                     |       | <b>4,767,512,313.44</b>  | -1,274,481,968.88  |
| Add: Balance of cash and cash equivalents at beginning of period        |       | <b>9,161,933,475.74</b>  | 9,104,158,718.59   |
| <b>VI. Balance of cash and cash equivalents at end of period</b>        |       | <b>13,929,445,789.18</b> | 7,829,676,749.71   |

*Person in charge  
of the Company:*  
**He Wei**

*Person in charge  
of accounting affairs:*  
**Sun Guijing**

*Person in charge  
of the accounting department:*  
**Sun Guijing**

## COMPANY CASH FLOW STATEMENT

From 1 January 2026 to 30 June 2026 Unit: Yuan Currency: RMB

| Items                                                     | Notes | First half of 2026      | First half of 2025 |
|-----------------------------------------------------------|-------|-------------------------|--------------------|
| <b>I. Cash flows from operating activities:</b>           |       |                         |                    |
| Cash received from sale of goods or rendering of services |       | <b>3,800,707,001.64</b> | 2,350,059,293.30   |
| Tax refunds received                                      |       | <b>90,876,475.18</b>    | 116,197,921.18     |
| Other cash received relating to operating activities      |       | <b>248,267,075.62</b>   | 195,894,239.19     |
| Subtotal of cash inflows from operating activities        |       | <b>4,139,850,552.44</b> | 2,662,151,453.67   |
| Cash paid for purchase of goods and receipt of services   |       | <b>1,712,504,657.65</b> | 1,384,683,677.76   |
| Cash paid to and on behalf of employees                   |       | <b>265,793,131.91</b>   | 215,533,018.60     |
| Cash paid for all types of taxes                          |       | <b>157,943,229.24</b>   | 9,289,864.67       |
| Other cash paid relating to operating activities          |       | <b>436,439,389.39</b>   | 236,432,735.38     |
| Subtotal of cash outflows from operating activities       |       | <b>2,572,680,408.19</b> | 1,845,939,296.41   |
| Net cash flows generated from operating activities        |       | <b>1,567,170,144.25</b> | 816,212,157.26     |

## FINANCIAL REPORT

| Items                                                                                         | Notes | First half of 2026       | First half of 2025 |
|-----------------------------------------------------------------------------------------------|-------|--------------------------|--------------------|
| <b>II. Cash flows from investing activities:</b>                                              |       |                          |                    |
| Cash received from disposal of investments                                                    |       | <b>41,365,462.19</b>     | 17,951,735.59      |
| Cash received from return on investments                                                      |       | <b>1,504,779.34</b>      | 10,298,957.79      |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |       | <b>94,451,093.86</b>     | 33,618,067.71      |
| Net cash received from disposal of subsidiaries and other operating units                     |       | —                        | —                  |
| Other cash received relating to investing activities                                          |       | <b>878,330,126.30</b>    | 967,443,162.99     |
| Subtotal of cash inflows from investing activities                                            |       | <b>1,015,651,461.69</b>  | 1,029,311,924.08   |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets       |       | <b>260,997,761.21</b>    | 249,627,867.89     |
| Cash paid for acquisition of investments                                                      |       | <b>3,511,764,160.24</b>  | 560,123,712.33     |
| Net cash paid for acquisition of subsidiaries and other operating units                       |       | —                        | —                  |
| Other cash paid relating to investing activities                                              |       | <b>385,500,000.00</b>    | 426,068,330.96     |
| Subtotal of cash outflows from investing activities                                           |       | <b>4,158,261,921.45</b>  | 1,235,819,911.18   |
| Net cash flows generated from investment activities                                           |       | <b>-3,142,610,459.76</b> | -206,507,987.10    |

## FINANCIAL REPORT

| Items                                                                       | Notes | First half of 2026      | First half of 2025 |
|-----------------------------------------------------------------------------|-------|-------------------------|--------------------|
| <b>III. Cash flows from financing activities:</b>                           |       |                         |                    |
| Cash received from capital contributions                                    |       | <b>4,877,163,615.26</b> | 77,021,592.10      |
| Cash received from borrowings                                               |       | –                       | 400,000,000.00     |
| Other cash received relating to financing activities                        |       | <b>630,000,000.00</b>   | 70,000,000.00      |
| Subtotal of cash inflows from financing activities                          |       | <b>5,507,163,615.26</b> | 547,021,592.10     |
| Cash paid for repayment of borrowings                                       |       | <b>200,000,000.00</b>   | 509,147,640.75     |
| Cash paid for distribution of dividends or profits, or for interest expense |       | <b>525,577,167.98</b>   | 216,543,108.37     |
| Other cash paid relating to financing activities                            |       | <b>400,316,731.64</b>   | 8,313,179.73       |
| Subtotal of cash outflows from financing activities                         |       | <b>1,125,893,899.62</b> | 734,003,928.85     |
| Net cash flow generated from financing activities                           |       | <b>4,381,269,715.64</b> | -186,982,336.75    |

## FINANCIAL REPORT

| Items                                                                   | Notes | First half of 2026      | First half of 2025 |
|-------------------------------------------------------------------------|-------|-------------------------|--------------------|
| <b>IV. Effect of exchange rate changes on cash and cash equivalents</b> |       | <b>-212,131,791.74</b>  | -8,104,626.64      |
| <b>V. Net increase in cash and cash equivalents</b>                     |       | <b>2,593,697,608.39</b> | 414,617,206.77     |
| Add: Balance of cash and cash equivalents at beginning of period        |       | <b>4,165,403,832.78</b> | 2,791,777,937.35   |
| <b>VI. Balance of cash and cash equivalents at end of period</b>        |       | <b>6,759,101,441.17</b> | 3,206,395,144.12   |

*Person in charge  
of the Company:*  
**He Wei**

*Person in charge  
of accounting affairs:*  
**Sun Guijing**

*Person in charge  
of the accounting department:*  
**Sun Guijing**

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From 1 January 2026 to 30 June 2026 Unit: Yuan Currency: RMB

First half of 2026

| Equity attributable to the owners of the parent company                                   |                          |  |  |  |                                       |                      |                    |        |                   |                         |                                  |                 |                 |                         |                      |        |                   |                       |                         |
|-------------------------------------------------------------------------------------------|--------------------------|--|--|--|---------------------------------------|----------------------|--------------------|--------|-------------------|-------------------------|----------------------------------|-----------------|-----------------|-------------------------|----------------------|--------|-------------------|-----------------------|-------------------------|
| Items                                                                                     | Other equity instruments |  |  |  | Paid-up capital<br>(or share capital) | Preference<br>shares | Perpetual<br>bonds | Others | Capital reserve   | Less Treasury<br>shares | Other<br>comprehensive<br>income | Special reserve | Surplus reserve | General risk<br>reserve | Retained<br>earnings | Others | Subtotal          | Minority<br>interests | Total owners'<br>equity |
|                                                                                           |                          |  |  |  |                                       |                      |                    |        |                   |                         |                                  |                 |                 |                         |                      |        |                   |                       |                         |
| I. Closing balance of previous year                                                       |                          |  |  |  | 667,846,351.00                        | -                    | -                  | -      | 8,867,475,986.59  | 46,330,000.07           | 777,709,963.95                   | -               | 333,924,675.50  | -                       | 8,407,152,153.02     | -      | 19,007,782,130.79 | 215,054,511.26        | 19,222,836,642.15       |
| Adj. Changes in accounting policy                                                         |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| Pre-period error correction                                                               |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| Others                                                                                    |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| II. Opening balance of the current year                                                   |                          |  |  |  | 667,846,351.00                        | -                    | -                  | -      | 8,867,475,986.59  | 46,330,000.07           | 777,709,963.95                   | -               | 333,924,675.50  | -                       | 8,407,152,153.02     | -      | 19,007,782,130.79 | 215,054,511.26        | 19,222,836,642.15       |
| III. Amount of increase/decrease/change in the current period (decrease indicated by "-") |                          |  |  |  | 33,900,246.00                         | -                    | -                  | -      | 4,931,150,302.17  | -45,913,635.42          | 6,913,616,179.44                 | -               | -               | -                       | 6,351,040,026.41     | -      | 18,275,620,591.44 | 44,873,364.91         | 18,320,494,956.35       |
| (I) Total comprehensive income                                                            |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | 6,933,244,865.42                 | -               | -               | -                       | 6,666,786,413.68     | -      | 13,790,030,779.10 | 28,212,484.57         | 13,818,243,263.67       |
| (II) Contribution and reduction of capital by owners                                      |                          |  |  |  | 33,900,246.00                         | -                    | -                  | -      | 4,931,150,302.17  | -45,913,635.42          | -                                | -               | -               | -                       | -                    | -      | 5,010,964,385.59  | 16,661,880.34         | 5,027,626,265.93        |
| 1. Ordinary shares contributed by owners                                                  |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 2. Capital contributed by holders of other equity instruments                             |                          |  |  |  | 33,900,246.00                         | -                    | -                  | -      | 4,797,466,265.96  | -                       | -                                | -               | -               | -                       | -                    | -      | 4,831,367,073.96  | 13,887,610.55         | 4,845,264,684.51        |
| 3. Amount of share-based payments included in owners' equity                              |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 4. Other                                                                                  |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| (III) Profit distribution                                                                 |                          |  |  |  | -                                     | -                    | -                  | -      | 133,683,676.21    | -45,913,635.42          | -                                | -               | -               | -                       | -                    | -      | 133,683,676.21    | 2,764,269.79          | 136,447,946.00          |
| 1. Withdrawal of surplus reserve                                                          |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -525,374,573.25      | -      | 45,913,635.42     | -                     | 45,913,635.42           |
| 2. Withdrawal of general risk reserve                                                     |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -525,374,573.25   | -                     | -525,374,573.25         |
| 3. Distribution to owners (or shareholders)                                               |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 4. Other                                                                                  |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -525,374,573.25      | -      | -                 | -                     | -525,374,573.25         |
| (IV) Internal transfer of owners' equity                                                  |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 1. Conversion of capital reserves to increase capital (or share capital)                  |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -19,628,165.98                   | -               | -               | -                       | 19,628,165.98        | -      | -                 | -                     | -                       |
| 2. Conversion of surplus reserves to increase capital (or share capital)                  |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 3. Making up of losses by surplus reserves                                                |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 4. Carry-forward of retained earnings from changes in defined benefit plans               |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 5. Carry-forward of retained earnings from other comprehensive income                     |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 6. Others                                                                                 |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -19,628,165.98                   | -               | -               | -                       | 19,628,165.98        | -      | -                 | -                     | -                       |
| (V) Special reserves                                                                      |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 1. Current withdrawal                                                                     |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| 2. Current use                                                                            |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| (VI) Others                                                                               |                          |  |  |  | -                                     | -                    | -                  | -      | -                 | -                       | -                                | -               | -               | -                       | -                    | -      | -                 | -                     | -                       |
| IV. Closing balance of the current period                                                 |                          |  |  |  | 701,746,596.00                        | -                    | -                  | -      | 13,798,626,468.56 | 416,373.65              | 7,691,266,143.39                 | -               | 333,924,675.50  | -                       | 14,785,192,179.43    | -      | 37,283,402,722.23 | 259,926,676.27        | 37,543,331,598.50       |

# FINANCIAL REPORT

First half of 2025

| Owners' equity attributable to the parent company                                   |                                    |                   |                |        |                  |                       |                            |                 |                 |                      |                   |                   |                    |                      |
|-------------------------------------------------------------------------------------|------------------------------------|-------------------|----------------|--------|------------------|-----------------------|----------------------------|-----------------|-----------------|----------------------|-------------------|-------------------|--------------------|----------------------|
| Items                                                                               | Other equity instruments           |                   |                |        |                  |                       | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Retained earnings | Subtotal          | Minority interests | Total owners' equity |
|                                                                                     | Paid-in capital (or share capital) | Preference shares | Peperual bonds | Others | Capital reserve  | Less: Treasury shares |                            |                 |                 |                      |                   |                   |                    |                      |
| I. Opening balance of previous year                                                 | 66,412,105.00                      | -                 | -              | -      | 8,321,828,404.11 | 244,847,680.59        | 627,251,556.21             | -               | 333,733,551.00  | -                    | 6,796,411,913.24  | 16,498,507,838.97 | 180,272,055.07     | 16,678,779,894.04    |
| Add: Changes in accounting policy                                                   | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| Pre-period error correction                                                         | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| Others                                                                              | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| II. Opening balance of the current year                                             | 66,412,105.00                      | -                 | -              | -      | 8,321,828,404.11 | 244,847,680.59        | 627,251,556.21             | -               | 333,733,551.00  | -                    | 6,796,411,913.24  | 16,498,507,838.97 | 180,272,055.07     | 16,678,779,894.04    |
| III. Amount of increase/decrease for the current period (decrease indicated by "-") | -64,915.00                         | -                 | -              | -      | 83,765,614.57    | -167,806,137.18       | 47,063,467.70              | -               | -               | -                    | 442,880,406.37    | 741,390,710.82    | 15,075,616.36      | 756,466,327.18       |
| (I) Total comprehensive income                                                      | -                                  | -                 | -              | -      | -                | -                     | 140,043,386.05             | -               | -               | -                    | 575,475,605.82    | 715,518,971.87    | 12,389,156.43      | 727,878,128.30       |
| (II) Contribution and reduction of capital by owners                                | -64,915.00                         | -                 | -              | -      | 83,765,614.57    | -167,806,137.18       | -                          | -               | -               | -                    | -                 | 251,446,838.75    | 2,716,459.93       | 254,163,296.68       |
| 1. Ordinary shares contributed by owners                                            | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 2. Capital contributed by holders of other equity instruments                       | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 3. Amount included in owners' equity in share payment                               | -                                  | -                 | -              | -      | 84,925,400.29    | -                     | -                          | -               | -               | -                    | -                 | 84,925,400.29     | 2,716,459.93       | 87,641,860.22        |
| 4. Others                                                                           | -64,915.00                         | -                 | -              | -      | -1,219,815.72    | -167,806,137.18       | -                          | -               | -               | -                    | -225,575,097.80   | 166,521,406.46    | -                  | 756,466,327.18       |
| (III) Profit distribution                                                           | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -225,575,097.80   | -225,575,097.80   | -225,575,097.80    | -225,575,097.80      |
| 1. Withdrawal of surplus reserves                                                   | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 2. Withdrawal of general risk reserve                                               | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 3. Distribution to owners (or shareholders)                                         | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -225,575,097.80   | -225,575,097.80   | -                  | -225,575,097.80      |
| 4. Others                                                                           | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| (IV) Internal carry-forward of owners' equity                                       | -                                  | -                 | -              | -      | -                | -                     | -92,979,888.35             | -               | -               | -                    | 92,979,888.35     | -                 | -                  | -                    |
| 1. Conversion of capital reserves to increase capital (or share capital)            | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 2. Conversion of surplus reserves to increase capital (or share capital)            | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 3. Making up of losses by surplus reserves                                          | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 4. Carry-forward of retained earnings from changes in defined benefit plans         | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 5. Carry-forward of retained earnings from other comprehensive income               | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 6. Others                                                                           | -                                  | -                 | -              | -      | -                | -                     | -92,979,888.35             | -               | -               | -                    | 92,979,888.35     | -                 | -                  | -                    |
| (V) Special reserves                                                                | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 1. Current withdrawal                                                               | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| 2. Current use                                                                      | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| (VI) Others                                                                         | -                                  | -                 | -              | -      | -                | -                     | -                          | -               | -               | -                    | -                 | -                 | -                  | -                    |
| IV. Closing balance of the current period                                           | 66,405,190.00                      | -                 | -              | -      | 8,405,534,018.68 | 77,041,533.41         | 674,321,023.91             | -               | 333,733,551.00  | -                    | 7,239,292,319.61  | 17,239,895,549.79 | 165,347,671.43     | 17,405,246,221.22    |

Person in charge  
of the Company:  
**He Wei**

Person in charge  
of accounting affairs:  
**Sun Guijing**

Person in charge  
of the accounting department:  
**Sun Guijing**

# COMPANY STATEMENT OF CHANGES IN EQUITY

From January 1, 2026 to June 30, 2026 Unit: Yuan Currency: RMB

First half of 2026

| Items                                                                                  | Paid-up capital<br>(or share capital) | Other equity instruments |                 |        |                   |                       | Other comprehensive<br>income | Special reserve | Surplus reserve | Retained earnings | Total owners' equity |
|----------------------------------------------------------------------------------------|---------------------------------------|--------------------------|-----------------|--------|-------------------|-----------------------|-------------------------------|-----------------|-----------------|-------------------|----------------------|
|                                                                                        |                                       | Preference shares        | Perpetual bonds | Others | Capital reserve   | Less: Treasury shares |                               |                 |                 |                   |                      |
| I. Opening balance of previous year                                                    | 667,849,931.00                        | -                        | -               | -      | 8,789,173,777.72  | 46,330,008.07         | 592,327,993.47                | -               | 333,924,675.50  | 5,623,395,880.66  | 15,961,491,693.28    |
| Add: Changes in accounting policy                                                      | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| Pre-period error correction                                                            | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| Others                                                                                 | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| II. Opening balance of the current year                                                | 667,849,931.00                        | -                        | -               | -      | 8,789,173,777.72  | 46,330,008.07         | 592,327,993.47                | -               | 333,924,675.50  | 5,623,395,880.66  | 15,961,491,693.28    |
| III. Amount of increase/decrease for the current period<br>(decrease indicated by "-") |                                       |                          |                 |        |                   |                       |                               |                 |                 |                   |                      |
| (I) Total comprehensive income                                                         | 33,900,248.00                         | -                        | -               | -      | 4,650,256,678.12  | -45,913,635.42        | 6,655,750,753.53              | -               | -               | 2,954,817,516.14  | 14,540,646,831.21    |
| (II) Contribution and reduction of capital by owners                                   | 33,900,248.00                         | -                        | -               | -      | 4,650,256,678.12  | -45,913,635.42        | 6,657,548,667.58              | -               | -               | 3,478,399,842.92  | 10,135,948,842.92    |
| 1. Ordinary shares contributed by owners                                               | 33,900,248.00                         | -                        | -               | -      | 4,650,256,678.12  | -45,913,635.42        | -                             | -               | -               | -                 | 4,938,072,561.54     |
| 2. Capital contributed by holders of other equity instruments                          | -                                     | -                        | -               | -      | 4,772,317,534.46  | -                     | -                             | -               | -               | -                 | 4,806,217,782.46     |
| 3. Amount included in owners' equity in share payment                                  | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 4. Others                                                                              | -                                     | -                        | -               | -      | 77,941,143.66     | -45,913,635.42        | -                             | -               | -               | -                 | 77,941,143.66        |
| (III) Profit distribution                                                              | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 1. Withdrawal of surplus reserves                                                      | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 2. Distribution to owners (or shareholders)                                            | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -525,374,573.25   | -525,374,573.25      |
| 3. Others                                                                              | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -525,374,573.25   | -525,374,573.25      |
| (IV) Internal carry-forward of owners' equity                                          | -                                     | -                        | -               | -      | -                 | -                     | -1,792,114.05                 | -               | -               | 1,792,114.05      | -                    |
| 1. Conversion of capital reserves to increase capital (or share capital)               | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 2. Conversion of surplus reserves to increase capital (or share capital)               | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 3. Making up of losses by surplus reserves                                             | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 4. Carry-forward of retained earnings from changes in defined benefit plans            | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 5. Carry-forward of retained earnings from other comprehensive income                  | -                                     | -                        | -               | -      | -                 | -                     | -1,792,114.05                 | -               | -               | 1,792,114.05      | -                    |
| 6. Others                                                                              | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| (V) Special reserves                                                                   | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 1. Current withdrawal                                                                  | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| 2. Current use                                                                         | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| (VI) Others                                                                            | -                                     | -                        | -               | -      | -                 | -                     | -                             | -               | -               | -                 | -                    |
| IV. Closing balance of the current period                                              | 701,749,939.00                        | -                        | -               | -      | 13,839,432,455.84 | 416,373.65            | 7,249,694,747.00              | -               | 333,924,675.50  | 8,578,753,196.80  | 30,592,138,300.49    |

# FINANCIAL REPORT

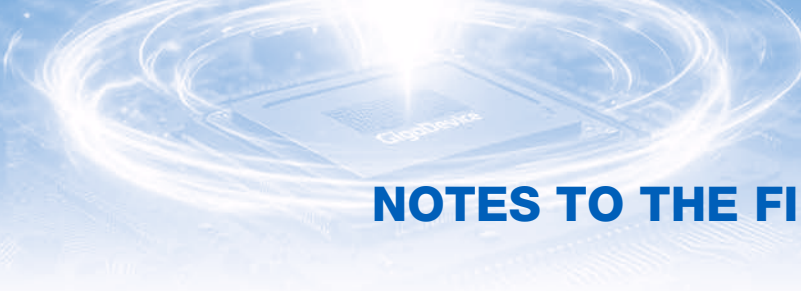
First half of 2025

| Items                                                                               | Paid-up capital (or share capital) | Other equity instruments |                 |        |                  | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Retained earnings | Total owners' equity |
|-------------------------------------------------------------------------------------|------------------------------------|--------------------------|-----------------|--------|------------------|-----------------------|----------------------------|-----------------|-----------------|-------------------|----------------------|
|                                                                                     |                                    | Preferences shares       | Perpetual bonds | Others | Capital reserve  |                       |                            |                 |                 |                   |                      |
| I. Opening balance of previous year                                                 | 661,124,105.00                     | -                        | -               | -      | 8,275,307,901.56 | 244,847,690.59        | 449,960,374.11             | -               | 333,733,551.00  | 5,153,287,861.00  | 14,632,566,102.08    |
| Add: Changes in accounting policy                                                   | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| Prior-period error correction                                                       | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| Others                                                                              | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| II. Opening balance of the current year                                             | 661,124,105.00                     | -                        | -               | -      | 8,275,307,901.56 | 244,847,690.59        | 449,960,374.11             | -               | 333,733,551.00  | 5,153,287,861.00  | 14,632,566,102.08    |
| III. Amount of increase/decrease for the current period (decrease indicated by "-") | -649,15.00                         | -                        | -               | -      | 67,363,666.60    | -167,806,137.18       | 90,515,369.69              | -               | -               | -16,556,644.59    | 330,066,613.88       |
| (I) Total comprehensive income                                                      | -                                  | -                        | -               | -      | -                | -                     | 92,667,669.70              | -               | -               | 206,863,953.20    | 299,531,622.90       |
| (II) Contribution and reduction of capital by owners                                | -649,15.00                         | -                        | -               | -      | 67,363,666.60    | -167,806,137.18       | -                          | -               | -               | -                 | 235,110,888.78       |
| 1. Ordinary shares contributed by owners                                            | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 2. Capital contributed by holders of other equity instruments                       | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 3. Amount included in owners' equity in share payment                               | -                                  | -                        | -               | -      | 81,945,899.87    | -                     | -                          | -               | -               | -                 | 81,945,899.87        |
| 4. Others                                                                           | -649,15.00                         | -                        | -               | -      | -44,577,023.27   | -167,806,137.18       | -                          | -               | -               | -                 | 153,104,199.91       |
| (III) Profit distribution                                                           | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 1. Withdrawal of surplus reserves                                                   | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 2. Distribution to owners (or shareholders)                                         | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -225,575,097.80   | -225,575,097.80      |
| 3. Others                                                                           | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| (IV) Internal carry-forward of owners' equity                                       | -                                  | -                        | -               | -      | -                | -                     | -2,152,500.01              | -               | -               | -225,575,097.80   | -225,575,097.80      |
| 1. Conversion of capital reserves to increase capital (or share capital)            | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | 2,152,500.01      | -                    |
| 2. Conversion of surplus reserves to increase capital (or share capital)            | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 3. Making up of losses by surplus reserves                                          | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 4. Carry-forward of retained earnings from changes in defined benefit plans         | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 5. Carry-forward of retained earnings from other comprehensive income               | -                                  | -                        | -               | -      | -                | -                     | -2,152,500.01              | -               | -               | 2,152,500.01      | -                    |
| 6. Others                                                                           | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| (V) Special reserves                                                                | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 1. Current withdrawal                                                               | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| 2. Current use                                                                      | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| (VI) Others                                                                         | -                                  | -                        | -               | -      | -                | -                     | -                          | -               | -               | -                 | -                    |
| IV. Closing balance of the current period                                           | 661,059,190.00                     | -                        | -               | -      | 8,343,676,788.16 | 77,041,553.41         | 540,475,743.80             | -               | 333,733,551.00  | 5,136,732,216.41  | 14,941,632,915.96    |

Person in charge  
of the Company:  
**He Wei**

Person in charge  
of accounting affairs:  
**Sun Guijing**

Person in charge  
of the accounting department:  
**Sun Guijing**



# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## III. BASIC INFORMATION OF THE COMPANY

### 1. Corporate Profile

#### *(1) Place of registration, form of organization and head office address of the Company*

GigaDevice Semiconductor Inc., formerly known as Beijing GigaDevice Microelectronic Technology Co., Ltd., was established as a limited liability company on April 6, 2005, with the approval of the Haidian District Market Supervision Administration of Beijing Municipality, through joint capital contributions from natural person Zhu Yiming and Beijing Tsinghua Science Park Incubator Co., Ltd. The Company was listed on the Shanghai Stock Exchange on August 18, 2016, with stock code 603986, and on the Main Board of The Stock Exchange of Hong Kong Limited on January 13, 2026, with stock code 03986.

Following years of capitalization issues, new share issuances, share repurchases, and share variations involving equity incentive plans, the Company's total share capital as of June 30, 2026 was 701,749,599 shares.

|                             |                                                                                                      |
|-----------------------------|------------------------------------------------------------------------------------------------------|
| Legal Representative:       | He Wei;                                                                                              |
| Type of Company:            | Joint-stock limited company (Taiwan, Hong Kong or Macau and domestic joint venture, listed company); |
| Registered Address:         | 101, 1/F to 5/F, Building 8, No. 9 Fenghao East Road, Haidian District, Beijing;                     |
| Term of Business:           | Long term;                                                                                           |
| Unified Social Credit Code: | 91110108773369432Y.                                                                                  |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### III. BASIC INFORMATION OF THE COMPANY (Continued)

#### 1. Corporate Profile (Continued)

##### *(2) Business nature and principal activities of the Company*

The Company's principal business is the research and development, technical support and sales of flash memory chips (NOR Flash and NAND Flash) and their derivative products, micro control unit (MCU) products, dynamic random access memory (DRAM), sensor modules (SENSOR) and analog chips. The Company's products are widely used in various fields such as industrial, consumer electronics, automobiles, IoT, computing, mobile applications and the network and telecommunications industries, facilitating the intelligent upgrade of society.

##### *(3) Approval and authorization for issue of the financial statements*

These financial statements were approved and authorized for issue by a resolution of the Company's Board on August 18, 2026.

### IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 1. Basis of Preparation

The Company's financial statements are prepared on a going concern basis. The financial statements are prepared based on actual transactions and events, and in accordance with the "Accounting Standards for Business Enterprises – Basic Standard" issued by the Ministry of Finance (issued by the Ministry of Finance Order No. 33 and revised by the Ministry of Finance Order No. 76), the specific Accounting Standards issued and revised on and after February 15, 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations (collectively, the "**Accounting Standards for Business Enterprises**"), and the disclosure requirements of the Regulation on the Information Disclosure and Preparation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (《公開發行證券的公司信息披露編報規則第15號—財務報告的一般規定》) issued by the China Securities Regulatory Commission (the "**CSRC**").



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

#### 1. Basis of Preparation (Continued)

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on the accrual basis. Except for certain financial instruments, these financial statements are prepared on a historical cost basis. Non-current assets held for sale are measured at the lower of their fair value less estimated expense and their carrying amount at the time they are classified as held for sale. If an asset is impaired, a corresponding provision for impairment shall be made in accordance with the relevant regulations.

Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, and the corresponding amendments to the Rules Governing the Listing of Securities (the “**Hong Kong Listing Rules**”) issued by the Stock Exchange, as well as relevant documents from the Ministry of Finance and the CSRC, and having been considered and approved at the 13th meeting of the fifth session of the Board of the Company and passed at a general meeting of the Company, starting from the year 2026, the Company will no longer provide A Shareholders and H Shareholders with separate financial reports prepared in accordance with the Accounting Standards for Business Enterprises and IFRS Accounting Standards, respectively. Instead, the Company will provide all shareholders with financial reports prepared in accordance with the Accounting Standards for Business Enterprises, and in preparing such financial reports, the disclosure requirements under the Hong Kong Companies Ordinance and the Hong Kong Listing Rules have been taken into consideration.

#### 2. Going Concern

These financial statements have been prepared on a going concern basis, and the Company has the ability to continue as a going concern for at least 12 months from the end of the Reporting Period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates indication:

Based on the actual production and operation characteristics and in accordance with the provisions of relevant Accounting Standards for Business Enterprises, the Company and its subsidiaries have formulated several specific accounting policies and accounting estimates for transactions and events such as revenue recognition and research and development expenses. For details, please refer to the descriptions under Section V. 20 “Intangible Assets” and 27 “Revenue”.

#### 1. Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete view of the Company’s financial position, operating results, changes in shareholders’ equity, cash flows and other relevant information. In addition, the Company’s financial statements comply with, in all material respects, the disclosure requirements for financial statements and their notes in the “Information Disclosure and Preparation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting” (《公開發行證券的公司信息披露編報規則第15號－財務報告的一般規定》), revised by the CSRC in 2023.

#### 2. Accounting Period

The Company’s accounting year is from January 1 to December 31 of each calendar year.

#### 3. Operating Cycle

The normal operating cycle refers to the period from the Company’s purchase of assets for processing to the realization of cash or cash equivalents. The Company uses 12 months as an operating cycle and as the basis for classifying the liquidity of assets and liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 4. Functional Currency

The functional currency of the Company is Renminbi. Renminbi is the currency of the principal economic environment in which the Company and its domestic subsidiaries operate, and the Company and its domestic subsidiaries use Renminbi as their functional currency. The overseas subsidiaries of the Company determine their functional currencies based on the currency of the principal economic environment in which they operate.

The currency used in the preparation of these financial statements is Renminbi.

#### 5. Method for Determining Materiality Criteria and Basis for Selection

| Items                                                                                            | Materiality criteria                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Significant accounts receivables for which provision for bad debt is made on an individual basis | The amount of a single item accounts for more than 10% of the total amount of various accounts receivables and exceeds RMB20 million                                 |
| Significant prepayments                                                                          | The amount of a single prepayment with aging of over 1 year accounts for more than 10% of the total amount of various accounts receivables and exceeds RMB20 million |
| Significant contract liabilities, accounts payables and other payables aged over 1 year          | The amount of a single item accounts for more than 10% of the total amount of various accounts payables of the Group and exceeds RMB20 million                       |
| Significant construction in progress                                                             | The budgeted amount of a single item accounts for 5% of the Group's total assets                                                                                     |
| Significant capitalized research and development projects                                        | The budgeted amount of a single item accounts for 5% of the Group's total assets                                                                                     |
| Cash related to significant investing activities                                                 | The amount of a single investment accounts more than for 5% of the Group's total assets                                                                              |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 5. Method for Determining Materiality Criteria and Basis for Selection (Continued)

| Items                                     | Materiality criteria                                                                                                                                                                                                                                                                    |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Significant non-wholly-owned subsidiaries | Where the total assets of a non-wholly-owned subsidiary account for more than 10% of the total assets of the Group, or its operating revenue accounts for more than 10% of the total revenue of the Group, or its net profit has an impact of more than 10% on the Company's net profit |
| Significant joint ventures or associates  | The carrying amount of the investment exceeds 10% of the Group's total assets                                                                                                                                                                                                           |

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control

A business combination represents a transaction or event that combines two or more individual enterprises to form a single reporting entity. Business combinations can be classified into business combinations under common control and business combinations not under common control.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)**

##### **(1) *Business combinations under common control***

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For a business combination under common control, on the combination date, the party that obtains control of another entity in the combination is the combining party, while the other entity is the combined party. The combination date is the date on which the combining party obtains control of the combined party.

The assets and liabilities acquired by the combining party through business combination shall be measured at the carrying amount of the combined party's assets and liabilities (including goodwill arising from the acquisition of the combined party by ultimate controlling party) in the ultimate controlling party's consolidated financial statements as at the combination date. The difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid for the combination (or the total par value of shares issued) is adjusted against the share capital premium in capital reserve. If the share capital premium in capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted.

The direct expenses incurred by the combining party for the business combinations are recognized in profit or loss for the current period when they are incurred.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)

##### (2) *Business combinations not under common control*

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. For a business combination not under common control, the party that obtains control of another entity on the acquisition date is the acquirer, while the other entity is the acquiree. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination not under common control, the cost of the business combination includes assets paid by the acquirer, liabilities paid or undertaken and the fair value of equity securities issued for the control of the acquiree on the acquisition date. Intermediary fees such as audit, legal services, valuation and consulting, as well as other administrative expenses incurred for the business combination, are recognized in profit or loss for the current period when incurred. Transaction fees for equity or debt securities issued by the acquirer as part of the consideration for the business combination are included in the initial recognition amount of the equity or debt securities. Any contingent consideration involved is included in the cost of combination at its fair value on the acquisition date. If, within 12 months from the acquisition date, new or further evidence arises concerning conditions that existed at the acquisition date that requires an adjustment to the contingent consideration, the goodwill arising from the business combination shall be adjusted accordingly. The cost of combination incurred by the acquirer and the identifiable net assets obtained in the business combination are measured at fair value on the acquisition date. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognized as goodwill. Where the cost of a business combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, re-verification is first carried out on the measurement of the fair value of each identifiable asset, liability, and contingent liability acquired, as well as the combination cost. For those with combination cost still lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets after re-verification, the difference is recognized in profit or loss for the current period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)

##### (2) *Business combinations not under common control (Continued)*

Where the acquirer obtains deductible temporary differences of the acquiree that were not recognized as deferred income tax assets due to non-fulfillment of the recognition criteria on the acquisition date, within 12 months from the acquisition date, when there is new or updated evidence that indicates the relevant conditions existed on the acquisition date and it is probable that the economic benefits from the acquiree's deductible temporary differences on the acquisition date can be realized, the relevant deferred income tax assets are recognized, and goodwill is reduced accordingly. If the goodwill is insufficient to absorb the reduction, the difference is recognized in profit or loss for the current period. Except for the above circumstances, the recognition of deferred income tax assets related to a business combination is recognized in profit or loss for the current period.

For a business combination not under common control achieved in stages through multiple transactions, the Company would determine whether such multiple transactions constitute “a bundle of transactions” in accordance with the criteria for “a bundle of transactions” in “Notice of the Ministry of Finance on Issuing Interpretation 5 on Accounting Standards for Business Enterprises” (Cai Kuai [2012] No.19) (《財政部關於印發企業會計準則解釋第5號的通知》(財會[2012] 19號)) and Article 51 of “Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements” (《企業會計準則第33號－合併財務報表》). If they constitute “a bundle of transactions”, the accounting treatment is carried out by reference to the descriptions in the preceding paragraphs of this section and Section V. 16 “Long-term Equity Investments”. If they do not constitute a “a bundle of transactions”, the relevant accounting treatment is carried out by distinguishing between individual financial statements and consolidated financial statements:



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)**

##### ***(2) Business combinations not under common control (Continued)***

In individual financial statements, the initial cost of the investment shall be the sum of the carrying amount of the equity investment in the acquiree held before the acquisition date and the cost of the additional investment on the acquisition date. The equity interest in the acquiree held before the acquisition date involves other comprehensive income, when disposing of the investment, the related other comprehensive income is accounted for on the same basis as if the acquiree had directly disposed of the relevant assets or liabilities (i.e., except for the corresponding share of changes resulting from the remeasurement of net liability or asset under defined benefit plan by the acquiree accounted for under the equity method, the remainder is transferred to investment income for the current period).

In the consolidated financial statements, for the equity interest in the acquiree held before the acquisition date, the equity interest is remeasured at its fair value on the acquisition date, and the difference between its fair value and its carrying amount is recognized in current investment income. If the equity interest in the acquiree held before the acquisition date involves other comprehensive income, the relevant other comprehensive income is accounted for on the same basis as would have been required if the acquiree had directly disposed of the relevant assets or liabilities (i.e., except for the corresponding share of changes resulting from the remeasurement of net liability or asset under defined benefit plan by the acquiree accounted for under the equity method, the remainder is transferred to investment income for the current period on the acquisition date).



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)

##### *(3) Determination of whether a combination constitutes a business*

Regarding the determination of whether a combination of operating activities or assets acquired by a company in a business combination constitutes a business:

##### *1) Elements constituting a business*

A business refers to a combination of certain production and operation activities or assets within a company, which includes inputs, processing procedures and output capabilities, and is able to independently calculate its costs and expenses or the income generated therefrom. A combination of production and operation activities or assets (hereinafter referred to as the “**combination**”) acquired by the combining party in a combination constitutes a business, which generally has the following three elements:

- 1 Input, refers to the input of intangible assets such as raw materials, labor and necessary production technology, and other long-term assets such as machinery and equipment that constitute output capacity.
- 2 Processing procedure, refers to a system, standard, agreement, practice or rule that has certain management capabilities and operational processes, and is capable of organizing inputs to generate outputs.
- 3 Output, including products or services provided to customers, investment income such as dividends or interest provided to investors or creditors, and other income generated from the Company’s ordinary activities.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)

##### (3) *Determination of whether a combination constitutes a business (Continued)*

##### 2) *Conditions for determining what constitutes a business*

A combination acquired by the combining party in a business combination constitutes a business only if it includes at least one input and one substantive processing procedure, and the combination of the two has a significant contribution to the outputs. Whether the combination acquired by the combining party in a business combination has actual output is not a necessary condition for determining whether it constitutes a business. The Company considers the following conditions of output to determine whether the processing procedure is substantive:

- 1 For a combination that has no output on the combination date, a processing procedure that simultaneously satisfies the following conditions is determined to be substantive: (a) the processing procedure is critical for converting inputs into outputs; (b) there are organized employees with the skills, knowledge or experience required to perform the procedure, and the necessary inputs such as materials, rights, other economic resources (e.g., technology, research and development projects, and real estate) are available.
- 2 If the combination has output on the acquisition date, a processing procedure that satisfies one of the following conditions shall be determined to be substantive: (a) the processing procedure is critical to the continued output and there is an organized workforce with the skills, knowledge or experience required to perform such process; (b) the processing procedure makes a significant contribution to the output capability, and such procedure is unique, scarce or difficult to replace.

When determining whether a combination constitutes a business, the Company considers whether it can be managed and operated as a business from the perspective of a market participant, rather than making a judgment based on the acquirer's management intentions or the acquiree's operating history.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)

##### (3) *Determination of whether a combination constitutes a business (Continued)*

##### 3) *The concentration test may also be used to determine whether the acquired combination in a business combination not under common control constitutes a business*

The concentration test is a simplified assessment that an acquirer in a business combination not under common control may elect to apply when determining whether an acquired combination constitutes a business. When conducting a concentration test, if the fair value of the gross assets acquired by the acquirer is substantially all concentrated in a single identifiable asset or a group of similar identifiable assets, the combination passes the concentration test and is determined not to constitute a business, and the acquirer is not required to make a determination in accordance with the conditions for constituting a business set out above. If the combination fails the concentration test, the acquirer shall still make a determination in accordance with the conditions for constituting a business set out above.

If the Company acts as an acquirer, it shall conduct the concentration test in accordance with the following provisions:

- 1 Calculate and determine the fair value of the gross assets acquired. Gross assets acquired do not include cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The acquirer can typically calculate and determine the fair value of the gross assets acquired using one of the following formulas:
  - (a) Fair value of gross assets = fair value of non-cash assets acquired in the combination + (consideration paid by the acquirer + fair value of the minority interests in the acquiree on the acquisition date + fair value of the equity interest in the acquiree held before the acquisition date – fair value of identifiable net assets of the acquiree acquired in the combination) – deferred tax assets – goodwill resulting from the effects of deferred tax liabilities
  - (b) Fair value of gross assets = consideration paid by the acquirer + fair value of the minority interests in the acquiree on the acquisition date + fair value of the equity interest in the acquiree held before the acquisition date + fair value of liabilities assumed (excluding deferred tax liabilities) – cash and cash equivalents acquired – deferred tax assets – goodwill resulting from the effects of deferred tax liabilities



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Accounting Treatments for Business Combinations under Common Control and Not under Common Control (Continued)

##### (3) *Determination of whether a combination constitutes a business (Continued)*

##### 3) *The concentration test may also be used to determine whether the acquired combination in a business combination not under common control constitutes a business (Continued)*

2 Regarding separately identifiable assets. A separately identifiable asset is an asset or a group of assets that is recognized and measured as a single identifiable asset in a business combination. If the cost of separating an asset (including a leased asset) and its attachments is significant, they shall be treated together as a single identifiable asset, such as land and buildings.

3 Regarding a group of similar assets. When assessing a group of similar assets, the Company considers, among other factors, the nature of each individual identifiable asset and the risks associated with managing its output. The following typically cannot be regarded as a group of similar assets: (a) tangible assets and intangible assets; (b) different classes of tangible assets, such as inventories and machinery and equipment; (c) different classes of identifiable intangible assets, such as trademark rights and franchise rights; (d) financial assets and non-financial assets; (e) different classes of financial assets, such as accounts receivable and equity instrument investments; (f) identifiable assets of the same class but with significant differences in risk characteristics, etc.

#### 7. Criteria for Determining Control and Methods of Preparing Consolidated Financial Statements

##### (1) *Criteria for determining control*

The consolidation scope of the consolidated financial statements is determined on the basis of control. Control is the power the Company has over an investee company, whereby it is exposed, or has rights, to variable returns from its involvement with an investee company and has the ability to affect those returns through its power over an investee company. This usually includes an investee company in which the parent company holds more than half of the voting rights, or an investee company in which the company, although holding less than half of the voting rights, controls more than half of the voting rights through an agreement with other investors of an investee company. The Company has the right to determine the financial and operating policies of an investee company under its Articles of Association or an agreement. The Company has the right to appoint or remove the majority of the members of an investee company's board of directors; and the Company holds a majority of the voting rights on an investee company's board of directors.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 7. Criteria for Determining Control and Methods of Preparing Consolidated Financial Statements (Continued)

##### (2) *Method of preparing consolidated financial statements*

The Company includes a subsidiary in the scope of consolidation from the date it obtains actual control over the subsidiary's net assets and production and operating decisions, and ceases to include it from the date it loses actual control. For a subsidiary that is disposed of, its operating results and cash flows before the disposal date are appropriately included in the consolidated income statement and consolidated cash flow statement. For a subsidiary disposed of during the current period, the opening balance of the consolidated balance sheet is not adjusted. For a subsidiary added through a business combination not under common control, its operating results and cash flows after the acquisition date are appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening balance and comparative figures of the consolidated financial statements are not adjusted. For a subsidiary added through a business combination under common control and an acquiree in a merger by absorption, their operating results and cash flows from the beginning of the current consolidation period to the date of combination are appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted accordingly.

When preparing the consolidated financial statements, if a subsidiary's accounting policies or accounting period are inconsistent with those of the Company, necessary adjustments are made to the subsidiary's financial statements in accordance with the Company's accounting policies and accounting period. For a subsidiary acquired through a business combination not under common control, its financial statements are adjusted based on the fair value of its identifiable net assets on the acquisition date.

All material intra-group balances, transactions and unrealized profits are eliminated during the preparation of the consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 7. Criteria for Determining Control and Methods of Preparing Consolidated Financial Statements (Continued)

##### *(2) Method of preparing consolidated financial statements (Continued)*

The portions of a subsidiary's shareholders' equity and net profit or loss for the current period that are not attributable to the Company are presented separately as minority interests and profit or loss attributable to minority shareholders under shareholders' equity and net profit, respectively, in the consolidated financial statements. The portion of a subsidiary's net profit or loss for the current period attributable to minority interests is presented as "profit or loss attributable to minority shareholders" under the net profit line item in the consolidated income statement. Losses of a subsidiary attributable to minority shareholders that exceed the share of minority shareholders' equity in the subsidiary's opening equity are still charged against minority interests.

When control over an original subsidiary is lost due to the disposal of part of an equity investment or for other reasons, any retained equity is remeasured at its fair value on the date when control is lost. The difference between the sum of the consideration received from the disposal of the equity and the fair value of the retained equity, and the share of the original subsidiary's net assets continuously calculated from the acquisition date based on the original percentage of shareholding, is recognized in investment income for the current period in which control is lost. Other comprehensive income related to the equity investment in the original subsidiary is, upon loss of control, accounted for on the same basis as if the acquiree had directly disposed of the relevant assets or liabilities (i.e., except for changes resulting from the remeasurement of the net liability or asset under defined benefit plan in that original subsidiary, all other amounts are reclassified to investment income for the current period). Subsequently, the retained equity is measured in accordance with the relevant provisions of "Accounting Standard for Business Enterprises No. 2 – Long-term Equity Investments" or "Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". For details, please refer to item 16 "Long-term Equity Investments" or item 11 "Financial Instruments" in Section V of this report.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 7. Criteria for Determining Control and Methods of Preparing Consolidated Financial Statements (Continued)

##### *(2) Method of preparing consolidated financial statements (Continued)*

Where the Company disposes of its equity investment in a subsidiary in stages through multiple transactions until it loses control, it is necessary to determine whether the transactions for the disposal of the equity investment in the subsidiary until the loss of control constitute a bundle of transactions. If the terms, conditions and economic impact of the various transactions for the disposal of an equity investment in a subsidiary meet one or more of the following conditions, it usually indicates that the multiple transactions should be accounted for as a bundle of transactions: 1. these transactions are entered into at the same time or in contemplation of one another; 2. only when regarding these transactions as a whole, can they achieve a complete business result; 3. the occurrence of one transaction is dependent on the occurrence of at least one other transaction; 4. one transaction considered on its own is not economically justifiable, but it is economically justifiable when considered together with other transactions. If the transactions do not constitute a bundle of transactions, each transaction is accounted for separately, as appropriate, in accordance with the principles applicable to “partial disposal of long-term equity investments in a subsidiary without loss of control” and “loss of control over an original subsidiary due to disposal of part of an equity investment or for other reasons”. If the transactions for the disposal of an equity investment in a subsidiary until the loss of control constitute a bundle of transactions, the transactions are accounted for as a single transaction for the disposal of a subsidiary and loss of control. However, before control is lost, the difference between the consideration from each disposal and the share of the subsidiary’s net assets corresponding to the investment disposed of is recognized as other comprehensive income in the consolidated financial statements, and is transferred to profit or loss for the current period in which control is lost upon the loss of control.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **8. Classification of Joint Venture Arrangements and Accounting Treatment for Joint Operations**

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements as joint operations and joint ventures based on the rights it holds and the obligations it assumes in such arrangements. A joint operation is a joint arrangement in which the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the Company has rights only to the net assets of the arrangement.

The Company's investment in joint ventures is accounted for using the equity method, in accordance with the accounting policies described in Section V. 16(2)2 "Long-term equity investments accounted for using the equity method" of this section.

As a joint operator in respect of a joint operation, the Company recognizes its own assets held and liabilities incurred, as well as its share of jointly held assets and jointly incurred liabilities. It recognizes revenue from the sale of its share of the output of the joint operation, its share of the revenue generated by the joint operation from the sale of output, its own expenses incurred, and its share of the expenses incurred by the joint operation.

When the Company, as a joint operator, contributes or sells assets (which do not constitute a business, the same applies below) to a joint operation, or purchases assets from a joint operation, the Company recognizes only the portion of the profit or loss arising from such transaction that is attributable to the other parties to the joint operation, until such assets are sold to a third party. If such assets incur impairment losses in accordance with the provisions of "Enterprise Accounting Standard No. 8 – Asset Impairment" and other relevant regulations, the Company recognizes the loss in full for assets contributed or sold by the Company to a joint operation. For assets purchased by the Company from a joint operation, the Company recognizes the loss in proportion to its share.

#### **9. Recognition Criteria of Cash and Cash Equivalents**

Cash equivalents are short-term, highly liquid investments held by an enterprise that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 10. Translation of Transactions and Financial Statements Denominated in Foreign Currencies

##### *(1) Methods for translation of foreign currency transactions*

Foreign currency transactions incurred by the Company are, upon initial recognition, converted into the functional currency amount at the spot exchange rate on the transaction date, except for: 1. foreign exchange business or transactions involving foreign exchange, which are converted into the functional currency amount at the actual exchange rate adopted; and 2. the Company's export sales revenue, which is converted into the functional currency amount at the spot exchange rate at the beginning of the current month (usually refers to the central parity rate published by the People's Bank of China on that day, the same applies below).

##### *(2) Methods for translation of monetary items and non-monetary items in foreign currency*

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The resulting exchange differences are recognized in profit or loss for the current period, except for: 1. exchange differences arising from specific foreign currency borrowings related to the acquisition or construction of assets that meet capitalization conditions, which are treated in accordance with the principle of capitalization of borrowing costs; 2. exchange differences on hedging instruments that are effective hedges of a net investment in a foreign operation (such differences are recognized in other comprehensive income until the net investment is disposed of, at which point they are recognized in profit or loss for the current period); and 3. exchange differences arising from other book balance change other than amortized cost for foreign currency monetary items available-for-sale, which are recognized in other comprehensive income.

The foreign currency non-monetary items measured at historical cost shall still be measured at the amount in the functional currency translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. The difference between the amounts of the functional currency before and after the translation will be treated as changes in fair value (including changes in foreign exchange rates) and recognized in profit or loss for the current period or as other comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 10. Translation of Transactions and Financial Statements Denominated in Foreign Currencies (Continued)

##### (3) *Methods for translation of foreign currency financial statements*

When the preparation of consolidated financial statements involves foreign operations, if there are foreign currency monetary items that in substance form part of a net investment in a foreign operation, exchange differences arising from changes in exchange rates are recognized as other comprehensive income under “translation differences in the foreign currency financial statements”. Upon disposal of the foreign operation, such differences are recognized in profit or loss for the current period.

Foreign currency financial statements of foreign operations are translated into RMB statements as follows: Assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date; shareholders’ equity items, except for “retained earnings”, are translated at the spot exchange rate at the date of occurrence. Income and expense items in the income statement are translated at the exchange rate at the end of the current period on the transaction date. The retained earnings at the beginning of the year represent the translated retained earnings at the end of the previous year. The retained earnings at the end of the year are calculated and presented based on the translated profit distribution items. All differences between the translated asset items, liability items and shareholders’ equity items are recognized in other comprehensive income as differences from translation of foreign financial statements. When a foreign operation is disposed of and control is lost, the differences from translation of foreign financial statements related to that foreign operation, which are presented under shareholders’ equity items in the balance sheet, are transferred to the profit or loss for the current period in whole or in proportion of the disposed foreign operation.

Foreign currency cash flows and cash flows of foreign subsidiaries are translated at the exchange rate at the end of the current period on the date the cash flow occurs. The effect of exchange rate changes on cash is presented separately as a reconciling item in the cash flow statement.

The opening figures and prior year’s actual figures are presented at the amounts translated from the prior year’s financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **10. Translation of Transactions and Financial Statements Denominated in Foreign Currencies (Continued)**

##### ***(3) Methods for translation of foreign currency financial statements (Continued)***

When all of the Company's ownership equity in a foreign operation is disposed of, or when control over a foreign operation is lost due to the partial disposal of equity investment or other reasons, the differences from translation of foreign financial statements related to that foreign operation, which are presented under shareholders' equity items in the balance sheet and attributable to the parent company's ownership equity, are transferred in full to profit or loss for the period of disposal.

If the equity holding in a foreign operation is reduced due to the partial disposal of equity investment or other reasons but control is maintained, the differences from translation of foreign financial statements related to the disposed portion of that foreign operation shall be attributed to minority interests and shall not be transferred to profit or loss for the current period. When a partial equity interest in a foreign operation that is an associate or a joint venture is disposed of, the differences from translation of foreign financial statements related to that foreign operation are transferred to the profit or loss for the current period in proportion of the disposed foreign operation.

#### **11. Financial Instruments**

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument. For financial assets and financial liabilities measured at fair value through profit or loss, any related transaction costs are directly charged to profit or loss. For other categories of financial assets and financial liabilities, any related transaction costs are included in their initial recognition amount.

The effective interest rate method is a method of calculating the amortized cost of financial assets or financial liabilities and of allocating the interest income or interest expense over each accounting period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **11. Financial Instruments (Continued)**

The effective interest rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or financial liability to the book balance of a financial asset or to the amortized cost of a financial liability. In determining the effective interest rate, expected cash flow is estimated after taking into account all contract terms of financial assets or financial liabilities, including early repayment, extension, call option or other similar options, without considering expected credit loss.

The amortized cost of financial assets or financial liabilities is calculated by deducting repaid principal amount from initially recognized amount of the financial assets or financial liabilities, adding or subtracting the accumulated amortization amount which is the amortized difference between the initial recognition amount and the amount at the expiry date using the effective interest rate method, then further deducting the accumulated loss allowance.

##### ***11.1 Classification, recognition and measurement of financial assets***

At initial recognition, the Company classifies financial assets into the following categories based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

##### ***11.1.1 Financial assets classified as measured at amortized cost***

A financial asset is classified as a financial asset measured at amortized cost if 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, and the Company's business model for managing the financial asset is achieved by collecting contractual cash flows.

Such financial assets are subsequently measured at amortized cost using the effective interest rate method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss upon derecognition, amortization using the effective interest rate method, or recognition of impairment.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### *11.1 Classification, recognition and measurement of financial assets (Continued)*

##### *11.1.2 Financial assets classified as measured at fair value through other comprehensive income*

A financial asset is classified as a financial asset measured at fair value through other comprehensive income if 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, and the Company's business model for managing the financial asset is achieved by both collecting contractual cash flows and selling the financial asset.

Such financial assets are subsequently measured at fair value. Interest calculated using the effective interest rate method, impairment losses or gains, and foreign exchange gains and losses are recognized in profit or loss for the current period, while other gains or losses are recognized in other comprehensive income. Upon derecognition, cumulative gains and losses previously recognized in other comprehensive income are transferred from other comprehensive income to profit or loss for the current period.

##### *11.1.3 Financial assets designated at fair value through other comprehensive income*

At initial recognition, the Company may make an irrevocable election to designate non-trading equity instruments as financial assets measured at fair value through other comprehensive income. Financial assets designated by the Company as measured at fair value through other comprehensive income are presented under the "investment in other equity instruments" item in the balance sheet.

Such financial assets are subsequently measured at fair value. Dividend income is recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.1 *Classification, recognition and measurement of financial assets (Continued)*

###### 11.1.4 *Financial assets classified as measured at fair value through profit or loss*

Financial assets that do not meet the criteria for classification as measured at amortized cost or at fair value through other comprehensive income, and are not designated as financial assets measured at fair value through other comprehensive income, are classified as financial assets measured at fair value through profit or loss (“**FVPL**”).

The Company subsequently measures such financial assets at fair value, and recognizes gains or losses arising from changes in fair value, as well as dividends and interest income related to such financial assets, in profit or loss for the current period.

##### 11.2 *Transfer of financial assets*

A financial asset is derecognized when one of the following conditions is met: (1) the contractual rights to the cash flows from the financial asset expire; (2) the financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee; (3) the financial asset has been transferred, and although the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it has not retained control of the financial asset.

If a transfer of a financial asset in its entirety satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative fair value changes that had been recognized in other comprehensive income is recognized in profit or loss for the current period. For non-trading equity instruments designated at fair value through other comprehensive income, cumulative gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.2 *Transfer of financial assets (Continued)*

If a partial transfer of a financial asset satisfies the derecognition criteria, the carrying amount of the entire financial asset before the transfer is allocated between the derecognized portion and the continuing recognized portion based on their respective relative fair values on the transfer date. The difference between the sum of the consideration received from the transfer and the cumulative amount of fair value changes previously recognized in other comprehensive income that is allocable to the derecognized portion, and the aforementioned allocated carrying amount, is recognized in profit or loss for the current period. If the financial asset transferred by the Company is a non-trading equity instrument investment designated at fair value through other comprehensive income, the portion of the cumulative gains or losses previously recognized in other comprehensive income that relates to the derecognized portion is transferred from other comprehensive income to retained earnings.

If a transfer of a financial asset in its entirety does not satisfy the derecognition criteria, the Company continues to recognize the entire transferred financial asset, and the consideration received from the asset transfer is recognized as a liability upon receipt.

##### 11.3 *Financial liabilities*

The Company recognizes a liability that meets one of the following conditions as a financial liability:

- (1) a contractual obligation to deliver cash or another financial asset to another party;
- (2) a contractual obligation to exchange financial assets or financial liabilities with another party under potentially unfavorable conditions;



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **11. Financial Instruments (Continued)**

##### **11.3 *Financial liabilities (Continued)***

- (3) a non-derivative contract that will or may be settled by the entity using its own equity instruments, and under which the entity will deliver a variable number of its own equity instruments;
- (4) a derivative contract that will or may be settled by the entity using its own equity instruments, other than a derivative contract that is settled by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets.

##### **11.4 *Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. A financial instrument issued by the Company is classified as an equity instrument if, and only if, both of the following conditions are met:

- (1) the financial instrument includes no contractual obligation to deliver cash or another financial asset to another party, or to exchange financial assets or financial liabilities with another party under potentially unfavorable conditions;
- (2) the financial instrument will or may be settled by the entity using its own equity instruments. If it is a non-derivative instrument, the financial instrument shall not include a contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, it shall be settled only by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### *11.5 Classification and measurement of financial liabilities*

The Company classifies financial liabilities as financial liabilities measured at fair value through profit or loss, financial guarantee contract liabilities, and financial liabilities measured at amortized cost.

##### *11.5.1 Financial liabilities measured at fair value through profit or loss*

These financial liabilities include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss. After initial recognition, such financial liabilities are subsequently measured at fair value. Except for those related to hedge accounting, any resulting gains or losses (including interest expense) are recognized in profit or loss for the current period.

##### *11.5.2 Financial guarantee contract liabilities*

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are subsequently measured at the higher of the amount of loss provision determined in accordance with the impairment principles for financial instruments and the balance of the initial recognition amount after deducting cumulative amortization.

##### *11.5.3 Financial liabilities measured at amortized cost*

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



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **11. Financial Instruments (Continued)**

##### ***11.6 Derecognition of financial liabilities***

A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged, canceled or expires. Where the Company (as borrower) and a lender enter into an agreement to replace an original financial liability with a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the Company derecognizes the original financial liability and simultaneously recognizes the new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the current period.

##### ***11.7 Derivatives and embedded derivatives***

Derivatives are initially measured at fair value on the date of signing of such contracts, and subsequently measured at fair value. Changes in the fair value of derivatives are recognized in profit or loss for the current period.

For a hybrid contract comprising an embedded derivative and a host contract, if the host contract is a financial asset, the Company shall not separate the embedded derivative from the hybrid contract, but shall apply the accounting standards for the classification of financial assets to the hybrid contract as a whole.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.7 *Derivatives and embedded derivatives (Continued)*

If a hybrid contract contains a host that is not a financial asset, and the following conditions are met, the Company separates the embedded derivative from the hybrid instrument and treats it as a separate derivative financial instrument:

- (1) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- (2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- (3) the hybrid contract is not measured at fair value through profit or loss for accounting treatment.

If an embedded derivative is separated from a hybrid contract, the Company accounts for the host contract of the hybrid contract in accordance with applicable accounting standards. If the Company is unable to reliably measure the fair value of an embedded derivative based on its terms and conditions, the fair value of the embedded derivative is determined as the difference between the fair value of the hybrid contract and the fair value of the host contract. If, after using the above method, the fair value of the embedded derivative still cannot be measured separately on the acquisition date or at a subsequent balance sheet date, the Company designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

##### 11.8 *Offsetting of financial assets and financial liabilities*

A financial asset and a financial liability are offset and the net amount is presented as at the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are presented separately as at the balance sheet and are not offset.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### *11.9 Reclassification of financial instruments*

When, and only when, the Company changes its business model for managing financial assets, it shall reclassify all affected financial assets in accordance with accounting standards. Financial liabilities shall not be reclassified.

If financial assets are reclassified, the relevant accounting treatment shall be applied prospectively from the reclassification date, and no retrospective adjustments shall be made to previously recognized gains, losses (including impairment losses or gains) or interest.

**11.9.1** Where a financial asset measured at amortized cost is reclassified as a financial asset measured at fair value through profit or loss, such financial asset shall be measured at fair value on the reclassification date. The difference between the original carrying amount and the fair value is recognized in profit or loss for the current period.

Where a financial asset measured at amortized cost is reclassified as a financial asset measured at fair value through other comprehensive income, such financial asset shall be measured at fair value on the reclassification date. The difference between the original carrying amount and the fair value is recognized in other comprehensive income.

**11.9.2** When a financial asset measured at fair value through other comprehensive income is reclassified as a financial asset measured at amortized cost, the cumulative gains or losses previously recognized in other comprehensive income are transferred out and adjusted against the fair value of the financial asset on the reclassification date. The adjusted amount is treated as the new carrying amount, as if the financial asset had always been measured at amortized cost.

Where a financial asset measured at fair value through other comprehensive income is reclassified as a financial asset measured at fair value through profit or loss, such financial asset shall continue to be measured at fair value. At the same time, the accumulated gains or losses previously recognized in other comprehensive income are transferred from other comprehensive income to profit or loss for the current period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### *11.9 Reclassification of financial instruments (Continued)*

**11.9.3** Where a financial asset measured at fair value through profit or loss is reclassified as a financial asset measured at amortized cost, its fair value on the reclassification date becomes its new book balance.

If a financial asset measured at fair value through profit or loss is reclassified as a financial asset measured at fair value through other comprehensive income, it continues to be measured at fair value.

##### *11.10 Determination of fair value of financial instruments*

The fair value of a financial instrument that is traded in an active market is determined by reference to the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. During the valuation, the Company adopts valuation techniques that are available in the current circumstances and are supported by enough available data and other information, and selects inputs with same features used by market players for transactions of relevant assets or liabilities, and manages to preferentially use relevant observable inputs. Unobservable inputs are used where relevant observable inputs are not available or obtaining them is not practicable.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **11. Financial Instruments (Continued)**

##### ***11.11 Impairment of financial assets***

The financial assets for which the Company is required to recognize impairment losses are financial assets measured at amortized cost, which mainly include bills receivables, accounts receivables and other receivables. In addition, for certain financial guarantee contracts, a provision for impairment is made and a credit impairment loss is recognized in accordance with the accounting policies described in this section.

##### ***(1) Method for recognition of impairment provision***

Based on expected credit losses, the Company accrues impairment provisions and recognizes credit impairment losses for the aforementioned items in accordance with their applicable expected credit loss measurement methods (general approach or simplified approach).

Credit loss represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received, discounted at the original effective interest rate of the Group, i.e., the present value of all cash shortfalls. For purchased or originated credit-impaired financial assets, the Company discounts such financial assets at their credit-adjusted effective interest rate.

The general approach of measuring expected credit losses refers to the Company assesses whether the credit risk of the financial asset on each balance sheet date has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to the 12-month expected credit losses. When assessing expected credit losses, the Company considers all reasonable and supportable information, including forward-looking information.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition and elects to measure the loss allowance based on 12-month expected credit losses.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.11 Impairment of financial assets (Continued)

###### (2) Criteria for determining whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset over its expected lifetime determined at the balance sheet date is significantly higher than the probability of default over its expected lifetime determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except in special circumstances, the Company uses the change in the risk of a default occurring in the next 12 months as a reasonable approximation of the change in the risk of a default occurring over the lifetime to determine whether credit risk has increased significantly since initial recognition.

The Company takes into account the following factors when assessing whether credit risk has increased significantly:

- 1) whether there is any actual or expected significant change in the operating results of the debtor;
- 2) whether there are significant adverse changes in the regulatory, economic or technical environment in which the debtor operates;
- 3) whether there has been a significant change in the value of collateral for the debt or in the quality of third-party guarantees or credit enhancements, where such changes are expected to reduce the debtor's economic incentive to make payments on schedule or affect the probability of default;
- 4) whether there are significant changes in the expected performance and repayment behavior of the debtor;
- 5) whether there is any change in the Company's credit management method for financial instruments, etc.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.11 Impairment of financial assets (Continued)

###### (2) *Criteria for determining whether credit risk has increased significantly since initial recognition (Continued)*

At the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. A financial instrument is considered to have low credit risk if its risk of default is low, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and operating conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

###### (3) *Portfolio approach for assessing expected credit risk on a portfolio basis*

The Company individually assesses the credit risk of financial assets with significantly different credit risks, such as: receivables that are in dispute with the counterparty or involved in litigation or arbitration; receivables for which there are clear indications that the debtor is highly unlikely to fulfill its repayment obligations, etc.

Except for financial assets for which credit risk is assessed individually, the Company classifies financial assets into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Company include: aging portfolio and group-wide related party portfolio. Credit risk is assessed on a portfolio basis.

###### (4) *Accounting treatment methods for impairment of financial assets*

At the end of the period, the Company calculates the expected credit losses for various financial assets. If the expected credit losses are greater than the carrying amount of its current impairment provisions, the difference is recognized as an impairment loss; if the expected credit losses are less than the carrying amount of its current impairment provisions, the difference is recognized as an impairment gain.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.11 Impairment of financial assets (Continued)

###### (5) Methods for determining credit losses on various types of financial assets

###### 1 Bills receivables

The Company measures the loss allowance for bills receivable at an amount equal to lifetime expected credit losses. The bills receivable are divided into different portfolios based on their credit risk characteristics:

| Items                       | Basis for portfolio determination                                  |
|-----------------------------|--------------------------------------------------------------------|
| Bank acceptance bills       | The acceptor is a bank with relatively low credit risk             |
| Commercial acceptance bills | Same as the classification of the “accounts receivables” portfolio |

Note: The Company generally does not make a provision for bad debts for bank acceptance bills with good credit standing.

###### 2 Accounts receivables and contract assets

For accounts receivables and contract assets that do not contain a significant financing component, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

For accounts receivables and contract assets that contain a significant financing component, the Company elects to measure the loss allowance at an amount equal to lifetime expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.11 Impairment of financial assets (Continued)

###### (5) Methods for determining credit losses on various types of financial assets (Continued)

#### 2 Accounts receivables and contract assets (Continued)

Except for accounts receivables for which credit risk is assessed individually, they are classified into different portfolios based on their credit risk characteristics:

| Items       | Basis for portfolio determination                                                                                |
|-------------|------------------------------------------------------------------------------------------------------------------|
| Portfolio 1 | This portfolio uses the aging of accounts receivables as a credit risk characteristic.                           |
| Portfolio 2 | This portfolio consists of accounts receivables within the consolidation scope of GigaDevice Semiconductor Inc.. |

A. The aging of the Company's accounts receivables is calculated based on the transaction date.

Within the portfolio, the portfolio provision method using the aging portfolio for calculating expected credit losses is as follows:

| Aging           | Accrual ratio<br>for commercial<br>acceptance bills<br>(%) | Provision rate<br>for accounts<br>receivables<br>(%) |
|-----------------|------------------------------------------------------------|------------------------------------------------------|
| Within 3 months | 0.00                                                       | 0.00                                                 |
| 4 to 12 months  | 5.00                                                       | 5.00                                                 |
| 1 to 2 years    | 10.00                                                      | 10.00                                                |
| 2 to 3 years    | 20.00                                                      | 20.00                                                |
| 3 to 4 years    | 50.00                                                      | 50.00                                                |
| 4 to 5 years    | 80.00                                                      | 80.00                                                |
| Over 5 years    | 100.00                                                     | 100.00                                               |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.11 Impairment of financial assets (Continued)

###### (5) Methods for determining credit losses on various types of financial assets (Continued)

###### 2 Accounts receivables and contract assets (Continued)

B. No provision for expected credit losses is made for accounts receivables within the Company's scope of consolidation.

C. Criteria for determining individually assessed provisions for bad debts:

A financial asset becomes a credit-impaired financial asset when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

Significant financial difficulty of the issuer or the debtor;

Breach of contract by the debtor, such as a default or overdue interest or principal payments;

The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

It becoming probable that the debtor will enter bankruptcy or other financial reorganization;

The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;

The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Credit impairment of a financial asset may be caused by the combined effect of multiple events and may not necessarily be attributable to a single identifiable event.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 11. Financial Instruments (Continued)

##### 11.11 Impairment of financial assets (Continued)

###### (5) Methods for determining credit losses on various types of financial assets (Continued)

###### 3 Other receivables

The Company measures impairment losses based on whether the credit risk of other receivables has increased significantly since initial recognition, using an amount equal to 12-month or lifetime expected credit losses. Except for other receivables for which credit risk is individually assessed, they are classified into different portfolios based on their credit risk characteristics:

| Items       | Basis for portfolio determination                                                                                                                                                      |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Portfolio 1 | This portfolio represents deposits and security deposits receivable in the ordinary course of business.                                                                                |
| Portfolio 2 | This portfolio represents long-term asset disposal proceeds receivable in the ordinary course of business.                                                                             |
| Portfolio 3 | This portfolio comprises other receivables arising from ordinary course of business activities, excluding deposits, security deposits, and proceeds from disposal of long-term assets. |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 12. Bills Receivables

*Portfolio categories and determination basis with provision for bad debts made according to the credit risk characteristic portfolio*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

*The ageing calculation method for the credit risk characteristic portfolio confirmed based on the ageing of accounts*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

*Judgment criteria for individual provision with provision for bad debts made on an individual basis*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

#### 13. Accounts Receivables

*Portfolio categories and determination basis with provision for bad debts made according to the credit risk characteristic portfolio*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

*The ageing calculation method for the credit risk characteristic portfolio confirmed based on the ageing of accounts*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

*Judgment criteria for individual provision with provision for bad debts made on an individual basis*

See Section V. 11.11 “Impairment of Financial Assets” of this section.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 14. Other Receivables

*Portfolio categories and determination basis with provision for bad debts made according to the credit risk characteristic portfolio*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

*The ageing calculation method for the credit risk characteristic portfolio confirmed based on the ageing of accounts*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

*Judgment criteria for individual provision with provision for bad debts made on an individual basis*

See Section V. 11.11 “Impairment of Financial Assets” of this section.

#### 15. Inventories

*Categories of inventories, valuation method of inventories upon delivery, count system, amortization method for low cost and short-lived consumable items and packaging materials*

##### (1) *Classification of inventories*

Inventories mainly include raw materials, work-in-progress, finished goods and low cost and short-lived consumable items.

##### (2) *Valuation method for acquisition and delivery of inventories*

Inventories are measured at actual cost on acquisition. Inventory costs include purchase costs, processing costs and other costs. They are valued by the weighted average method when drawn and issued.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 15. Inventories (Continued)

*Categories of inventories, valuation method of inventories upon delivery, count system, amortization method for low cost and short-lived consumable items and packaging materials (Continued)*

(3) The inventory count system is a perpetual inventory system.

(4) *Amortization method for low cost and short-lived consumable items and packaging materials*

Low cost and short-lived consumable items are amortized using the immediate write-off method upon being put into use.

#### *Determination criteria and provision method for inventory write-downs*

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated selling expenses and related taxes. In determining the net realizable value of inventories, the determination is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the impact of events after the balance sheet date.

At the balance sheet date, inventories are carried at the lower of cost and net realizable value. A provision for inventory write-down is made when its net realizable value is lower than its cost. Provision for inventory write-down is usually made based on the excess of the cost of individual inventory items over their net realizable value. For inventories with a large quantity and a low unit price, the provision for inventory write-down is made by category. For inventories that are related to a product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to measure separately from other items, the provision for inventory write-down may be made on a consolidated basis.

After a provision for inventory write-down is made, if the factors that previously caused the write-down have disappeared, resulting in the net realizable value of the inventory being higher than its carrying amount, the provision is reversed to the extent of the amount previously provided, and the reversed amount is recognized in profit or loss for the current period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **16. Long-term Equity Investments**

The long-term equity investments referred to in this section are long-term equity investments in which the Company has control, joint control or significant influence over the investee. The Company's long-term equity investments in investees over which it does not have control, joint control or significant influence are accounted for as financial assets at fair value through profit or loss. If such investments are non-trading, the Company may, at initial recognition, designate them as financial assets at fair value through other comprehensive income. The accounting policies for these are detailed in Section V. 11 "Financial Instruments" of this section.

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 over those policies.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (1) *Determination of investment cost*

For long-term equity investments acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the share of the carrying amount of the acquiree's shareholders' equity in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost of long-term equity investments and the carrying amount of cash paid, non-cash assets transferred, and liabilities assumed shall be adjusted to capital reserve; if the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted. If equity securities are issued as consideration for the combination, the initial investment cost of the long-term equity investment is the share of the carrying amount of the acquiree's shareholders' equity in the consolidated financial statements of the ultimate controlling party on the combination date. The total par value of the issued shares shall be recognized as share capital. The difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares shall adjust capital reserve; if the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted. Where the equity of an acquiree under common control is acquired in stages through multiple transactions, ultimately forming a business combination under common control, it is treated differently depending on whether it constitutes a "package deal": if it constitutes a "package deal", the transactions are accounted for as a single transaction to obtain control. If it is not a "package deal", the initial investment cost of the long-term equity investment is the share of the carrying amount of the acquiree's shareholders' equity in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost of the long-term equity investment and the sum of the carrying amount of the long-term equity investment before the combination plus the carrying amount of the new consideration paid for further acquired shares on the combination date shall be adjusted to capital reserve; if the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted. Other comprehensive income recognized from equity investments held before the combination date, which were accounted for using the equity method or as financial assets at fair value through other comprehensive income, is not subject to accounting treatment for the time being.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (1) *Determination of investment cost (Continued)*

For long-term equity investments acquired through a business combination not under common control, the cost of the combination is taken as the initial investment cost of the long-term equity investment on the acquisition date. The cost of the combination includes the sum of the fair value of the assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer. Where the equity of an acquiree is acquired in stages through multiple transactions, ultimately forming a business combination not under common control, it is treated differently depending on whether it constitutes a “package deal”: if it constitutes a “package deal”, the transactions are accounted for as a single transaction to obtain control. If it is not a “package deal”, the sum of the carrying amount of the equity investment in the acquiree originally held and the cost of the new investment is taken as the initial investment cost of the long-term equity investment, which is then accounted for using the cost method. If the equity previously held was accounted for using the equity method, the related other comprehensive income is not subject to accounting treatment for the time being.

Intermediary fees such as audit, legal services, and valuation consulting fees, as well as other related administrative expenses incurred by the combining or acquiring party for a business combination, are recognized in profit or loss for the current period when they are incurred.

Other equity investments, excluding long-term equity investments formed through business combinations, are initially measured at cost. Such cost is determined based on the different methods of acquiring the long-term equity investment, respectively, by the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value stipulated in the investment contract or agreement, the fair value or original carrying amount of assets exchanged out in non-monetary asset exchange transactions, or the fair value of the long-term equity investment itself. Expenses, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment are also included in the investment cost. If an additional investment enables the Company to exercise significant influence or joint control (but not control) over an investee company, the cost of the long-term equity investment is the sum of the fair value of the previously held equity investment determined in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the cost of the additional investment.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (2) *Subsequent measurement and recognition of profit or loss*

Long-term equity investments in which the Company has joint control (except for joint operators) or significant influence over the investee company are accounted for using the equity method. In addition, the Company's financial statements use the cost method to account for long-term equity investments in which it can exercise control over the investee company.

##### *1 Long-term equity investments accounted for using the cost method*

When accounted for using the cost method, long-term equity investments are measured at their initial investment cost. Additions to or withdrawals from investments adjust the cost of the long-term equity investments. Except for cash dividends or profits declared but not yet distributed that are included in the actual price paid or consideration given at the time of acquiring the investment, current investment income is recognized based on the cash dividends or profits declared for distribution by the investee company.

##### *2 Long-term equity investments accounted for using the equity method*

When accounted for using the equity method, if the initial investment cost of a long-term equity investment exceeds the investor's share of the fair value of an investee company's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investments shall not be adjusted; if the initial investment cost is less than the investor's share of the fair value of an investee company's identifiable net assets at the time of investment, the difference shall be recognized in profit or loss for the current period, and the cost of the long-term equity investments shall be adjusted accordingly.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (2) *Subsequent measurement and recognition of profit or loss (Continued)*

##### 2 *Long-term equity investments accounted for using the equity method (Continued)*

When applying the equity method, investment income and other comprehensive income are recognized based on the share of an investee company's net profit or loss and other comprehensive income that should be enjoyed or borne, and the carrying amount of the long-term equity investments is adjusted accordingly. The carrying amount of the long-term equity investments is reduced by the portion of profits or cash dividends declared by an investee company that should be received. For other changes in the investee company's equity other than net profit or loss, other comprehensive income and profit distribution, the carrying amount of the long-term equity investments is adjusted and included in capital reserve. When recognizing the share of an investee company's net profit or loss, it is recognized after adjusting an investee company's net profit on the basis of the fair value of an investee company's various identifiable assets, etc., at the time the investment was acquired. If the accounting policies and accounting periods adopted by an investee company are inconsistent with those of the Company, the financial statements of an investee company shall be adjusted in accordance with the Company's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company and its associates and joint ventures, where the assets contributed or sold do not constitute a business, unrealized intra-group transaction gains and losses are eliminated to the extent of the Company's interest in the associate or joint venture, and investment gains and losses are recognized on this basis. However, unrealized intra-group transaction losses between the Company and its investee company that relate to impairment losses on assets transferred shall not be eliminated. Where assets contributed by the Company to joint ventures or associates constitute a business, and an investee company thereby obtains the long-term equity investments but not control, the fair value of the contributed business is taken as the initial investment cost of the new long-term equity investments, and the difference between the initial investment cost and the carrying amount of the contributed business is recognized in full in profit or loss for the current period. If the assets sold by the Company to joint ventures or associates constitute a business, the difference between the consideration received and the carrying amount of the business shall be fully recognized in profit or loss for the current period. Where assets acquired by the Company from associates and joint ventures constitute a business, they are accounted for in accordance with the provisions of "Accounting Standards for Business Enterprises No. 20 – Business Combinations", and the gain or loss related to the transaction is recognized in full.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (2) *Subsequent measurement and recognition of profit or loss (Continued)*

##### 2 *Long-term equity investments accounted for using the equity method (Continued)*

When recognizing the share of net losses incurred by an investee company, it is limited to the extent that the carrying amount of the long-term equity investments and other long-term equity interests that in substance form part of the net investment in an investee company are reduced to zero. In addition, if the Company has an obligation to bear additional losses of an investee company, provisions are recognized for the estimated obligation and included in investment loss for the current period. If an investee company subsequently makes a net profit, the Company resumes recognizing its share of the profit only after its share of the profit equals the share of the losses not recognized.

For long-term equity investments in associates and joint ventures held by the Company before the first-time adoption of the new accounting standards, if there is a debit balance of an equity investment difference related to the investment, the amount is amortized on a straight-line basis over the original remaining period and included in profit or loss for the current period.

##### 3 *Acquisition of minority shareholders' equity*

When preparing the consolidated financial statements, the difference between the new long-term equity investment arising from the purchase of minority shareholders' equity and the share of the subsidiary's net assets that should be enjoyed, calculated based on the increased proportion of shareholding and continuously computed from the date of purchase (or combination), is adjusted against capital reserve. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (2) *Subsequent measurement and recognition of profit or loss (Continued)*

##### 4 *Disposal of long-term equity investments*

In the consolidated financial statements, if a parent company partially disposes of its long-term equity investments in a subsidiary without losing control, the difference between the disposal proceeds and the share of the subsidiary's net assets corresponding to the disposed long-term equity investments is recognized in shareholders' equity. If a parent company's partial disposal of its long-term equity investments in a subsidiary results in the loss of control over the subsidiary, it is accounted for in accordance with the relevant accounting policies described in 6. (2) "Method of preparing consolidated financial statements" of this section.

For disposals of long-term equity investments in other circumstances, the difference between the carrying amount of the equity disposed of and the actual consideration received is recognized in profit or loss for the current period.

If a long-term equity investment is accounted for the equity method while the residual equity after disposal is still accounted for by equity method, the accounting treatment of other comprehensive income included in shareholder's equity originally shall be conducted on a pro rata basis on the same basis as the investee company disposes of relevant assets and liabilities directly. Owners' equity recognized due to changes in other owners' equity (other than net profit or loss, other comprehensive income and profit distribution) of the investee company shall be transferred to profit or loss for the current period on a pro rata basis.

If long-term equity investment is accounted by the cost method while the residual equity after disposal is still accounted by the cost method, the accounting treatment of other comprehensive income recognised prior to obtaining control over the investee company due to accounting under the equity method or financial instrument recognition and measurement standards shall be conducted on the same basis as the investee company disposes of relevant assets and liabilities directly, and other comprehensive income shall be carried over into profit or loss for the current period on a pro rata basis. Changes in other owners' equity in the investee company's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profit distribution) shall be transferred to profit or loss for the current period on a pro rata basis.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (2) *Subsequent measurement and recognition of profit or loss (Continued)*

##### 4 *Disposal of long-term equity investments (Continued)*

When the Company loses control over the investee company upon disposal of certain equity investments, the accounting method shall be changed as equity method in compiling individual financial statements and the residual equity shall be deemed to be adjusted by equity method upon being obtained if the residual equity after disposal still has joint control or exerts significant influence on investee company. While the residual equity after disposal does not have joint control or exert significant impacts on investee company, the accounting treatment shall be conducted as per regulations related to recognition and measurement standards of financial instruments and its difference between fair value and carrying amount on the date of losing the control shall be included in profit or loss for the current period. For the other comprehensive income recognized as being accounted by equity method or recognition and measurement standards of financial instruments before the Company obtains the control over investee company, the accounting treatment shall be conducted on the same basis as investee company disposes of relevant assets and liabilities directly upon losing the control over investee company. Changes in other owners' equity in the investee company's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profits distribution) shall be transferred to profit or loss for the current period in the event of losing the control over investee company. Of which, if the residual equity after disposal is calculated by equity method, other comprehensive income and other owners' equity shall be transferred on a pro rata basis; where the residual equity after disposal changes to be conducted with accounting treatment according to recognition and measurement standards of financial instruments, other comprehensive income and other owners' equity shall be transferred.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 16. Long-term Equity Investments (Continued)

##### (2) *Subsequent measurement and recognition of profit or loss (Continued)*

##### 4 *Disposal of long-term equity investments (Continued)*

Where the common control or significant influence over the investee company is lost due to the disposal of certain equity investments, the residual equity after disposal will change to be calculated by recognition and measurement standards of financial instruments, the difference between the fair value and carrying amount thereof on the date when the common control or significant influence is lost shall be included in profit or loss for the current period. Other comprehensive income recognized using equity method for the original equity investment, the accounting treatment shall be conducted on the same basis as investee company disposes of relevant assets and liabilities directly when ceasing to use equity method; owners' equity recognized due to changes in other owners' equity (other than net profit or loss, other comprehensive income and profit distribution) of the investee company shall be transferred to investment income for the current period when ceasing to use equity method.

The Company disposes of equity investments in subsidiaries in stages through multiple transactions until loss of control. If the foregoing transaction constitutes a package deal, accounting treatment shall be conducted for each transaction as the transaction that the disposal of equity investments in subsidiaries with loss of control. However, before loss of control, the difference between each disposal price and the carrying amount of the long-term equity investment corresponding to the disposed equity shall be firstly recognized as other comprehensive income and then wholly transferred to profit or loss for the current period when the control is lost.

#### 17. Fixed Assets

##### (1) *Recognition criteria*

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, leasing, or business management, with a useful life of more than one accounting year. Fixed assets are only recognized when it is probable that the economic benefits associated with them will flow to the Company and their cost can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 17. Fixed Assets (Continued)

##### (1) Recognition criteria (Continued)

The subsequent expenses related to fixed assets, if the economic benefits associated with the fixed asset are likely to flow into the enterprise and their costs can be reliably measured, shall be included in the cost of the fixed asset, and the carrying amount of the replaced parts shall be derecognized. Other subsequent expenses shall be recognized in profit or loss for the current period.

If a fixed asset is under disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the proceed on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the current period.

The Company reviews the useful life, estimated net residual value and the depreciation method of fixed assets at least at the end of each year and treats the changes as changes in accounting estimate.

##### (2) Depreciation method

| Category                 | Depreciation method  | Depreciation period (years) | Residual value rate | Annual depreciation rate |
|--------------------------|----------------------|-----------------------------|---------------------|--------------------------|
| Buildings and structures | Straight-line method | 10-35                       | 5-10                | 2.57-9.50                |
| Machinery equipment      | Straight-line method | 3-10                        | 0-5                 | 9.50-33.33               |
| Transportation equipment | Straight-line method | 5                           | 5                   | 19.00                    |
| Electronic equipment     | Straight-line method | 3-5                         | 5                   | 19.00-31.67              |
| Others                   | Straight-line method | 3-5                         | 0-5                 | 19.00-33.33              |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **17. Fixed Assets (Continued)**

##### *(2) Depreciation method (Continued)*

Fixed assets are depreciated using the straight-line method over their useful lives from the next month when they are available for intended use.

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

For details on the impairment testing methods and impairment provision methods for fixed assets, please refer to 21. “Impairment of Long-term Assets” of this section.

#### **18. Construction in Progress**

The Company’s construction in progress mainly consists of office renovations, which are mainly carried out through outsourcing. Construction in progress is transferred to fixed assets upon completion and reaching its intended use. The criteria for determining intended use shall be met one of the following conditions: the construction work has been fully or substantially completed; trial operation has been conducted, and the results indicate that it is capable of normal operation or business operations; expenditures on construction in progress are minimal or almost non-existent; the constructed renovations have met the design or contract requirements, or are substantially in line with the design or contract requirements.

Construction in progress is transferred to fixed assets at its actual cost when it reaches its intended usable condition. For assets that have reached their intended usable condition but for which the final accounts have not yet been settled, they are first transferred to fixed assets at their estimated value. After the final accounts are settled, the original estimated value is adjusted based on the actual cost, but the amortization already provided is not adjusted.

For details on the impairment testing methods and impairment provision methods for construction in progress, please refer to Section V. 21. “Impairment of Long-Term Assets” of this section.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **19. Borrowing Costs**

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary costs, and exchange differences arising from foreign currency borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets commence capitalisation when expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or saleable condition; when the assets that meet the capitalization conditions for acquisition, construction or production reach their intended usable or saleable conditions, capitalization shall cease. Other borrowing costs shall be recognized as expense in the current period.

The interest expense actually incurred on specific borrowings during the current period is capitalized after deducting any interest income earned on unutilised borrowed funds deposited in a bank or investment income earned on temporary investments. The capitalization amount of general borrowing is determined by multiplying the weighted average of accumulated asset expenses that exceed the specific borrowings by the capitalization rate of the general borrowings utilized. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, all exchange differences on specific foreign currency borrowings are capitalized. Exchange differences on general foreign currency borrowings are recognized in profit or loss for the current period.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventories and other assets that require a considerable period of time for acquisition, construction or production activities to reach their intended usable or saleable conditions.

If an asset that meets the capitalization conditions undergoes an abnormal interruption during the acquisition, construction, or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction, or production activities of the asset restart.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 20. Intangible Assets

##### (1) *The useful life and its determination basis, estimation situation, amortization method or review procedure*

Intangible assets refer to identifiable non-monetary assets that are owned or controlled by the Company without physical substance.

The intangible assets shall be initially measured at cost. The expenses related to intangible assets shall be recognized as the cost of the intangible assets, if it is probable that the economic profit related to the asset will flow to the Company and the cost can be reliably measured. In addition, the expenses of other items shall be recognized in profit or loss for the current period when incurred.

The acquisition of land-use right is usually recognized as intangible assets for accounting purposes. Building such as self-constructed plant, relevant expenditure incurred for obtaining land use right and construction cost of the building shall be recognized as intangible asset and fixed asset for accounting purposes. If it is a purchased building or structure, the relevant price shall be allocated between the land use right and structure. If it is difficult to allocate it reasonably, all will be treated as fixed assets.

Intangible assets with limited useful lives are amortized on a straight-line basis over their estimated useful life, from the time it is available for use, based on its original value less its estimated net residual value and the accumulated amount of impairment provisions that have been made. Intangible assets with uncertain useful lives are not amortized.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 20. Intangible Assets (Continued)

##### (1) *The useful life and its determination basis, estimation situation, amortization method or review procedure (Continued)*

The useful life, determination basis and amortization method of intangible assets with limited useful lives are as follows:

| Items                   | Useful life  | Determination basis of useful life | Amortization method  |
|-------------------------|--------------|------------------------------------|----------------------|
| Software                | 36-60 months | Reasonably estimated useful life   | Straight-line method |
| Land use rights         | 600 months   | Certificate of title               | Straight-line method |
| Patent rights           | 24-60 months | Estimated benefit period           | Straight-line method |
| Non-patented technology | 36-96 months | Estimated benefit period           | Straight-line method |

At the end of the period, the useful life and amortization method of intangible assets with limited useful lives are reviewed, and any changes are accounted for as changes in accounting estimates. In addition, the useful lives of intangible assets with uncertain useful lives are reviewed. If there is evidence that the period during which such intangible assets are expected to generate economic benefits to the Company is foreseeable, their useful lives are estimated and amortized in accordance with the amortization policy for intangible assets with limited useful lives.

##### (2) *Scope of aggregation of research and development expenditure and related accounting treatment methods*

The expenditure for internal research and development projects of the Company is divided into research stage expenditure and development stage expenditure.

The expenditure incurred during the research stage is recognized in profit or loss for the period when incurred.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 20. Intangible Assets (Continued)

##### (2) *Scope of aggregation of research and development expenditure and related accounting treatment methods (Continued)*

The scope of aggregation of research and development expenditure of the Company includes costs such as materials consumed for research and development, labor and service costs, and depreciation of research and development equipment.

The specific criteria for the Company to distinguish between research stage expenditure and development stage expenditure for internal research and development projects are as follows:

The research stage is the stage of original and planned investigation and research activities undertaken to obtain and understand new scientific or technological knowledge. The development stage is the stage of applying research findings or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use.

The expenditure incurred during the development stage that simultaneously meets the following conditions is recognized as an intangible asset. Development stage expenditure that cannot meet the following conditions is recognized in profit or loss for the current period:

- 1 It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- 2 There is an intention to complete the intangible asset and use or sell it;
- 3 The ways in which intangible assets generate economic benefits, including the ability to prove the existence of a market for the products produced by such intangible assets or such intangible assets themselves, and the usefulness of intangible assets that will be used internally;
- 4 It is able to complete the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technical, financial, and other resources;
- 5 The expenses attributable to the development stage of the intangible asset can be reliably measured.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 20. Intangible Assets (Continued)

##### (2) *Scope of aggregation of research and development expenditure and related accounting treatment methods (Continued)*

The Company's research and development projects enter the development stage after satisfying the above conditions. Capitalized expenditure on the development stage is presented as development expenditure in the balance sheet and is transferred to intangible assets from the date the project begins to generate commercial production.

Expenditures which cannot be divided into research stage expenditure and development stage expenditure, all research and development expenses incurred shall be included in the profits and losses for the current period.

#### 21. Impairment of Long-term Assets

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited useful lives, right-of-use assets, and long-term equity investments in subsidiaries, joint ventures and associates, the Company assesses whether there are any indications of impairment on the balance sheet date. If there is any indication of impairment, the Company estimates the recoverable amount and conducts an impairment test. Goodwill, intangible assets with uncertain useful lives and intangible assets that have not yet reached their usable conditions are subject to impairment testing annually, regardless of whether there are any indications of impairment.

If the results of the impairment test indicate that the recoverable amount of an asset is lower than its carrying amount, a provision for impairment shall be made based on the difference and included in the impairment loss. The recoverable amount is the higher of the net amount of an asset's fair value less costs of disposal and the present value of its estimated future cash flows. The fair value of an asset is determined based on the price in a sales agreement in an arm's length transaction. If there is no sales agreement but an active market for the asset, the fair value is determined based on the buyer's bid price for the asset. If there is neither a sales agreement nor an active market for the asset, the fair value of the asset is estimated based on the best available information. Costs of disposal include legal fees, relevant taxes, transport costs and direct costs incurred to bring the asset into a saleable condition. The present value of the estimated future cash flows of an asset is determined by discounting the estimated future cash flows generated during the continuous use and final disposal of the asset at an appropriate discount rate. The provision for asset impairment is calculated and recognized on a single asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest group of assets that can generate cash inflows independently.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **21. Impairment of Long-term Assets (Continued)**

When the impairment test on goodwill that is separately presented in the financial statements is performed, the carrying amount of the goodwill is allocated to the asset groups or asset portfolios that is expected to benefit from the synergies of the business combination. If the test result indicates that the recoverable amount of the asset groups or asset portfolios to which goodwill has been allocated is lower than its carrying amount, a corresponding impairment loss is recognized. The amount of the impairment loss is first deducted from the carrying amount of the goodwill allocated to the asset groups or asset portfolios, and then deducted from the carrying amounts of the other assets in the asset groups or asset portfolios, other than goodwill, on a pro-rata basis based on the carrying amount of other assets.

Once the above asset impairment loss is recognized, it will not be reversed for the portion whose value has been recovered in the future.

#### **22. Long-term Prepaid Expenses**

Long-term prepaid expenses are expenditures that have been incurred but should be amortized over a period of more than one year, including the reporting period and subsequent periods. The Company's long-term prepaid expenses mainly include building renovation expenses and license fees. Long-term prepaid expenses are amortized using the straight-line method over the estimated period of benefit.

#### **23. Contract Liabilities**

Contract liabilities refer to the Company's obligation to transfer goods or services to a customer for consideration received or receivable from the customer. If the customer has paid the contract consideration or the Company has obtained an unconditional right to receive payment before the Company transfers goods to the customer, the Company presents the amount received or receivable as a contract liability at the earlier of the actual payment by the customer or the due payment. Contract assets and contract liabilities under the same contract are presented on a net basis, while contract assets and contract liabilities under different contracts are not offset.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 24. Employee Benefits

##### *(1) Accounting treatment method of short-term benefits*

Short-term benefits mainly include wages, bonuses, allowances and subsidies, employee welfare benefits, medical insurance premiums, maternity insurance premiums, work-related injury insurance, housing provident fund contributions, trade union funds and employee education funds, non-monetary benefits, etc. The Company recognizes the short-term employee benefits actually incurred during the accounting period in which the employees provide services as a liability, and includes them in profit or loss for the current period or the cost of related assets. Non-monetary benefits are measured at fair value.

##### *(2) Accounting treatment method of post-employment benefits*

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuities. Post-employment benefits primarily include defined contribution plans. If the defined contribution plans are adopted, the corresponding contribution payable shall be included in the cost of the relevant asset or in profit or loss for the current period when it is incurred.

In accordance with relevant local regulations, the Group is obliged to make contributions to defined contribution retirement plans, and such contributions are charged to profit or loss for the current period in which employees render the related services. During the Reporting Period, the Group did not use forfeited contributions to reduce the amount of contributions payable for the current period.

##### *(3) Accounting treatment method of termination benefits*

When the Company terminates the labor relationship with an employee before the expiration of the labor contract, or offers compensation to encourage an employee to voluntarily accept redundancy, or when the Company cannot unilaterally withdraw the termination benefits provided under the labor relationship termination plan or redundancy proposal, or when the Company recognizes the costs related to a restructuring involving the payment of termination benefits (whichever is earlier), the liabilities of the employee compensation arising from termination benefits are recognized and shall be charged to profit or loss for the current period. However, if the termination benefits are not expected to be fully paid within twelve months after the end of the annual reporting period, they shall be treated as other long-term employee benefits.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 24. Employee Benefits (Continued)

##### *(3) Accounting treatment method of termination benefits (Continued)*

Internal retirement plans for employees shall be treated in accordance with the same principles as for the termination benefits described above. The salaries and social insurance contributions, etc., to be paid by the Company to early retirees, for the period from the date the employee ceases to provide services to the normal retirement date, are recognized in profit or loss for the current period (as termination benefits) when the recognition criteria for provisions are met.

##### *(4) Accounting treatment method of other long-term employee benefits*

Other long-term employee benefits provided by the Company are accounted for as a defined contribution plan if they meet the criteria for a defined contribution plan; otherwise, they are accounted for as a defined benefit plan.

#### 25. Provisions

Obligations related to contingencies such as litigation, debt guarantees, onerous contracts and restructuring matters are recognized as provisions when the following conditions are met simultaneously: (1) the obligation is a present obligation of the Company; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; (3) a reliable estimate can be made of the amount of the obligation.

At the balance sheet date, provisions are measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors such as the risks, uncertainties and time value of money related to the contingency.

When some or all of the expenditure required to settle provisions is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset when it is virtually certain that reimbursement will be received, and the amount of the reimbursement recognized does not exceed the carrying amount of provisions.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 25. Provisions (Continued)

##### (1) *Onerous contracts*

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it. If an executory contract becomes an onerous contract, and the obligations arising from such onerous contract meet the recognition criteria for provisions above-mentioned, the portion of the estimated contract loss exceeding the recognized impairment loss (if any) of the contract's underlying asset is recognized as provisions.

##### (2) *Restructuring obligations*

For detailed and formal restructuring plans that have been publicly announced, if the recognition criteria for provisions above-mentioned are met, the amount of provisions is recognized based on the direct expenditure related to the restructuring. For restructuring obligations related to the sale of part of a business, an obligation related to the restructuring is recognized only when the Company is committed to selling part of the business (i.e., when a binding sale agreement has been signed).

#### 26. Share-based Payments

A share-based payment is a transaction in which an equity instrument is granted or a liability determined on the basis of an equity instrument is assumed in order to obtain services from employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

##### 1 *Equity-settled share-based payments*

Equity-settled share-based payments for services rendered by employees are measured at the fair value of the equity instruments granted to employees on the grant date. This fair value amount, in cases where the equity instruments become exercisable only upon completion of services during a vesting period or achievement of specified performance conditions, is recognized as a relevant cost or expense, with a corresponding increase in capital reserve, on a straight-line basis over the vesting period, based on the best estimate of the number of exercisable equity instruments. If the equity instruments are immediately exercisable upon grant, they are recognized as a relevant cost or expense on the grant date.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 26. Share-based Payments (Continued)

##### 1 *Equity-settled share-based payments (Continued)*

At each balance sheet date during the vesting period, the Company makes the best estimate based on the latest information on changes in the number of employees with vesting rights, and revises the number of equity instruments that are expected to be exercised. The impact of the above estimates is recognized in the current related costs or expenses, and the capital reserve is adjusted accordingly.

For an equity-settled share-based payment in return for the services of another party, if the fair value of the services of the other party can be measured reliably, it is measured at the fair value of the services of the other party on the acquisition date. If the fair value of the services of the other party cannot be measured reliably, but the fair value of the equity instrument can be measured reliably, it is measured at the fair value of the equity instrument on the service acquisition date, included in relevant costs or expenses, and shareholders' equity is increased accordingly.

##### 2 *Cash-settled share-based payments*

Cash-settled share-based payments are measured at the fair value of the liabilities assumed by the Company, which are determined based on shares or other equity instruments. If the rights can be exercised immediately after they are granted, the relevant costs or expenses are recognized on the grant date, and liabilities are increased accordingly. If the rights can be exercised only after completing services within a vesting period or achieving specified performance conditions, on each balance sheet date during the vesting period, based on the best estimate of the exercisable rights, the services obtained during the current period are recognized as costs or expenses at the fair value of the liabilities assumed by the Company, and liabilities are increased accordingly.

At each balance sheet date before the settlement of the relevant liabilities and on the settlement date, the fair value of the liabilities is remeasured, and any changes are recognized in profit or loss for the current period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 26. Share-based Payments (Continued)

##### 2 *Cash-settled share-based payments (Continued)*

##### (1) *Relevant accounting treatment for modification and termination of share-based payment plan*

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in services received shall be recognized in proportion to the increase in the fair value of the equity instruments. The increase in the fair value of an equity instrument is the difference between the fair value of the equity instrument before and after the modification, measured on the modification date. If a modification reduces the total fair value of the share-based payment or is otherwise not beneficial to the employee, the accounting treatment for the services received continues as if the modification had never occurred, unless the Company cancels some or all of the equity instruments granted.

During the vesting period, if an equity instrument granted is canceled, the Company treats the cancellation as an accelerated vesting, and immediately recognizes the amount that would have been recognized over the remaining vesting period in profit or loss for the current period, while simultaneously recognizing capital reserve. If an employee or other party can choose to meet non-vesting conditions but fails to do so during the vesting period, the Company treats it as a cancellation of the equity instrument granted.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 26. Share-based Payments (Continued)

##### 2 *Cash-settled share-based payments (Continued)*

##### *(2) Accounting treatment for share-based payment transactions involving the Company and its shareholders or de facto controller*

For share-based payment transactions involving the Company and its shareholders or de facto controller, the settlement enterprise and the enterprise receiving services (one under the scope of consolidation of the Company while the other external to the scope of consolidation of the Company) shall follow the requirements below to conduct accounting treatment in the Company's consolidated financial statements:

- 1 If the settlement enterprise settles with its own equity instruments, the share-based payment transaction is treated as an equity-settled share-based payment; otherwise, it is treated as a cash-settled share-based payment.

A settlement enterprise that is an investor in the enterprise receiving services recognizes the fair value of the equity instruments on the grant date or the fair value of the liabilities to be assumed as a long-term equity investment in the enterprise receiving services, and simultaneously recognizes capital reserve (other capital reserve) or a liability.

- 2 If the enterprise receiving services has no settlement obligation or grants its own equity instruments to its employees, the share-based payment transaction is treated as an equity-settled share-based payment. If the enterprise receiving services has a settlement obligation and grants equity instruments that are not its own to its employees, the share-based payment transaction is treated as a cash-settled share-based payment.

For share-based payment transactions occurring between entities within the scope of consolidation of the Company, where the enterprise receiving services and the settlement enterprise are not the same enterprise, such share-based payment transactions in each of the individual financial statements of the enterprise receiving services and the settlement enterprise shall be recognized and measured by reference to the principles mentioned above.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 27. Revenue

##### *Disclosure of Accounting Policies for Revenue Recognition and Measurement by Business Type*

Revenue is recognized when the customer obtains control of the relevant goods, provided that the contract between the Company and the customer simultaneously satisfies the following conditions: the parties to the contract have approved the contract and are committed to perform their respective obligations; the contract clearly defines the rights and obligations of the parties in relation to the goods to be transferred or services to be provided; the contract has clear payment terms related to the goods to be transferred; the contract has commercial substance, i.e., the performance of the contract will change the risk, timing distribution or amount of the Company's future cash flows; it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

At contract inception, the Company identifies each single performance obligation in the contract and allocates the transaction price to each single performance obligation in proportion to the standalone selling prices of the goods promised under each single performance obligation. In determining the transaction price, consideration was given to the impact of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers.

For each single performance obligation in a contract, if one of the following conditions is met, the Company recognizes the transaction price allocated to that single performance obligation as revenue over the relevant performance period in accordance with the progress of performance: the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as it performs; the customer controls the goods in progress in the course of performance by the Company; or the goods produced in the course of performance by the Company are irreplaceable, and the Company has the right to payment for performance completed to date throughout the contract period. The progress of performance is determined using the input method based on the nature of the goods transferred. When the progress of performance cannot be reasonably determined, if the costs already incurred by the Company are expected to be recovered, revenue is recognized based on the amount of costs already incurred, until the progress of performance can be reasonably determined.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 27. Revenue (Continued)

##### *Disclosure of Accounting Policies for Revenue Recognition and Measurement by Business Type (Continued)*

If none of the above conditions is met, the Company recognizes the transaction price allocated to that single performance obligation as revenue at the point in time when the customer obtains control of the relevant goods. When determining whether a customer has obtained control of goods, the Company considers the following indicators: the Company has a present right to payment for the goods, i.e., the customer has a present obligation to pay for the goods; the Company has transferred legal title of the goods to the customer, i.e., the customer has legal title to the goods; the Company has transferred physical possession of the goods to the customer, i.e., the customer has physical possession of the goods; the Company has transferred the significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained the significant risks and rewards of ownership of the goods; the customer has accepted the goods; and other indicators that the customer has obtained control of the goods.

The Company's business of selling memories, MCU, analog chips and sensor products typically involves only the performance obligation of transferring goods. The Company recognizes sales revenue when goods are shipped in accordance with sales contracts or orders signed with customers, delivered to the customer or their designated delivery location, confirmed as received by the customer or their designated personnel, and when the consideration has been received or the right to receive payment has been obtained and it is probable that the associated economic benefits will flow to the Company.

The Company is engaged in the R&D and technical support business for memories, MCU, analog products and sensors:

The Company provides technical services in accordance with the contract. The Company delivers its completed performance obligations. The Company recognizes revenue from the corresponding services after the customer confirms the delivered content. Meanwhile, the Company transfers the corresponding costs for the revenue items recognized.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 28. Contract Costs

##### *(1) Costs of obtaining the contract*

The Company recognizes the incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) as an asset if those costs are expected to be recovered, and amortizes them on the same basis as the recognition of revenue from the goods or services to which the asset relates, and is recognized in profit or loss for the current period. If the amortization period of the asset is one year or less, it is recognized in profit or loss for the current period in which it is incurred. Other expenditure incurred by the Company to obtain a contract is recognized in profit or loss for the current period when incurred, unless it is explicitly borne by the customer.

##### *(2) Costs to fulfill a contract*

If the costs incurred by the Company to fulfil a contract are not within the scope of other accounting standards for business enterprises (other than the revenue standard), the Company recognizes an asset only if those costs meet all of the following criteria: 1. the costs are directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing overheads (or similar expenses), costs explicitly chargeable to the customer, and other costs incurred solely because of that contract; 2. the cost enhances resources of the Company that will be used in satisfying performance obligations in the future; and 3. the cost is expected to be recovered. It is amortized on the same basis as the recognition of revenue from the goods or services to which the asset relates, and recognized in profit or loss for the current period.

An impairment provision is made for the excess portion and recognized as an asset impairment loss if the carrying amount of an asset related to contract costs exceeds the difference between: 1. the remaining consideration that the Company expects to receive for the transfer of goods or services related to the asset; and 2. the costs estimated to be incurred for the transfer of such related goods or services.

After a provision for impairment has been made, if the factors that caused the impairment in prior periods change, such that the difference between the two items above is higher than the carrying amount of the asset, the previously provided asset impairment provision is reversed and recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset that would have been determined had no impairment provision been made on the reversal date.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 28. Contract Costs (Continued)

##### *(2) Costs to fulfill a contract (Continued)*

In determining impairment losses for assets related to contract costs, the Company first determines impairment losses for other contract-related assets recognized in accordance with other relevant accounting standards for business enterprises, and then determines impairment losses for assets related to contract costs in accordance with the new revenue standard. When the Company tests for impairment of a relevant asset group in accordance with “Accounting Standard for Business Enterprises No. 8 – Impairment of Assets”, the Company includes the new carrying amount of the asset after impairment related to contract costs in the carrying amount of the relevant asset group.

#### 29. Government Grants

Government grants refer to the transfer of monetary assets or non-monetary assets to the Company from the government for no consideration, excluding capital contributed by the government in its capacity as an investor with corresponding ownership rights. Government grants are divided into asset-related government grants and income-related government grants.

The Company classifies government grants received for the acquisition, construction, or otherwise formation of long-term assets as asset-related government grants; other government grants are classified as income-related government grants. If government documents do not explicitly specify the object of the grant, the grant is classified as an income-related government grant or an asset-related government grant as follows: (1) if government documents specify the particular project to which the grant relates, the grant is allocated based on the relative proportion of expenditure that will form assets and expenditure that will be charged to expenses in the budget of that particular project; the allocation ratio is reviewed at each balance sheet date and changed if necessary; (2) if the purpose is only expressed in a general manner in a government document and no specific items are specified, the grant shall be regarded as an income-related government grant.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **29. Government Grants (Continued)**

If a government grant is in the form of a monetary asset, it shall be measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it shall be measured at fair value; if fair value cannot be reliably obtained, it shall be measured at a nominal amount. Government grants measured at a nominal amount are recognized directly in profit or loss for the current period.

The Company usually recognizes and measures government grants at the amount actually received when they are received. However, if there is conclusive evidence at the end of the period that the relevant conditions stipulated in the financial support policies are expected to be met and the financial support funds are expected to be received, the grant is measured at the amounts receivable. Government grants measured at amounts receivable shall satisfy the following conditions at the same time: (1) the amount of the subsidy receivable has been confirmed by a document issued by the competent government authority, or can be reasonably estimated by the entity itself in accordance with the relevant provisions of officially promulgated administrative measures for fiscal funds, and its amount is not expected to have significant uncertainty; (2) it is based on financial support projects and their financial fund management measures officially issued by the local finance department and actively disclosed in accordance with the provisions of the Open Government Information Regulations, and such management measures should be inclusive (any enterprise meeting the prescribed conditions may apply), rather than specifically formulated for specific enterprises; (3) the disbursement period for the relevant subsidies has been clearly committed in the approval documents, and the disbursement of such funds is guaranteed by a corresponding fiscal budget, thus reasonably ensuring that they can be received within the stipulated period; (4) other relevant conditions (if any) should be satisfied, depending on the specific circumstances of the Company and the grant.

Asset-related government grants are recognized as deferred income and shall be recognized in profit or loss for the current period in accordance with a reasonable and systematic method in installments over the useful lives of the relevant assets. Income-related government grants that are intended to compensate for related costs, expenses or losses in future periods are recognized as deferred income and are recognized in profit or loss for the current period in which the related costs, expenses or losses are recognized. Grants intended to compensate for related costs, expenses or losses already incurred shall be included directly in profit or loss for the current period. For government grants that include both asset-related and income-related components, the different components are accounted for separately. For the government grant that is difficult to distinguish, the entire government grant is classified as income-related government grant.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 29. Government Grants (Continued)

Government grants related to the Company's ordinary activities are included in other income or offset against related costs and expenses relying on the substance of the economic transaction. Government grants unrelated to ordinary activities are included in non-operating income and expenses.

For the repayment of a government grant already recognized, if there is any related deferred income balance, the repayment shall be offset against the carrying amount of the related deferred income, and any excess shall be included in profit or loss for the current period. Otherwise, the repayment shall be included immediately in profit or loss for the current period.

#### 30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

##### (1) *Current income tax*

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount of income tax expected to be paid (or refunded) as calculated in accordance with tax laws. The taxable profit on which the current income tax expense is based is calculated by making corresponding adjustments to the profit before tax for the current year in accordance with the relevant tax laws and regulations.

##### (2) *Deferred income tax assets and deferred income tax liabilities*

Temporary differences arising from the difference between the carrying amount of certain assets and liabilities and their tax bases, and the difference between the carrying amount and tax bases of items not recognized as assets and liabilities but whose tax bases can be determined according to tax law, are recognized as deferred income tax assets and deferred income tax liabilities using the balance sheet liability method.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 30. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

##### *(2) Deferred tax assets and deferred tax liabilities (Continued)*

A deferred tax liability shall not be recognized for taxable temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (or deductible losses). In addition, for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax liability shall not be recognized if the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Except for the exceptions mentioned above, the Company recognizes deferred tax liabilities arising from all other taxable temporary differences.

A deferred tax asset shall not be recognized for deductible temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (or deductible losses). In addition, for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax asset shall not be recognized if it is not probable that the temporary difference will reverse in the foreseeable future or that future taxable profits will be available against which the deductible temporary difference can be utilized. Except for the exceptions mentioned above, the Company recognizes deferred tax assets arising from other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For deductible losses and tax credits that can be carried forward to future years, a corresponding deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **30. Deferred Tax Assets/Deferred Tax Liabilities (Continued)**

##### **(2) *Deferred tax assets and deferred tax liabilities (Continued)***

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related asset is realized or the liability is settled, based on tax laws.

At the balance sheet date, the carrying amount of a deferred tax asset is reviewed. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset shall be reduced. When it is probable that sufficient taxable profit will be available, the reduced amount shall be reversed.

##### **(3) *Income tax expense***

The income tax expense includes current income tax and deferred tax.

Except for current and deferred tax related to transactions and events recognized in other comprehensive income or directly in shareholders' equity, which are included in other comprehensive income or shareholders' equity, and deferred tax arising from a business combination that adjusts the carrying amount of goodwill, all other current and deferred tax expense or income are included in profit or loss for the current period.

##### **(4) *Income tax offsetting***

Current income tax assets and current income tax liabilities of the Company are presented on a net basis when there is a legal right to set off the recognized amounts and an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

When there is a legal right to set off current income tax assets against current income tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same tax authority on the same taxable entity, or relate to different taxable entities, provided that in each future period when significant deferred income tax assets and liabilities are reversed, the taxable entities involved intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, the Company's deferred tax assets and deferred tax liabilities are presented on a net basis.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 31. Leases

##### *Judgment basis and accounting treatment of short-term leases and low-value asset leases as a simplified treatment for lessees*

The Company's leased assets mainly comprise property leases and others (IDC cabinet leases).

At the lease commencement date, the Company recognizes right-of-use assets and lease liability for leases other than short-term leases and low-value asset leases, and separately recognizes depreciation expense and interest expense over the lease term.

The Company uses the straight-line method for each period of the lease term, and lease payments for short-term leases and low-value asset leases are included in current expenses.

##### *1 Right-of-use assets*

A right-of-use asset is the right of a lessee to use a leased asset during the lease term. At the lease commencement date, right-of-use assets are initially measured at cost. The cost includes: 1. the initial measurement amount of the lease liability; 2. lease payments made on or before the commencement date of the lease, less any lease incentives received (if any); 3. initial direct costs incurred by the lessee; 4. estimated costs to be incurred by the lessee in dismantling and removing the leased asset, restoring the site on which it is located, or restoring the leased asset to the condition required by the terms and conditions of the lease.

Depreciation of the Company's right-of-use assets is calculated by category using the straight-line method. If it reasonably determines that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the estimated remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the lease term or the remaining useful life of the leased asset, whichever is shorter.

The Company determines whether a right-of-use asset is impaired and performs the accounting treatment in accordance with the relevant provisions of "Accounting Standard for Business Enterprises No. 8 – Impairment of Assets".



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 31. Leases (Continued)

##### *Judgment basis and accounting treatment of short-term leases and low-value asset leases as a simplified treatment for lessees (Continued)*

##### *2 Lease liabilities*

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of a lease. Lease payments include: 1. fixed payments (including in-substance fixed payments), less any lease incentives receivable (if there is a lease incentive); 2. variable lease payments that depend on an index or a rate; 3. amounts expected to be paid based on the residual value of the guarantee provided by the lessee; 4. the exercise price of a purchase option, provided that the lessee reasonably determines that it will exercise the option; 5. the amount payable upon exercise of a lease termination option, provided that the lease term reflects that the lessee will exercise the lease termination option;

The Company uses the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease cannot be readily determined, the Company's incremental borrowing rate is used as the discount rate. The Company calculates the interest expense on the lease liability for each period of the lease term using a fixed periodic interest rate and includes it in finance costs. The periodic interest rate is the discount rate used by the Company or a revised discount rate.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss for the current period when they actually arise.

When the Company's assessment of a renewal option, a lease termination option or a purchase option changes, the lease liability is remeasured at the present value calculated using the revised lease payments and the revised discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly. When there is a change in in-substance fixed lease payments, the amounts expected to be paid based on the residual value of the guarantee, or variable lease payments that depend on an index or a rate, the lease liability is remeasured at the present value of the revised lease payments, discounted using the original discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 31. Leases (Continued)

##### *Judgment basis and accounting treatment of short-term leases and low-value asset leases as a simplified treatment for lessees (Continued)*

##### *3 Short-term leases and low-value asset leases*

For short-term leases (leases with a lease term of 12 months or less from the commencement date) and low-value asset leases (assets with a value of less than RMB40,000), the Company adopts a simplified approach, whereby no right-of-use assets or lease liabilities are recognized. Instead, lease payments are recognized as part of the cost of the relevant asset or in profit or loss for the current period on a straight-line basis or other systematic and reasonable methods in each period of the lease term.

##### *Classification criteria and accounting method of leases as a lessor*

##### *1 Operating lease*

The Company recognizes lease payments receivable from operating leases as rental income on a straight-line basis in each period of the lease term. Variable lease payments relating to an operating lease that are not included in the lease payments receivable shall be recognized in profit or loss for the current period when they actually incur.

##### *2 Financing lease*

At the lease commencement date, the Company recognizes financing lease receivables and derecognizes the financing lease assets. Financing lease receivables are initially measured at the net lease investment (the sum of the unsecured residual value and the present value of lease payments receivable not yet received at the lease commencement date, discounted at the interest rate implicit in the lease), and interest income during the lease term is recognized by calculating it at a fixed periodic interest rate. Variable lease payments received by the Company that are not included in the measurement of the net lease investment are recognized in profit or loss for the current period when they actually incur.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION

#### 1. Main Tax Types and Tax Rates

##### *Details of main tax types and tax rates*

| Tax types                             | Tax base                                                                                                                                                                             | Tax rates                             |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Value-added tax (VAT)                 | Output VAT shall be calculated on taxable revenue at the tax rate, and VAT shall be paid on the difference after deducting the input VAT allowed for deduction in the current period | 6%, 9%, 13%                           |
| City maintenance and construction tax | Based on the actual turnover tax paid                                                                                                                                                | 5%, 7%                                |
| Corporate income tax                  | Based on taxable income                                                                                                                                                              | See explanatory notes below the table |
| Educational surcharge                 | Based on the actual turnover tax paid                                                                                                                                                | 3%                                    |
| Local educational surcharge           | Based on the actual turnover tax paid                                                                                                                                                | 2%                                    |
| Property tax                          | Based on the taxable residual value of the property (70% of the original value of the property), the rental income from the property                                                 | 1.2%, 12%                             |
| Stamp duty                            | Sales and purchase contracts, contracts for work, property lease contracts and other types of contracts subject to stamp duty, and capital account books                             | 0.025%, 0.03%, 0.05%, 0.1%            |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION (Continued)

#### 1. Main Tax Types and Tax Rates (Continued)

*Disclosure for taxpayers subject to different corporate income tax rates*

| Name of taxpayer                                                  | Income tax rate (%) |
|-------------------------------------------------------------------|---------------------|
| The Company                                                       | 10.00               |
| GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司)             | 10.00               |
| Silead Inc. (上海思立微電子科技有限公司)                                       | 15.00               |
| GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)              | 10.00               |
| GigaDevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司)            | 15.00               |
| Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) | 15.00               |
| GigaDevice Semiconductor Germany GmbH                             | 15.00               |
| GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司)         | 16.50               |
| SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司)                        | 16.50               |
| SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司)                        | 16.50               |
| GigaDevice Semiconductor Singapore PTE. LTD.                      | 17.00               |
| GigaDevice Technology (SG) PTE. LTD.                              | 17.00               |
| GigaDevice Semiconductor Europe Ltd.                              | 25.00               |
| CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD.                          | 17.00               |
| INNOLEAD SINGAPORE PTE. LTD.                                      | 17.00               |
| GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD.                    | 17.00               |
| GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD.                        | 17.00               |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION (Continued)

#### 1. Main Tax Types and Tax Rates (Continued)

##### *Disclosure for taxpayers subject to different corporate income tax rates (Continued)*

| Name of taxpayer                                                                 | Income tax rate (%) |
|----------------------------------------------------------------------------------|---------------------|
| Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司)                       | 20.00               |
| XCMEMORY (Xi'an) Co., Ltd. (西安芯存半導體有限公司)                                         | 25.00               |
| XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司)                                         | 20.00               |
| XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司)                                      | 20.00               |
| XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司)                                    | 20.00               |
| GigaDevice Semiconductor USA, Inc.                                               | 21.00               |
| ギガデバイスジャパン株式会社                                                                   | 23.20               |
| GigaDevice Venture Capital (深圳市外灘科技開發有限公司)                                       | 25.00               |
| Gigadevice Semiconductor (shenzhen) Inc.<br>(深圳市格易聚創集成電路有限公司)                    | 25.00               |
| Beijing Giga-Analog Zhiyuan Technology Development Co., Ltd.<br>(北京圭璋致遠科技開發有限公司) | 25.00               |
| CreMemory Technology Co., Ltd. (北京青耘科技有限公司)                                      | 25.00               |
| XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司)                                               | 15.00               |
| Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技<br>有限公司)                 | 10.00               |
| Shanghai Sai Bang Micro-electronics Co., Limited<br>(上海賽幫微電子有限公司)                | 25.00               |
| Zhuhai Lingchuang Management Consulting Co., Ltd. (珠海領創管理<br>諮詢有限公司)             | 25.00               |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION (Continued)

#### 1. Main Tax Types and Tax Rates (Continued)

##### *Disclosure for taxpayers subject to different corporate income tax rates (Continued)*

The second-tier subsidiary GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司), the third-tier subsidiary SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司), and the third-tier subsidiary SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司) are the Company's three subsidiaries in Hong Kong. Declare and pay profits tax in accordance with the provisions of the Inland Revenue Ordinance of the Hong Kong Special Administrative Region. On March 29, 2018, the Hong Kong Special Administrative Region gazetted the Inland Revenue (Amendment) (No. 3) Ordinance 2018, which provides that, for corporations, for any year of assessment commencing on or after April 1, 2018, assessable profits not exceeding HK\$2,000,000.00 will be subject to a tax rate of 8.25%, and assessable profits exceeding HK\$2,000,000.00 will be subject to a tax rate of 16.5%.

The second-tier subsidiaries GigaDevice Semiconductor Singapore PTE. LTD. and GigaDevice Technology (SG) PTE. LTD., the third-tier subsidiaries INNOLEAD SINGAPORE PTE. LTD. and CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD., the fourth-tier subsidiary GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD., and the fifth-tier subsidiary GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD. are incorporated in Singapore, and their currently applicable income tax rate is 17%.

The third-tier subsidiary, GigaDevice Semiconductor Europe Ltd., is incorporated in the United Kingdom, with a tax rate of 25%.

The third-tier subsidiary, ギガデバイスジャパン株式会社, is incorporated in Japan, with a corporate tax rate of 23.2% and a local corporate tax rate of 3.5%.

The fourth-tier subsidiary, GigaDevice Semiconductor USA, Inc., is incorporated in the United States, and its currently applicable income tax rates are a federal tax rate of 21%, a California tax rate of 8.84% (minimum tax of US\$800), and a Texas tax rate of 0.75% (taxable threshold of US\$1,000).

The fourth-tier subsidiary, GigaDevice Semiconductor Germany GmbH, is incorporated in Germany, and its currently applicable income tax rate is 15%.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION (Continued)

#### 2. Tax Preferences

##### (1) Corporate income tax

Pursuant to the Notice on Issues Concerning Preferential Corporate Income Tax Policies for Software and Integrated Circuit Industries (Cai Shui [2016] No. 49) (《關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知》(財稅[2016]49號)) jointly issued by the MOF, the STA, the NDRC, and the MIIT on May 4, 2016, key integrated circuit design enterprises shall implement a filing system. The Company, GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司), GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司) and Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) meet all requirements for key integrated circuit design enterprises within the national planning and layout, and therefore, a corporate income tax rate of 10% will apply for 2026.

The subsidiaries, Gigadevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司) and Silead Inc. (上海思立微電子科技有限公司), and the sub-subsidiary, Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司), are high-tech enterprises. In accordance with relevant provisions such as the Enterprise Income Tax Law, they shall pay enterprise income tax at a rate of 15% for the year 2026.

Pursuant to the Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2023) (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》(財政部稅務總局公告2023年第12號)) issued by the MOF and the STA on August 2, 2023, Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司), XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司), XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司) and XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司), which are sub-subsidiaries of the Company, qualify as small profit enterprises under the Announcement for the year 2026. Their taxable income shall be calculated at a reduced rate of 25%, and they shall pay enterprise income tax at a tax rate of 20%.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION (Continued)

#### 2. Tax Preferences (Continued)

##### (1) Corporate income tax (Continued)

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Additional Value-Added Tax Deduction Policy for Integrated Circuit Enterprises (Cai Shui [2023] No. 17) (《財政部稅務總局關於集成電路企業增值稅加計抵減政策的通知》(財稅[2023]17號)), from January 1, 2023 to December 31, 2027, integrated circuit design, production, packaging and testing, equipment, and material enterprises (hereinafter referred to as “**integrated circuit enterprises**”), including the Company’s subsidiaries Silead Inc. (上海思立微電子科技有限公司), GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司) and Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司), enjoy an additional deduction, 15%, of the input VAT that can be credited in the current period from the output VAT payable.

Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Enterprise Income Tax Preferential Policies in the Guangdong-Macao In-depth Cooperation Zone in Hengqin (Cai Shui [2022] No. 19) (《財政部稅務總局關於橫琴粵澳深度合作區企業所得稅優惠政策的通知》(財稅[2022]19號)), enterprises primarily engaged in industrial projects specified in the Catalog of Enterprise Income Tax Preferential Policies in the Guangdong-Macao In-depth Cooperation Zone in Hengqin (《橫琴粵澳深度合作區企業所得稅優惠目錄》), with their main business income accounting for more than 60% of their total income, and operating substantially in the Cooperation Zone, are subject to enterprise income tax at a reduced rate of 15%. Accordingly, the subsidiary, XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司), shall pay enterprise income tax at a rate of 15%.

The tax policy for subsidiaries GigaDevice Semiconductor Singapore PTE. LTD. and GigaDevice Technology (SG) PTE. LTD., and sub-subsidiaries INNOLEAD SINGAPORE PTE. LTD., CREMEMORY TECHNOLOGY SINGAPORE PTE LTD., GIGADEVICE INTERNATIONAL CORPORATION PTE LTD. and GIGADEVICE ELECTRONICS SINGAPORE PTE LTD. is as follows: a 75% reduction for taxable income up to SGD10,000, a 50% reduction for taxable income between S\$10,000 and S\$200,000, and no reduction for taxable income exceeding S\$200,000.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VI. TAXATION (Continued)

#### 2. Tax Preferences (Continued)

##### (2) *Other tax preferences*

Pursuant to the provisions of the Announcement on Issues Concerning the Administration of Further Implementation of the Policy on Reduction and Exemption of “Six Taxes and Two Fees” for Small and Micro Enterprises 《關於進一步實施小微企業“六稅兩費”減免政策有關徵管問題的公告》(No. 3 of 2022, hereinafter referred to as the SAT Announcement No. 3), the Company’s sub-sub-subsidiaries, Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司), XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司), XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司) and XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司), are entitled to a 50% reduction in resource tax, city maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, education surcharge and local education surcharge.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash and Bank Balances

Unit: Yuan Currency: RMB

| Items                                      | Closing balance          | Opening balance  |
|--------------------------------------------|--------------------------|------------------|
| Cash on hand                               | <b>4,966.40</b>          | 5,052.27         |
| Bank deposits                              | <b>16,863,374,397.09</b> | 9,057,694,940.14 |
| Other cash and bank balances               | <b>101,219,009.67</b>    | 128,569,990.20   |
| Deposits with finance companies            | —                        | —                |
| Total                                      | <b>16,964,598,373.16</b> | 9,186,269,982.61 |
| Including: Total amount deposited overseas | <b>4,573,894,970.49</b>  | 2,736,479,878.82 |

#### *Other explanations*

Other cash and bank balances include accrued interest on bank deposits of RMB56,061,293.42. In accordance with the requirements of the “Notice on the Revision and Publication of the 2019 General Corporate Financial Reporting Format” (Cai Kuai [2019] No. 6) issued by the Ministry of Finance, interest on financial instruments accrued using the effective interest method should be included in the carrying amount of the respective financial assets.

Balances with restricted ownership or use within other cash and bank balances totalled RMB42,840,290.56. For details, please refer to the explanation in Note VII. 21. Assets with Restricted Ownership or Right of Use.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 2. Financial Assets Held for Trading

Unit: Yuan Currency: RMB

| Items                                                            | Closing balance       | Opening balance | Reasons and basis<br>for determination |
|------------------------------------------------------------------|-----------------------|-----------------|----------------------------------------|
| Financial assets measured at fair value through profit or loss   | <b>472,401,818.21</b> | 101,603,129.67  | /                                      |
| Including:                                                       |                       |                 |                                        |
| Wealth management products                                       | <b>462,551,075.62</b> | 101,603,129.67  | /                                      |
| Equity instrument investments                                    | <b>9,850,742.59</b>   | –               | /                                      |
| Financial assets designated at fair value through profit or loss | –                     | –               | /                                      |
| Including:                                                       | –                     | –               | /                                      |
| Total                                                            | <b>472,401,818.21</b> | 101,603,129.67  | /                                      |

#### 3. Bills Receivables

##### (1) Presentation of bills receivable by classification

Unit: Yuan Currency: RMB

| Items                       | Closing balance     | Opening balance |
|-----------------------------|---------------------|-----------------|
| Bank acceptance bills       | <b>1,233,512.92</b> | 6,146,725.10    |
| Commercial acceptance bills | –                   | –               |
| Total                       | <b>1,233,512.92</b> | 6,146,725.10    |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 3. Bills Receivables (Continued)

(2) *Bills receivable endorsed or discounted by the Company at the end of the period but not yet due at the balance sheet date*

Unit: Yuan Currency: RMB

| Items                       | Amount<br>derecognized at<br>the end of the<br>period | Amount not<br>derecognized at<br>the end of the<br>period |
|-----------------------------|-------------------------------------------------------|-----------------------------------------------------------|
| Bank acceptance bills       | 9,783,988.29                                          | —                                                         |
| Commercial acceptance bills | —                                                     | —                                                         |
| Total                       | 9,783,988.29                                          | —                                                         |

The Company generally does not make a provision for bad debts for bank acceptance bills with good credit standing.

#### 4. Accounts Receivable

(1) *Disclosure by aging*

Unit: Yuan Currency: RMB

| Aging                            | Closing book<br>balance | Opening book<br>balance |
|----------------------------------|-------------------------|-------------------------|
| Within 1 year (including 1 year) | 435,706,155.16          | 192,624,844.80          |
| Including: within 3 months       | 435,373,124.00          | 192,488,405.05          |
| 4 to 12 months                   | 333,031.16              | 136,439.75              |
| Total                            | 435,706,155.16          | 192,624,844.80          |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 4. Accounts Receivable (Continued)

#### (2) Disclosure by bad-debt provision method

Unit: Yuan Currency: RMB

| Type                                                                                                           | Closing balance |                |                         |                          |                | Opening balance |                |                         |                          |                |
|----------------------------------------------------------------------------------------------------------------|-----------------|----------------|-------------------------|--------------------------|----------------|-----------------|----------------|-------------------------|--------------------------|----------------|
|                                                                                                                | Book balance    |                | Provision for bad debts |                          |                | Book balance    |                | Provision for bad debts |                          |                |
|                                                                                                                | Amount          | Proportion (%) | Amount                  | Provision proportion (%) | Book value     | Amount          | Proportion (%) | Amount                  | Provision proportion (%) | Book value     |
| Provision for bad debts made on an individual basis                                                            | -               | -              | -                       | -                        | -              | -               | -              | -                       | -                        | -              |
| Including:                                                                                                     |                 |                |                         |                          |                |                 |                |                         |                          |                |
| Accounts receivable with individually insignificant amounts that are subject to individual bad debt provisions | -               | -              | -                       | -                        | -              | -               | -              | -                       | -                        | -              |
| Accounts receivable with individually significant amounts that are subject to individual bad debt provisions   | -               | -              | -                       | -                        | -              | -               | -              | -                       | -                        | -              |
| Provision for bad debts made on a collective basis:                                                            | 435,706,155.16  | 100            | 16,651.59               | 0.004                    | 435,689,503.57 | 192,624,844.80  | 100            | 6,822.01                | 0.004                    | 192,618,022.79 |
| Including:                                                                                                     |                 |                |                         |                          |                |                 |                |                         |                          |                |
| The aging portfolio                                                                                            | 435,706,155.16  | 100            | 16,651.59               | 0.004                    | 435,689,503.57 | 192,624,844.80  | 100            | 6,822.01                | 0.004                    | 192,618,022.79 |
| Total                                                                                                          | 435,706,155.16  | 100            | 16,651.59               | 0.004                    | 435,689,503.57 | 192,624,844.80  | /              | 6,822.01                | /                        | 192,618,022.79 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 4. Accounts Receivable (Continued)

##### (2) Disclosure by bad-debt provision method (Continued)

Provision for bad debts made on a collective basis:

Item made on a collective basis: The aging portfolio

Unit: Yuan    Currency: RMB

| Name            | Closing balance |                         |                          |
|-----------------|-----------------|-------------------------|--------------------------|
|                 | Book balance    | Provision for bad debts | Provision proportion (%) |
| Within 3 months | 435,373,124.00  | –                       | 0.00                     |
| 3 to 12 months  | 333,031.16      | 16,651.59               | 5.00                     |
| Total           | 435,706,155.16  | 16,651.59               | 0.004                    |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 4. Accounts Receivable (Continued)

##### (2) Disclosure by bad-debt provision method (Continued)

Basis of segregation and bad debt provisioning ratio by stages

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

##### (3) Status of provision for bad debts

Unit: Yuan Currency: RMB

| Type                                                                                                                       | Opening<br>balance | Amount of change in the current period |                         |                              |                  | Closing<br>balance |
|----------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------|-------------------------|------------------------------|------------------|--------------------|
|                                                                                                                            |                    | Accrual                                | Recovery or<br>reversal | Carryforward<br>or write-off | Other<br>changes |                    |
| The aging portfolio                                                                                                        | 6,822.01           | 11,014.58                              | 1,127.15                | –                            | -57.85           | <b>16,651.59</b>   |
| Accounts receivable with<br>individually insignificant<br>amounts that are<br>subject to individual<br>bad debt provisions | –                  | –                                      | –                       | –                            | –                | –                  |
| <b>Total</b>                                                                                                               | <b>6,822.01</b>    | <b>11,014.58</b>                       | <b>1,127.15</b>         | <b>–</b>                     | <b>-57.85</b>    | <b>16,651.59</b>   |

Other explanations:

The aging of the Group’s accounts receivable is calculated based on the transaction date.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 4. Accounts Receivable (Continued)

(4) *Top five accounts receivable and contract assets according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

| Unit name | Closing balance<br>of accounts<br>receivable | Closing balance<br>of contract<br>assets | Closing balance<br>of accounts<br>receivable and<br>contract assets | Proportion<br>to the total<br>closing balance<br>of accounts<br>receivable and<br>contract assets<br>(%) | Closing balance<br>of provision for<br>bad debts |
|-----------|----------------------------------------------|------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| First     | 80,189,788.45                                | –                                        | 80,189,788.45                                                       | 18.41                                                                                                    | –                                                |
| Second    | 38,877,894.52                                | –                                        | 38,877,894.52                                                       | 8.92                                                                                                     | –                                                |
| Third     | 28,589,378.60                                | –                                        | 28,589,378.60                                                       | 6.56                                                                                                     | –                                                |
| Fourth    | 22,694,531.78                                | –                                        | 22,694,531.78                                                       | 5.21                                                                                                     | –                                                |
| Fifth     | 17,686,578.28                                | –                                        | 17,686,578.28                                                       | 4.06                                                                                                     | –                                                |
| Total     | 188,038,171.63                               | –                                        | 188,038,171.63                                                      | 43.16                                                                                                    | –                                                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 5. Prepayments

##### (1) Presentation of prepayments by age

Unit: Yuan    Currency: RMB

| Aging         | Closing balance |                | Opening balance |                |
|---------------|-----------------|----------------|-----------------|----------------|
|               | Amount          | Proportion (%) | Amount          | Proportion (%) |
| Within 1 year | 120,076,309.69  | 95.63          | 103,924,181.00  | 97.78          |
| 1 to 2 years  | 5,431,782.52    | 4.33           | 2,311,669.43    | 2.17           |
| 2 to 3 years  | 47,410.00       | 0.04           | 55,088.31       | 0.05           |
| Over 3 years  | —               | —              | —               | —              |
| Total         | 125,555,502.21  | 100.00         | 106,290,938.74  | 100.00         |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 5. Prepayments (Continued)

(2) *Top five prepayments according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

| Unit name | Closing balance | Proportion to<br>the total closing<br>balance of<br>prepayments (%) |
|-----------|-----------------|---------------------------------------------------------------------|
| First     | 57,408,435.55   | 45.72                                                               |
| Second    | 14,360,188.84   | 11.44                                                               |
| Third     | 14,178,795.40   | 11.29                                                               |
| Fourth    | 11,190,000.00   | 8.91                                                                |
| Fifth     | 6,119,885.15    | 4.88                                                                |
| Total     | 103,257,304.94  | 82.24                                                               |

#### 6. Other Receivables

*Details by items*

Unit: Yuan Currency: RMB

| Items                | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Interests receivable | —               | —               |
| Dividend receivable  | —               | —               |
| Other receivables    | 181,080,960.42  | 199,714,797.73  |
| Total                | 181,080,960.42  | 199,714,797.73  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 6. Other Receivables (Continued)

##### *Other Receivables*

##### *(1) Disclosure by aging*

Unit: Yuan    Currency: RMB

| Aging                            | Closing book<br>balance | Opening book<br>balance |
|----------------------------------|-------------------------|-------------------------|
| Within 1 year (including 1 year) | <b>20,184,706.15</b>    | 38,632,070.39           |
| Including: within 3 months       | <b>11,647,658.66</b>    | 21,372,141.01           |
| 4 to 12 months                   | <b>8,537,047.49</b>     | 17,259,929.38           |
| 1 to 2 years                     | <b>159,181,924.76</b>   | 158,341,274.75          |
| 2 to 3 years                     | <b>2,525,111.05</b>     | 3,497,390.18            |
| 3 to 4 years                     | <b>1,848,489.30</b>     | 470,834.22              |
| 4 to 5 years                     | <b>39,110.00</b>        | 6,044,573.36            |
| Over 5 years                     | <b>8,883,422.38</b>     | 3,208,084.08            |
| Total                            | <b>192,662,763.64</b>   | 210,194,226.98          |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 6. Other Receivables (Continued)

##### *Other Receivables (Continued)*

##### *(2) Classification by the nature of payment*

Unit: Yuan    Currency: RMB

| Nature of payment                          | Closing book<br>balance | Opening book<br>balance |
|--------------------------------------------|-------------------------|-------------------------|
| Proceeds from disposal of long-term assets | <b>154,505,003.03</b>   | 171,019,624.99          |
| Deposits and securities                    | <b>33,491,153.21</b>    | 34,626,346.06           |
| Others                                     | <b>4,666,607.40</b>     | 4,548,255.93            |
| Total                                      | <b>192,662,763.64</b>   | 210,194,226.98          |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 6. Other Receivables (Continued)

##### *Other Receivables (Continued)*

##### *(3) Provision for bad debts made*

Unit: Yuan Currency: RMB

|                                                        | Stage I                           | Stage II                                 | Stage III                            |               |
|--------------------------------------------------------|-----------------------------------|------------------------------------------|--------------------------------------|---------------|
|                                                        | ECL over<br>the next 12<br>months | Lifetime ECL<br>(non-credit<br>impaired) | Lifetime<br>ECL (credit<br>impaired) | Total         |
| Provision for bad debts                                |                                   |                                          |                                      |               |
| Balance on January 1,<br>2026                          | 10,479,429.25                     | –                                        | –                                    | 10,479,429.25 |
| Balance on January 1,<br>2026 in the current<br>period | –                                 | –                                        | –                                    | –             |
| – Transfer to stage II                                 | –                                 | –                                        | –                                    | –             |
| – Transfer to stage III                                | –                                 | –                                        | –                                    | –             |
| – Reversed from stage II                               | –                                 | –                                        | –                                    | –             |
| – Reversed from stage I                                | –                                 | –                                        | –                                    | –             |
| Provision made for the<br>current period               | 1,965,278.97                      | –                                        | –                                    | 1,965,278.97  |
| Reversed in the current<br>period                      | 825,396.48                        | –                                        | –                                    | 825,396.48    |
| Carried forward in the<br>current period               | –                                 | –                                        | –                                    | –             |
| Written off in the current<br>period                   | –                                 | –                                        | –                                    | –             |
| Other changes                                          | -37,508.52                        | –                                        | –                                    | -37,508.52    |
| Balance on June 30, 2026                               | 11,581,803.22                     | –                                        | –                                    | 11,581,803.22 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 6. Other Receivables (Continued)

##### *Other Receivables (Continued)*

##### *(3) Provision for bad debts made (Continued)*

Basis of segregation and bad debt provisioning ratio by stages

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

##### *(4) Status of provision for bad debts*

Unit: Yuan Currency: RMB

| Type                    | Opening balance | Amount of change in the current period |                      |                           |               | Closing balance      |
|-------------------------|-----------------|----------------------------------------|----------------------|---------------------------|---------------|----------------------|
|                         |                 | Accrual                                | Recovery or reversal | Carryforward or write-off | Other changes |                      |
| Deposits and securities | 10,063,792.94   | 1,965,278.97                           | 825,396.48           | –                         | -37,508.52    | <b>11,166,166.91</b> |
| Others                  | 415,636.31      | –                                      | –                    | –                         | –             | <b>415,636.31</b>    |
| Total                   | 10,479,429.25   | 1,965,278.97                           | 825,396.48           | –                         | -37,508.52    | <b>11,581,803.22</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 6. Other Receivables (Continued)

##### *Other Receivables (Continued)*

(5) *Top five other receivables according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

| Unit name                                                               | Closing balance | Proportion to<br>the total closing<br>balance of other<br>receivables (%) | Nature of payment                                   | Aging                                                                                              | Closing balance<br>of provision for<br>bad debts |
|-------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Jian Tan (譚健)                                                           | 154,505,003.03  | 80.19                                                                     | Proceeds from<br>disposal of<br>long-term<br>assets | Within 1 year and 1<br>to 2 years                                                                  | -                                                |
| Beijing Chengao Real Estate<br>Co., Ltd. (北京城奧置業<br>有限公司)               | 11,760,238.05   | 6.10                                                                      | Deposits and<br>securities                          | Within 1 year, 1 to 2<br>years, 2 to 3 years,<br>3 to 4 years, 4 to<br>5 years and over 5<br>years | 5,901,070.06                                     |
| Shenzhen Xinzhou<br>Microelectronics Co., Ltd.<br>(深圳市鑫洲芯微電子<br>有限公司)   | 4,000,000.00    | 2.08                                                                      | Deposits and<br>securities                          | Within 1 year                                                                                      | -                                                |
| Shanghai Yijia Enterprise<br>Management Co., Ltd.<br>(上海奕佳企業管理<br>有限公司) | 3,476,972.79    | 1.80                                                                      | Deposits and<br>securities                          | Within 1 year, 1 to 2<br>years and over 5<br>years                                                 | 2,845,090.89                                     |
| Central Boulevard<br>Development Pte Ltd.                               | 2,726,990.44    | 1.42                                                                      | Deposits and<br>securities                          | 1 to 2 years                                                                                       | 272,699.04                                       |
| Total                                                                   | 176,469,204.31  | 91.59 /                                                                   | /                                                   | /                                                                                                  | 9,018,859.99                                     |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 7. Inventory

##### (1) Category of inventory

Unit: Yuan Currency: RMB

| Items                 | Closing balance  |                                                                                        |                  | Opening balance  |                                                                                        |                  |
|-----------------------|------------------|----------------------------------------------------------------------------------------|------------------|------------------|----------------------------------------------------------------------------------------|------------------|
|                       | Book balance     | Provision<br>for inventory<br>decline/<br>impairment<br>provision for<br>contract cost | Book value       | Book balance     | Provision<br>for inventory<br>decline/<br>impairment<br>provision for<br>contract cost | Book value       |
| Raw materials         | 1,230,751,399.26 | 156,203,346.11                                                                         | 1,074,548,053.15 | 1,082,137,731.09 | 160,495,607.94                                                                         | 921,642,123.15   |
| Work in process       | 1,448,075,910.77 | 11,449,330.53                                                                          | 1,436,626,580.24 | 857,148,351.20   | 11,161,374.33                                                                          | 845,986,976.87   |
| Inventory goods       | 1,709,578,855.13 | 115,061,049.91                                                                         | 1,594,517,805.22 | 1,388,632,815.21 | 127,349,347.27                                                                         | 1,261,283,467.94 |
| Low-value consumables | 1,085,542.08     | 11,340.00                                                                              | 1,074,202.08     | 1,614,919.34     | –                                                                                      | 1,614,919.34     |
| Contract cost         | 77,458,107.62    | –                                                                                      | 77,458,107.62    | 35,446,901.07    | –                                                                                      | 35,446,901.07    |
| Total                 | 4,466,949,814.86 | 282,725,066.55                                                                         | 4,184,224,748.31 | 3,364,980,717.91 | 299,006,329.54                                                                         | 3,065,974,388.37 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 7. Inventory (Continued)

##### (2) Provision for impairment of inventory and contract cost

Unit: Yuan Currency: RMB

| Item                  | Opening balance       | Increased amount in the current period |          | Decreased amount in the current period |                     | Closing balance       |
|-----------------------|-----------------------|----------------------------------------|----------|----------------------------------------|---------------------|-----------------------|
|                       |                       | Provision                              | Others   | Reversal or written-off                | Others              |                       |
| Raw materials         | 160,495,607.94        | 18,643,907.22                          | -        | 22,782,170.60                          | 153,998.45          | <b>156,203,346.11</b> |
| Work in process       | 11,161,374.33         | 6,313,942.16                           | -        | 5,944,707.04                           | 81,278.92           | <b>11,449,330.53</b>  |
| Inventory goods       | 127,349,347.27        | 26,700,882.74                          | -        | 35,465,609.59                          | 3,523,570.51        | <b>115,061,049.91</b> |
| Low-value consumables | -                     | 33,882.03                              | -        | 22,542.03                              | -                   | <b>11,340.00</b>      |
| <b>Total</b>          | <b>299,006,329.54</b> | <b>51,692,614.15</b>                   | <b>-</b> | <b>64,215,029.26</b>                   | <b>3,758,847.88</b> | <b>282,725,066.55</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 8. Non-current Assets Due within One Year

Unit: Yuan Currency: RMB

| Items                                      | Closing balance | Opening balance |
|--------------------------------------------|-----------------|-----------------|
| Debt investments due within one year       | —               | —               |
| Other debt investments due within one year | —               | —               |
| Prepayments for goods due within one year  | —               | 313,005,799.04  |
| Total                                      | —               | 313,005,799.04  |

#### 9. Other Current Assets

Unit: Yuan Currency: RMB

| Items                              | Closing balance       | Opening balance |
|------------------------------------|-----------------------|-----------------|
| Equity investment pending disposal | —                     | 5,000,000.00    |
| Prepaid taxes and deductible VAT   | <b>386,324,988.17</b> | 234,152,587.67  |
| Deferred expenses                  | <b>10,619,892.62</b>  | 14,455,176.68   |
| Total                              | <b>396,944,880.79</b> | 253,607,764.35  |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10. Long-term Equity Investments

Unit: Yuan Currency: RMB

|                                                                                                                                           |                                      |                                                    | Increase/decrease for the current period |                           |                                                                        |                                                    |                           |                                                      |                              |        |                                         |                                                    |  |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------|------------------------------------------|---------------------------|------------------------------------------------------------------------|----------------------------------------------------|---------------------------|------------------------------------------------------|------------------------------|--------|-----------------------------------------|----------------------------------------------------|--|
| Investee company                                                                                                                          | Opening balance<br>(carrying amount) | Opening balance<br>of provisions for<br>impairment | Increase in<br>investment                | Decrease in<br>investment | Investment<br>gains and losses<br>recognized<br>using equity<br>method | Adjustment<br>for other<br>comprehensive<br>income | Change in other<br>equity | Declared and<br>paid cash<br>dividends or<br>profits | Provisions for<br>impairment | Others | Closing balance<br>(carrying<br>amount) | Closing balance<br>of provisions for<br>impairment |  |
| I. Joint ventures                                                                                                                         |                                      |                                                    |                                          |                           |                                                                        |                                                    |                           |                                                      |                              |        |                                         |                                                    |  |
| Subtotal                                                                                                                                  | -                                    | -                                                  | -                                        | -                         | -                                                                      | -                                                  | -                         | -                                                    | -                            | -      | -                                       | -                                                  |  |
| II. Associates                                                                                                                            |                                      |                                                    |                                          |                           |                                                                        |                                                    |                           |                                                      |                              |        |                                         |                                                    |  |
| Transcputing Tech Co., Ltd (上海<br>光羽芯辰科技有限公司)                                                                                             | -                                    | -                                                  | -                                        | -                         | -                                                                      | -                                                  | -                         | -                                                    | -                            | -      | -                                       | -                                                  |  |
| Hefei Stony Creek GigaDevice<br>Chuangzhi Venture Capital<br>Fund Partnership (Limited<br>Partnership) (合肥石溪光易創<br>智創業投資基金合夥企業(有<br>限合夥)) | 206,881,881.62                       | -                                                  | 90,000,000.00                            | -                         | -2,329,260.29                                                          | -                                                  | -                         | -                                                    | -                            | -      | 294,552,621.33                          | -                                                  |  |
| Deep Simplicity Technology Co.,<br>Ltd. (上海奧簡微電子科技有<br>限公司)                                                                               | 8,719,880.67                         | -                                                  | -                                        | -                         | 241,781.63                                                             | -                                                  | -                         | -                                                    | -                            | -      | 8,961,662.30                            | -                                                  |  |
| Hefei Reliance Memory Limited (合<br>肥睿科微電子有限公司)                                                                                           | 37,125,349.55                        | -                                                  | -                                        | -                         | -4,700,844.74                                                          | -2,325.81                                          | -                         | -                                                    | -                            | -      | 32,422,179.00                           | -                                                  |  |
| Hefei Kuxin Microelectronics Co.,<br>Ltd. (合肥酷芯微電子股份有<br>限公司)                                                                             | 238,483,043.85                       | -                                                  | 55,964,983.04                            | -                         | -3,331,391.69                                                          | 51.30                                              | -                         | -                                                    | -                            | -      | 291,116,686.50                          | -                                                  |  |
| Shanghai Stony Creek<br>GigaDevice Zhixin Venture<br>Capital Partnership (Limited<br>Partnership) (上海石溪光易智<br>芯創業投資合夥企業(有限<br>合夥))        | -                                    | -                                                  | 160,000,000.00                           | -                         | -254,904.37                                                            | -                                                  | -                         | -                                                    | -                            | -      | 159,745,095.63                          | -                                                  |  |
| Silicon Innovation (成都星拓微電<br>子科技股份有限公司)                                                                                                  | -                                    | -                                                  | 340,630,000.00                           | -                         | -909,190.61                                                            | -                                                  | -                         | -                                                    | -                            | -      | 339,720,809.39                          | -                                                  |  |
| Subtotal                                                                                                                                  | 491,210,155.69                       | -                                                  | 646,594,983.04                           | -                         | -11,283,810.07                                                         | -2,274.51                                          | -                         | -                                                    | -                            | -      | 1,126,519,054.15                        | -                                                  |  |
| Total                                                                                                                                     | 491,210,155.69                       | -                                                  | 646,594,983.04                           | -                         | -11,283,810.07                                                         | -2,274.51                                          | -                         | -                                                    | -                            | -      | 1,126,519,054.15                        | -                                                  |  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 11. Investment in Other Equity Instruments

Unit: Yuan Currency: RMB

| Items                | Opening balance  | Increase/decrease for the current period |                           | Gains included<br>in other<br>comprehensive<br>income in the<br>current period | Losses included<br>in other<br>comprehensive<br>income in the<br>current period | Others         | Closing balance   | Dividend income<br>recognized in the<br>current period | Accumulated gains<br>included in other<br>comprehensive<br>income | Accumulated losses<br>included in other<br>comprehensive<br>income | Reason for being<br>designated as<br>measured at fair<br>value through other<br>comprehensive income |
|----------------------|------------------|------------------------------------------|---------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------|-------------------|--------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
|                      |                  | Increase in<br>investment                | Decrease in<br>investment |                                                                                |                                                                                 |                |                   |                                                        |                                                                   |                                                                    |                                                                                                      |
| Listed companies     | 34,681,955.05    | 9,996,229.16                             | -                         | 33,938,346.74                                                                  | 6,113,749.46                                                                    | 38,670,000.00  | 111,172,781.49    | -                                                      | 32,814,116.40                                                     | 12,409,875.99                                                      | Non-trading equity<br>investment                                                                     |
| Non-listed companies | 3,559,523,534.26 | 75,000,000.00                            | 60,354,266.07             | 7,793,450,418.41                                                               | -                                                                               | -41,431,737.80 | 11,326,187,948.80 | -                                                      | 8,637,090,333.39                                                  | 5,842,240.00                                                       | Non-trading equity<br>investment                                                                     |
| Total                | 3,594,205,489.31 | 84,996,229.16                            | 60,354,266.07             | 7,827,388,765.15                                                               | 6,113,749.46                                                                    | -2,761,737.80  | 11,437,360,730.29 | -                                                      | 8,669,904,449.79                                                  | 18,252,115.99                                                      |                                                                                                      |

Other explanations:

Among the unlisted companies, the shares of CXMT held by the Company were listed on July 27, 2026.

The details of "Others" in changes in investment in other equity instruments for the current period are as follows:

- 1 The shares of Atech Automotive (Wuhu) Co., Ltd. (埃泰克汽車電子(蕪湖)有限公司) held by the Company were listed during the Reporting Period, and RMB38,670,000 was transferred from a non-listed company to a listed company;
- 2 Effects of foreign exchange rate changes: RMB-2,761,737.80.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 12. Other Non-current Financial Assets

Unit: Yuan Currency: RMB

| Items                             | Closing balance         | Opening balance |
|-----------------------------------|-------------------------|-----------------|
| Financial assets measured at FVPL | <b>2,984,128,403.73</b> | 603,451,765.83  |
| Total                             | <b>2,984,128,403.73</b> | 603,451,765.83  |

#### 13. Fixed Assets

##### *Details by items*

Unit: Yuan Currency: RMB

| Items                         | Closing balance         | Opening balance  |
|-------------------------------|-------------------------|------------------|
| Fixed assets                  | <b>1,473,720,995.36</b> | 1,313,020,493.08 |
| Fixed assets pending disposal | —                       | —                |
| Total                         | <b>1,473,720,995.36</b> | 1,313,020,493.08 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 13. Fixed Assets (Continued)

##### *Fixed assets*

Unit: Yuan    Currency: RMB

| Items                                                            | Buildings and structures | Machinery and equipment | Transportation vehicles | Others         | Total            |
|------------------------------------------------------------------|--------------------------|-------------------------|-------------------------|----------------|------------------|
| I. Original carrying amount:                                     |                          |                         |                         |                |                  |
| 1. Opening balance                                               | 570,845,925.94           | 1,945,123,434.90        | 4,488,362.35            | 198,434,241.92 | 2,718,891,965.11 |
| 2. Increased amount in the current period                        | 302,044.54               | 315,764,356.88          | 2,171,577.90            | 28,699,366.80  | 346,937,346.12   |
| (1) Purchase                                                     | –                        | 315,764,356.88          | 2,171,577.90            | 28,699,366.80  | 346,635,301.58   |
| (2) Transfer from construction in progress                       | 302,044.54               | –                       | –                       | –              | 302,044.54       |
| (3) Increased from business combination                          | –                        | –                       | –                       | –              | –                |
| (4) Differences on translation of statements in foreign currency | –                        | –                       | –                       | –              | –                |
| 3. Decreased amount in the current period                        | 1,632,429.93             | 3,209,879.54            | 946,542.63              | 1,888,996.89   | 7,677,848.99     |
| (1) Disposal or retirement                                       | –                        | 859,079.64              | 878,804.86              | 1,631,635.04   | 3,369,519.54     |
| (2) Differences on translation of statements in foreign currency | 1,632,429.93             | 2,350,799.90            | 67,737.77               | 257,361.85     | 4,308,329.45     |
| 4. Closing balance                                               | 569,515,540.55           | 2,257,677,912.24        | 5,713,397.62            | 225,244,611.83 | 3,058,151,462.24 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 13. Fixed Assets (Continued)

##### *Fixed assets (Continued)*

| Items                                                            | Buildings and structures | Machinery and equipment | Transportation vehicles | Others         | Total            |
|------------------------------------------------------------------|--------------------------|-------------------------|-------------------------|----------------|------------------|
| II. Accumulated depreciation                                     |                          |                         |                         |                |                  |
| 1. Opening balance                                               | 85,513,708.82            | 1,167,881,486.38        | 2,311,473.03            | 146,636,469.94 | 1,402,343,138.17 |
| 2. Increased amount in the current period                        | 7,957,482.19             | 153,798,081.90          | 449,214.21              | 12,436,990.06  | 174,641,768.36   |
| (1) Provision                                                    | 7,957,482.19             | 153,798,081.90          | 449,214.21              | 12,436,990.06  | 174,641,768.36   |
| (2) Increased from business combination                          | -                        | -                       | -                       | -              | -                |
| (3) Differences on translation of statements in foreign currency | -                        | -                       | -                       | -              | -                |
| 3. Decreased amount in the current period                        | 174,843.23               | 2,112,889.78            | 857,387.98              | 1,606,507.44   | 4,751,628.43     |
| (1) Disposal or retirement                                       | -                        | 650,567.80              | 834,864.61              | 1,551,215.48   | 3,036,647.89     |
| (2) Differences on translation of statements in foreign currency | 174,843.23               | 1,462,321.98            | 22,523.37               | 55,291.96      | 1,714,980.54     |
| 4. Closing balance                                               | 93,296,347.78            | 1,319,566,678.50        | 1,903,299.26            | 157,466,952.56 | 1,572,233,278.10 |
| III. Impairment provision                                        |                          |                         |                         |                |                  |
| 1. Opening balance                                               | -                        | 3,528,333.86            | -                       | -              | 3,528,333.86     |
| 2. Increased amount in the current period                        | -                        | 8,765,404.58            | -                       | -              | 8,765,404.58     |
| (1) Provision                                                    | -                        | 8,765,404.58            | -                       | -              | 8,765,404.58     |
| 3. Decreased amount in the current period                        | -                        | 96,549.66               | -                       | -              | 96,549.66        |
| (1) Disposal or retirement                                       | -                        | 96,549.66               | -                       | -              | 96,549.66        |
| 4. Closing balance                                               | -                        | 12,197,188.78           | -                       | -              | 12,197,188.78    |
| IV. Carrying amount                                              |                          |                         |                         |                |                  |
| 1. Closing carrying amount                                       | 476,219,192.77           | 925,914,044.96          | 3,810,098.36            | 67,777,659.27  | 1,473,720,995.36 |
| 2. Opening carrying amount                                       | 485,332,217.12           | 773,713,614.66          | 2,176,889.32            | 51,797,771.98  | 1,313,020,493.08 |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 13. Fixed Assets (Continued)

##### *Fixed assets (Continued)*

Other explanations:

In the first half of 2026, the Group identified products that under-performed against expectation, and carried out impairment testing on the related fixed assets and intangible assets, writing down the carrying amount of such assets to their recoverable amounts. The related impairment losses were recognized in profit or loss for the current period.

#### 14. Construction in Progress

##### *Details by items*

Unit: Yuan    Currency: RMB

| Items                    | Closing balance      | Opening balance |
|--------------------------|----------------------|-----------------|
| Construction in progress | <b>19,479,834.87</b> | 12,382,353.79   |
| Construction materials   | –                    | –               |
| Total                    | <b>19,479,834.87</b> | 12,382,353.79   |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 14. Construction in Progress (Continued)

##### *Construction in progress*

Unit: Yuan    Currency: RMB

| Items      | Closing balance |                      |                 | Opening balance |                      |                 |
|------------|-----------------|----------------------|-----------------|-----------------|----------------------|-----------------|
|            | Book balance    | Impairment provision | Carrying amount | Book balance    | Impairment provision | Carrying amount |
| Renovation | 16,907,276.64   | -                    | 16,907,276.64   | 9,894,497.45    | -                    | 9,894,497.45    |
| Others     | 2,572,558.23    | -                    | 2,572,558.23    | 2,487,856.34    | -                    | 2,487,856.34    |
| Total      | 19,479,834.87   | -                    | 19,479,834.87   | 12,382,353.79   | -                    | 12,382,353.79   |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 15. Right-of-use Assets

Unit: Yuan Currency: RMB

| Items                                                            | Buildings and structures | Others        | Total          |
|------------------------------------------------------------------|--------------------------|---------------|----------------|
| I. Original carrying amount                                      |                          |               |                |
| 1. Opening balance                                               | 233,760,176.41           | 31,286,821.64 | 265,046,998.05 |
| 2. Increased amount in the current period                        | 16,739,169.12            | —             | 16,739,169.12  |
| (1) New leases                                                   | 16,739,169.12            | —             | 16,739,169.12  |
| (2) Differences on translation of statements in foreign currency | —                        | —             | —              |
| 3. Decreased amount in the current period                        | 5,536,339.59             | —             | 5,536,339.59   |
| (1) Decreases in leases                                          | 4,332,616.00             | —             | 4,332,616.00   |
| (2) Differences on translation of statements in foreign currency | 1,203,723.59             | —             | 1,203,723.59   |
| 4. Closing balance                                               | 244,963,005.94           | 31,286,821.64 | 276,249,827.58 |
| II. Accumulated depreciation                                     |                          |               |                |
| 1. Opening balance                                               | 146,434,566.40           | 22,989,852.52 | 169,424,418.92 |
| 2. Increased amount in the current period                        | 27,870,740.23            | 2,868,699.41  | 30,739,439.64  |
| (1) Provision                                                    | 27,870,740.23            | 2,868,699.41  | 30,739,439.64  |
| (2) Differences on translation of statements in foreign currency | —                        | —             | —              |
| 3. Decreased amount in the current period                        | 4,721,437.99             | —             | 4,721,437.99   |
| (1) Disposal                                                     | 4,237,845.79             | —             | 4,237,845.79   |
| (2) Differences on translation of statements in foreign currency | 483,592.20               | —             | 483,592.20     |
| 4. Closing balance                                               | 169,583,868.64           | 25,858,551.93 | 195,442,420.57 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 15. Right-of-use Assets (Continued)

| Items                                     | Buildings and<br>structures | Others       | Total         |
|-------------------------------------------|-----------------------------|--------------|---------------|
| III. Impairment provision                 |                             |              |               |
| 1. Opening balance                        | —                           | —            | —             |
| 2. Increased amount in the current period | —                           | —            | —             |
| (1) Provision                             | —                           | —            | —             |
| 3. Decreased amount in the current period | —                           | —            | —             |
| (1) Disposal                              | —                           | —            | —             |
| 4. Closing balance                        | —                           | —            | —             |
| IV. Carrying amount                       |                             |              |               |
| 1. Closing carrying amount                | 75,379,137.30               | 5,428,269.71 | 80,807,407.01 |
| 2. Opening carrying amount                | 87,325,610.01               | 8,296,969.12 | 95,622,579.13 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 16. Intangible Assets

Unit: Yuan Currency: RMB

| Items                                             | Land use rights | Patent rights  | Non-patent technologies | Others        | Total          |
|---------------------------------------------------|-----------------|----------------|-------------------------|---------------|----------------|
| I. Original carrying amount                       |                 |                |                         |               |                |
| 1. Opening balance                                | 5,224,171.93    | 103,252,958.06 | 721,876,568.15          | 61,516,236.64 | 891,869,934.78 |
| 2. Increased amount in the current period         | –               | 69,932,400.00  | 9,377,183.33            | 28,049,782.45 | 107,359,365.78 |
| (1) Purchase                                      | –               | 69,932,400.00  | 3,283,400.00            | 28,049,782.45 | 101,265,582.45 |
| (2) Internal research and development             | –               | –              | 6,093,783.33            | –             | 6,093,783.33   |
| (3) Increase from business combination            | –               | –              | –                       | –             | –              |
| (4) Translation of statements in foreign currency | –               | –              | –                       | –             | –              |
| 3. Decreased amount in the current period         | –               | 34,418.02      | –                       | 43,008.85     | 77,426.87      |
| (1) Disposal                                      | –               | –              | –                       | 43,008.85     | 43,008.85      |
| (2) Translation of statements in foreign currency | –               | 34,418.02      | –                       | –             | 34,418.02      |
| 4. Closing balance                                | 5,224,171.93    | 173,150,940.04 | 731,253,751.48          | 89,523,010.24 | 999,151,873.69 |
| II. Accumulated amortization                      |                 |                |                         |               |                |
| 1. Opening balance                                | 975,178.60      | 72,253,260.40  | 449,252,857.68          | 43,708,970.06 | 566,190,266.74 |
| 2. Increased amount in the current period         | 52,241.72       | 5,170,368.94   | 59,740,985.16           | 8,223,449.00  | 73,187,044.82  |
| (1) Provision                                     | 52,241.72       | 5,170,368.94   | 59,740,985.16           | 8,223,449.00  | 73,187,044.82  |
| (2) Translation of statements in foreign currency | –               | –              | –                       | –             | –              |
| 3. Decreased amount in the current period         | –               | 34,418.02      | –                       | 43,008.85     | 77,426.87      |
| (1) Disposal                                      | –               | –              | –                       | 43,008.85     | 43,008.85      |
| (2) Translation of statements in foreign currency | –               | 34,418.02      | –                       | –             | 34,418.02      |
| 4. Closing balance                                | 1,027,420.32    | 77,389,211.32  | 508,993,842.84          | 51,889,410.21 | 639,299,884.69 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 16. Intangible Assets (Continued)

| Items                                             | Land use rights | Patent rights | Non-patent technologies | Others        | Total          |
|---------------------------------------------------|-----------------|---------------|-------------------------|---------------|----------------|
| III. Impairment provision                         |                 |               |                         |               |                |
| 1. Opening balance                                | -               | -             | 1,903,192.81            | -             | 1,903,192.81   |
| 2. Increased amount in the current period         | -               | -             | 6,301,784.04            | -             | 6,301,784.04   |
| (1) Provision                                     | -               | -             | 6,301,784.04            | -             | 6,301,784.04   |
| (2) Translation of statements in foreign currency | -               | -             | -                       | -             | -              |
| 3. Decreased amount in the current period         | -               | -             | -                       | -             | -              |
| (1) Disposal                                      | -               | -             | -                       | -             | -              |
| (2) Translation of statements in foreign currency | -               | -             | -                       | -             | -              |
| 4. Closing balance                                | -               | -             | 8,204,976.85            | -             | 8,204,976.85   |
| IV. Carrying amount                               |                 |               |                         |               |                |
| 1. Closing carrying amount                        | 4,196,751.61    | 95,761,728.72 | 214,054,931.79          | 37,633,600.03 | 351,647,012.15 |
| 2. Opening carrying amount                        | 4,248,993.33    | 30,999,697.66 | 270,720,517.66          | 17,807,266.58 | 323,776,475.23 |

As at the end of the current period, the intangible assets from internal research and development of the Company accounted for 72.68% of the balance of intangible assets.

Other explanations:

In the first half of 2026, the Group identified products that under-performed against expectation, and carried out impairment testing on the related fixed assets and intangible assets, writing down the carrying amount of such assets to their recoverable amounts. The related impairment losses were recognized in profit or loss for the current period.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 17. Goodwill

##### (1) Original carrying amount of goodwill

Unit: Yuan Currency: RMB

| Name of investee company or matters for goodwill to arise         | Opening balance  | Increase in the current period<br>Arising from a business combination | Decrease in the current period<br>Disposal | Closing balance         |
|-------------------------------------------------------------------|------------------|-----------------------------------------------------------------------|--------------------------------------------|-------------------------|
| SiLead Inc. (上海思立微電子科技有限公司)                                       | 1,305,478,783.44 | –                                                                     | –                                          | <b>1,305,478,783.44</b> |
| Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) | 3,092,179.55     | –                                                                     | –                                          | <b>3,092,179.55</b>     |
| Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司)      | 207,083,029.31   | –                                                                     | –                                          | <b>207,083,029.31</b>   |
| Total                                                             | 1,515,653,992.30 | –                                                                     | –                                          | <b>1,515,653,992.30</b> |

##### (2) Provision for impairment of goodwill

Unit: Yuan Currency: RMB

| Name of investee company or matters for goodwill to arise | Opening balance | Increase in the current period<br>Provision | Decrease in the current period<br>Disposal | Closing balance       |
|-----------------------------------------------------------|-----------------|---------------------------------------------|--------------------------------------------|-----------------------|
| SiLead Inc. (上海思立微電子科技有限公司)                               | 898,469,442.84  | –                                           | –                                          | <b>898,469,442.84</b> |
| Total                                                     | 898,469,442.84  | –                                           | –                                          | <b>898,469,442.84</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 17. Goodwill (Continued)

(3) *Information about the cash generating units (“CGU”s) or groups of CGUs to which the goodwill is attributable*

| Name                                                              | Constitution and basis of CGUs or groups of CGUs                                                                                                                                                                                                                                                                                                                                                                                             | Operating segment and basis | Consistent with prior years or not |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------|
| Silead Inc. (上海思立微电子科技有限公司)                                       | The goodwill of Silead Inc. (上海思立微电子科技有限公司) (hereinafter referred to as “Silead”) was formed when the Company acquired a 100.00% equity interest in Silead in May 2019. The relevant asset group is the long-term asset group of Silead’s sensor business, including fixed assets, intangible assets, long-term prepaid expenses, right-of-use assets and goodwill.                                                                          | Integrated circuit          | Yes                                |
| Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) | The goodwill of Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) (hereinafter referred to as “Suzhou Freethink”) was formed when the Company acquired an equity interest in Suzhou Freethink in February 2019. The relevant asset group is the long-term asset group of Suzhou Freethink’s WIFI baseband business, including fixed assets, intangible assets, long-term prepaid expenses, right-of-use assets and goodwill. | Integrated circuit          | Yes                                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 17. Goodwill (Continued)

#### (3) Information about the cash generating units (“CGU”s) or groups of CGUs to which the goodwill is attributable (Continued)

| Name                                                                | Constitution and basis of CGUs or groups of CGUs                                                                                                                                                                                                                                                                                                                                                                                       | Operating segment and basis | Consistent with prior years or not |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------|
| Suzhou XySemi Electronic Technology Co., Ltd.<br>(蘇州賽芯電子科技<br>有限公司) | The goodwill of Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) (hereinafter referred to as “Suzhou XySemi”) was formed when the Company acquired a 38.07% equity interest in Suzhou XySemi on December 18, 2024. The relevant asset group is the long-term asset group of Suzhou XySemi’s analog chip business, including fixed assets, intangible assets, right-of-use assets, long-term prepaid expenses and goodwill. | Integrated circuit          | Yes                                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 17. Goodwill (Continued)

##### (4) Performance undertaking and corresponding goodwill impairment

Unit: 0'000 Currency: RMB

| Items                                                        | Completion of performance undertaking |                    |                     |                       |                    |                     | Goodwill impairment amount |             |
|--------------------------------------------------------------|---------------------------------------|--------------------|---------------------|-----------------------|--------------------|---------------------|----------------------------|-------------|
|                                                              | Current period                        |                    |                     | Last period           |                    |                     | for the last period        |             |
|                                                              | Committed performance                 | Actual performance | Completion rate (%) | Committed performance | Actual performance | Completion rate (%) | Current period             | Last period |
| Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) | 8,000.00                              | 4,646.46           | 58.08               | 7,000.00              | 7,581.66           | 108.31              | -                          | -           |

Other explanations:

The performance commitment indicators for Suzhou XySemi are the net profits attributable to the parent company after deducting non-recurring profit or loss for each year during the performance commitment period, without considering the impact of the following matters: (1) expenses incurred by Suzhou XySemi due to the implementation of equity incentives; (2) relevant interest expenses incurred by Suzhou XySemi in 2024 due to the repurchase of shareholders' equity; (3) expenses incurred by Suzhou XySemi for paying loan interest to its parent company, GigaDevice; (4) interest expenses payable by the building transferee to Suzhou XySemi for the installment payment of the transfer price of the Suzhou building assets, as stipulated in the Equity Acquisition Agreement.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 18. Long-term Prepaid Expenses

Unit: Yuan    Currency: RMB

| Items      | Opening balance | Increased amount<br>in the current<br>period | Amortization<br>amount in the<br>current period | Other reductions | Closing balance       |
|------------|-----------------|----------------------------------------------|-------------------------------------------------|------------------|-----------------------|
| Renovation | 32,229,156.01   | 217,806.39                                   | 9,221,540.20                                    | 321,505.99       | <b>22,903,916.21</b>  |
| Software   | 114,281,123.45  | 4,752,922.96                                 | 32,701,305.20                                   | –                | <b>86,332,741.21</b>  |
| Others     | 168,659.13      | –                                            | 112,439.42                                      | –                | <b>56,219.71</b>      |
| Total      | 146,678,938.59  | 4,970,729.35                                 | 42,035,284.82                                   | 321,505.99       | <b>109,292,877.13</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 19. Deferred Tax Assets/Deferred Tax Liabilities

##### (1) Deferred tax assets before offsetting

Unit: Yuan Currency: RMB

| Items                                      | Closing balance                  |                     | Opening balance                  |                     |
|--------------------------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
|                                            | Deductible temporary differences | Deferred tax assets | Deductible temporary differences | Deferred tax assets |
| Provision for assets impairment            | 268,785,705.02                   | 30,048,588.19       | 259,456,132.95                   | 28,866,391.62       |
| Unrealized profit of internal transactions | 987,761,061.96                   | 159,868,824.26      | 600,372,788.30                   | 94,402,690.29       |
| Deductible losses                          | 1,324,859,272.18                 | 235,885,205.48      | 969,035,103.95                   | 158,804,734.78      |
| Government grants                          | 48,796,492.72                    | 5,794,321.26        | 30,142,396.57                    | 3,760,934.08        |
| Asset depreciation and amortization        | 202,057,845.50                   | 22,137,382.45       | 141,010,967.20                   | 14,101,096.72       |
| Equity incentive                           | 188,492,934.86                   | 25,026,811.00       | 180,927,180.57                   | 24,658,368.91       |
| Investment in other equity instruments     | 152,453,737.81                   | 23,309,467.01       | 133,573,782.92                   | 21,836,971.52       |
| Financial assets held for trading          | 1,282,905.79                     | 137,639.21          | —                                | —                   |
| Other non-current financial assets         | 4,300,000.00                     | 430,000.00          | 8,340,107.20                     | 834,010.72          |
| Financial liabilities held for trading     | 2,987,785.67                     | 298,778.57          | 3,366,000.00                     | 336,600.00          |
| Employee benefits                          | 29,549,949.98                    | 4,323,663.33        | —                                | —                   |
| Lease liabilities                          | 71,910,323.22                    | 11,312,010.81       | 96,433,092.07                    | 15,397,269.52       |
| Provisions                                 | 48,584,273.73                    | 7,287,641.06        | —                                | —                   |
| Total                                      | 3,331,822,288.44                 | 525,860,332.63      | 2,422,657,551.73                 | 362,999,068.16      |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

##### (2) Deferred tax liabilities before offsetting

Unit: Yuan Currency: RMB

| Items                                                                              | Closing balance               |                          | Opening balance               |                          |
|------------------------------------------------------------------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
|                                                                                    | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Appreciation of Asset valuation from business combination not under common control | 56,385,183.45                 | 5,638,518.34             | 75,374,689.87                 | 7,537,469.04             |
| Changes in fair value of investment in other equity instruments                    | 8,698,551,835.57              | 956,738,201.38           | 916,333,868.45                | 122,343,315.59           |
| Changes in fair value of other non-current financial assets                        | 2,370,946,592.24              | 243,831,730.34           | 161,838,742.78                | 19,882,858.42            |
| Changes in fair value of financial assets                                          | 47,978,745.58                 | 5,668,724.33             | 21,775,835.02                 | 2,377,835.63             |
| Depreciation of fixed assets                                                       | 22,349,745.49                 | 3,268,393.02             | 33,001,337.00                 | 4,475,260.98             |
| Right-of-use assets                                                                | 75,639,046.87                 | 11,448,996.73            | 95,003,937.17                 | 14,945,339.83            |
| Long-term payables                                                                 | 269,462.53                    | 40,419.38                | –                             | –                        |
| Total                                                                              | 11,272,120,611.73             | 1,226,634,983.52         | 1,303,328,410.29              | 171,562,079.49           |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

##### (3) *Deferred tax assets or liabilities presented on a net basis after offsetting*

Unit: Yuan Currency: RMB

| Items                    | Closing balance                                                      |                                                                         | Opening balance                                                      |                                                                         |
|--------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------|
|                          | Offsetting<br>amount of<br>deferred tax<br>assets and<br>liabilities | Balance of<br>deferred tax<br>assets or liabilities<br>after offsetting | Offsetting<br>amount of<br>deferred tax<br>assets and<br>liabilities | Balance of<br>deferred tax<br>assets or liabilities<br>after offsetting |
| Deferred tax assets      | 79,211,001.13                                                        | 446,649,331.50                                                          | 77,934,128.39                                                        | 285,064,939.77                                                          |
| Deferred tax liabilities | 79,211,001.13                                                        | 1,147,423,982.39                                                        | 77,934,128.39                                                        | 93,627,951.10                                                           |

##### (4) *Breakdown of deferred tax assets not recognized*

Unit: Yuan Currency: RMB

| Items                            | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Deductible temporary differences | 22,696,786.49   | 20,886,216.32   |
| Deductible losses                | 27,980,022.87   | 25,308,809.28   |
| Total                            | 50,676,809.36   | 46,195,025.60   |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(5) *Deductible loss for which no deferred tax assets are recognized will become due in the following years*

Unit: Yuan Currency: RMB

| Year       | Closing amount | Opening amount | Remarks |
|------------|----------------|----------------|---------|
| 2026       | 5,678,152.67   | 5,114,286.78   |         |
| 2027       | 9,036,980.56   | 1,411,871.27   |         |
| 2028       | 7,609,674.95   | 1,853,148.18   |         |
| 2029       | 2,755,655.75   | 2,886,364.44   |         |
| 2030       | 2,082,272.84   | 10,397,022.00  |         |
| 2031       | 817,286.10     | —              |         |
| Indefinite | —              | 3,646,116.61   |         |
| Total      | 27,980,022.87  | 25,308,809.28  | /       |

#### 20. Other Non-current Assets

Unit: Yuan Currency: RMB

| Items                                                       | Closing balance |                      |                 | Opening balance |                      |                 |
|-------------------------------------------------------------|-----------------|----------------------|-----------------|-----------------|----------------------|-----------------|
|                                                             | Book balance    | Impairment provision | Carrying amount | Book balance    | Impairment provision | Carrying amount |
| Proceeds from disposal of investments                       | 1,634,042.66    | —                    | 1,634,042.66    | 1,517,811.72    | —                    | 1,517,811.72    |
| Payments for the purchase of equipment, software and others | 482,664,254.90  | —                    | 482,664,254.90  | 166,657,874.06  | —                    | 166,657,874.06  |
| Total                                                       | 484,298,297.56  | —                    | 484,298,297.56  | 168,175,685.78  | —                    | 168,175,685.78  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 21. Assets with Restricted Ownership or Right of Use

Unit: Yuan Currency: RMB

| Items                  | Closing       |                 |                     |                                                                                                          | Opening      |                 |                     |                      |
|------------------------|---------------|-----------------|---------------------|----------------------------------------------------------------------------------------------------------|--------------|-----------------|---------------------|----------------------|
|                        | Book balance  | Carrying amount | Type of restriction | Restricted situation                                                                                     | Book balance | Carrying amount | Type of restriction | Restricted situation |
| Cash and bank balances | 1,293,800.56  | 1,293,800.56    | Frozen              | Pre-litigation property preservation                                                                     | -            | -               | -                   | -                    |
| Cash and bank balances | 41,546,490.00 | 41,546,490.00   | Others              | Equity investment funds that have been transferred to securities accounts but have not yet been remitted | -            | -               | -                   | -                    |
| Total                  | 42,840,290.56 | 42,840,290.56   | /                   | /                                                                                                        | -            | -               | /                   | /                    |

Other explanations:

As of the end of the period, restricted bank deposits amounted to RMB1,293,800.56, which were released from restriction in July 2026 upon withdrawal of the lawsuit by the counterparty. Restricted other cash and bank balances amounted to RMB41,546,490.00, for which equity contributions were completed in July.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 22. Short-term Borrowing

Unit: Yuan Currency: RMB

| Items             | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Credit borrowings | –               | 200,000,000.00  |
| Accrued interest  | –               | 138,722.22      |
| Total             | –               | 200,138,722.22  |

#### 23. Financial Liabilities Held for Trading

Unit: Yuan Currency: RMB

| Items                                  | Opening balance | Closing balance     | Designated reasons and basis |
|----------------------------------------|-----------------|---------------------|------------------------------|
| Financial liabilities held for trading | 3,366,000.00    | <b>2,987,785.67</b> | /                            |
| Including:                             |                 |                     |                              |
| Foreign exchange derivative            | 3,366,000.00    | <b>2,987,785.67</b> | /                            |
| Total                                  | 3,366,000.00    | <b>2,987,785.67</b> | /                            |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 24. Accounts Payables

Unit: Yuan Currency: RMB

| Items                                                    | Closing balance         | Opening balance |
|----------------------------------------------------------|-------------------------|-----------------|
| Within 1 year (including 1 year, the same applies below) | <b>1,611,611,886.37</b> | 755,000,958.53  |
| 1–2 years                                                | <b>37,639,374.80</b>    | 56,953,177.16   |
| 2–3 years                                                | <b>7,844.14</b>         | 31,548.87       |
| Over 3 years                                             | <b>91,065.63</b>        | 942,911.02      |
| Total                                                    | <b>1,649,350,170.94</b> | 812,928,595.58  |

Other explanations:

The aging of the Group's accounts payables is calculated based on the transaction date.

#### 25. Contract Liability

Unit: Yuan Currency: RMB

| Items                                                  | Closing balance       | Opening balance |
|--------------------------------------------------------|-----------------------|-----------------|
| Performance obligations of chip sales contracts        | <b>366,990,048.35</b> | 178,613,955.12  |
| Performance obligations of technical service contracts | <b>85,372,066.77</b>  | 39,560,446.29   |
| Total                                                  | <b>452,362,115.12</b> | 218,174,401.41  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 26. Employee Benefits Payable

##### (1) Presentation of employee benefits payable

Unit: Yuan    Currency: RMB

| Items                                                       | Opening balance       | Increase in the<br>current period | Decrease in the<br>current period | Closing balance       |
|-------------------------------------------------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| I. Short-term remuneration                                  | 363,313,730.20        | 1,192,501,568.51                  | 972,586,033.27                    | <b>583,229,265.44</b> |
| II. Post-employment benefits –<br>defined contribution plan | 4,589,055.61          | 60,616,689.24                     | 60,619,152.98                     | <b>4,586,591.87</b>   |
| III. Dismissal benefits                                     | –                     | 6,342,608.39                      | 6,342,608.39                      | –                     |
| IV. Other benefits due within one<br>year                   | –                     | –                                 | –                                 | –                     |
| <b>Total</b>                                                | <b>367,902,785.81</b> | <b>1,259,460,866.14</b>           | <b>1,039,547,794.64</b>           | <b>587,815,857.31</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 26. Employee Benefits Payable (Continued)

##### (2) Presentation of short-term compensation

Unit: Yuan Currency: RMB

| Items                                                | Opening balance | Increase in the<br>current period | Decrease in the<br>current period | Closing balance       |
|------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------|-----------------------|
| I. Wages, bonuses, allowances<br>and subsidy         | 354,336,691.75  | 1,064,271,840.66                  | 872,102,580.55                    | <b>546,505,951.86</b> |
| II. Employee benefits                                | 91,735.00       | 13,452,354.10                     | 13,491,753.16                     | <b>52,335.94</b>      |
| III. Social insurance premiums                       | 2,696,252.12    | 36,401,613.86                     | 36,415,411.84                     | <b>2,682,454.14</b>   |
| Including: Medical insurance<br>premiums             | 2,634,108.28    | 31,196,450.01                     | 31,203,468.30                     | <b>2,627,089.99</b>   |
| Work injury<br>insurance<br>premiums                 | 61,224.61       | 1,099,096.26                      | 1,104,956.72                      | <b>55,364.15</b>      |
| Maternity insurance<br>premiums                      | 919.23          | 474,201.73                        | 475,120.96                        | <b>-</b>              |
| Supplementary<br>medical<br>insurance                | -               | 3,631,865.86                      | 3,631,865.86                      | <b>-</b>              |
| IV. Housing provident fund                           | 1,458,997.00    | 46,744,013.67                     | 46,795,739.72                     | <b>1,407,270.95</b>   |
| V. Trade union funds and<br>employee education funds | 2,262,405.43    | 3,132,667.58                      | 3,695,418.78                      | <b>1,699,654.23</b>   |
| VI. Short-term absence with<br>payment               | 2,467,648.90    | 28,499,078.64                     | 85,129.22                         | <b>30,881,598.32</b>  |
| VII. Short-term profit sharing plan                  | -               | -                                 | -                                 | <b>-</b>              |
| Total                                                | 363,313,730.20  | 1,192,501,568.51                  | 972,586,033.27                    | <b>583,229,265.44</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 26. Employee Benefits Payable (Continued)

##### (3) Presentation of defined contribution plan

Unit: Yuan    Currency: RMB

| Items                                 | Opening balance     | Increase in the<br>current period | Decrease in the<br>current period | Closing balance     |
|---------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
| 1. Basic endowment insurance          | 4,450,866.12        | 57,538,369.83                     | 57,541,066.80                     | <b>4,448,169.15</b> |
| 2. Unemployment insurance<br>premiums | 138,189.49          | 2,183,348.09                      | 2,183,114.86                      | <b>138,422.72</b>   |
| 3. Enterprise annuity payment         | –                   | 894,971.32                        | 894,971.32                        | <b>–</b>            |
| <b>Total</b>                          | <b>4,589,055.61</b> | <b>60,616,689.24</b>              | <b>60,619,152.98</b>              | <b>4,586,591.87</b> |

Other explanations:

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

The subsidiaries of the Group incorporated in Hong Kong are required to make contributions to the Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 26. Employee Benefits Payable (Continued)

##### (3) Presentation of defined contribution plan (Continued)

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirements plans under the laws and regulations of the respective countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

During the Reporting Period, the Group did not use forfeited contributions to reduce existing contribution amounts.

#### 27. Taxes Payable

Unit: Yuan    Currency: RMB

| Items                                 | Closing balance       | Opening balance |
|---------------------------------------|-----------------------|-----------------|
| VAT                                   | <b>5,590,982.85</b>   | 3,658,164.23    |
| Enterprise income tax                 | <b>547,800,276.07</b> | 84,006,044.70   |
| Individual income tax                 | <b>24,232,665.96</b>  | 32,411,485.65   |
| City maintenance and construction tax | <b>5,107,117.02</b>   | 1,377,226.64    |
| Education surcharge                   | <b>4,561,738.84</b>   | 1,313,415.66    |
| Stamp duty                            | <b>3,671,207.93</b>   | 2,158,096.11    |
| Property tax                          | <b>324,999.99</b>     | 324,106.50      |
| Others                                | <b>31,847.66</b>      | 38,885.16       |
| Total                                 | <b>591,320,836.32</b> | 125,287,424.65  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 28. Other Payables

##### (1) Details of items

Unit: Yuan Currency: RMB

| Items            | Closing balance       | Opening balance |
|------------------|-----------------------|-----------------|
| Interest payable | —                     | —               |
| Dividend payable | —                     | —               |
| Other payables   | <b>102,344,471.99</b> | 141,203,860.41  |
| Total            | <b>102,344,471.99</b> | 141,203,860.41  |

##### (2) Other payables

##### Presentation of other payables by nature

Unit: Yuan Currency: RMB

| Items                                                            | Closing balance       | Opening balance |
|------------------------------------------------------------------|-----------------------|-----------------|
| Restricted shares repurchase obligations                         | —                     | 469,612.40      |
| Consultancy fees, intermediary agency and technical service fees | <b>55,988,618.54</b>  | 101,305,133.60  |
| Others                                                           | <b>46,355,853.45</b>  | 39,429,114.41   |
| Total                                                            | <b>102,344,471.99</b> | 141,203,860.41  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 29. Non-current Liabilities Due within One Year

Unit: Yuan Currency: RMB

| Items                                    | Closing balance | Opening balance |
|------------------------------------------|-----------------|-----------------|
| Long-term borrowings due within one year | —               | —               |
| Bonds payable due within one year        | —               | —               |
| Long-term payables due within one year   | 4,205,673.53    | —               |
| Lease liabilities due within one year    | 41,267,216.90   | 54,444,795.98   |
| Total                                    | 45,472,890.43   | 54,444,795.98   |

#### 30. Other Current Liabilities

Unit: Yuan Currency: RMB

| Items                            | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Short-term bonds payable         | —               | —               |
| Provisions                       | 64,337,352.61   | 10,381,332.43   |
| Output VAT tax to be transferred | 31,170,288.59   | 13,631,199.85   |
| Total                            | 95,507,641.20   | 24,012,532.28   |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 31. Lease Liabilities

Unit: Yuan Currency: RMB

| Items                                                      | Closing balance      | Opening balance |
|------------------------------------------------------------|----------------------|-----------------|
| Undiscounted lease payments payable                        | <b>79,881,280.71</b> | 100,935,293.99  |
| Less: Unrecognized finance charges                         | <b>3,033,865.06</b>  | 3,919,679.28    |
| Less: Lease liabilities due within one year (Note VII. 29) | <b>41,267,216.90</b> | 54,444,795.98   |
| Total                                                      | <b>35,580,198.75</b> | 42,570,818.73   |

#### 32. Long-term Payables

##### *Details of items*

Unit: Yuan Currency: RMB

| Item               | Closing balance     | Opening balance |
|--------------------|---------------------|-----------------|
| Long-term payables | <b>4,422,606.43</b> | —               |
| Special payables   | —                   | —               |
| Total              | <b>4,422,606.43</b> | —               |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 32. Long-term Payables (Continued)

##### *Long-term payables*

Unit: Yuan    Currency: RMB

| Items                             | Closing balance | Opening balance |
|-----------------------------------|-----------------|-----------------|
| Payment for acquisition of assets | 4,422,606.43    | —               |
| Total                             | 4,422,606.43    | —               |

#### 33. Deferred Income

##### *Details of deferred income*

Unit: Yuan    Currency: RMB

| Items             | Opening balance | Increase in the<br>current period | Decrease in the<br>current period | Closing balance | Causes            |
|-------------------|-----------------|-----------------------------------|-----------------------------------|-----------------|-------------------|
| Government grants | 42,492,679.48   | 26,884,717.10                     | 6,573,696.99                      | 62,803,699.59   | Government grants |
| Total             | 42,492,679.48   | 26,884,717.10                     | 6,573,696.99                      | 62,803,699.59   | /                 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 34. Other Non-current Liabilities

Unit: Yuan Currency: RMB

| Items                                  | Closing balance | Opening balance |
|----------------------------------------|-----------------|-----------------|
| Contract liabilities                   | 82,449,547.15   | 45,592,574.05   |
| General partner's capital contribution | 2,000,000.00    | 2,000,000.00    |
| Total                                  | 84,449,547.15   | 47,592,574.05   |

#### 35. Share Capital

Unit: Yuan Currency: RMB

|                        | Opening balance | Increase/decrease in the current change (+,-) |              |                                    |        | Subtotal      | Closing balance |
|------------------------|-----------------|-----------------------------------------------|--------------|------------------------------------|--------|---------------|-----------------|
|                        |                 | Issuance of new shares                        | Bonus shares | Conversion of reserves into shares | Others |               |                 |
| Total number of shares | 667,849,351.00  | 33,900,248.00                                 | -            | -                                  | -      | 33,900,248.00 | 701,749,599.00  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 36. Capital Reserve

Unit: Yuan Currency: RMB

| Items                              | Opening balance  | Increase in the<br>current period | Decrease in the<br>current period | Closing balance          |
|------------------------------------|------------------|-----------------------------------|-----------------------------------|--------------------------|
| Capital premium<br>(share premium) | 8,398,945,940.35 | 4,854,676,646.35                  | 25,035,621.13                     | <b>13,228,586,965.57</b> |
| Other capital reserves             | 468,530,056.04   | 133,683,676.23                    | 32,174,199.28                     | <b>570,039,532.99</b>    |
| Total                              | 8,867,475,996.39 | 4,988,360,322.58                  | 57,209,820.41                     | <b>13,798,626,498.56</b> |

Other explanations, including increase/decrease for the current period and reasons for such changes:

- (1) The changes in capital reserve – other capital reserve for the current period are due to the following reasons: 1. a decrease of RMB32 million due to the lifting of restrictions or exercise of equity incentives; 2. an increase of RMB43 million in capital reserve – other capital reserve due to the amortization of equity incentive expenses; and 3. an increase of RMB91 million in capital reserve – other capital reserve due to deductible tax differences from the lifting of restrictions or exercise of equity incentives.
- (2) The changes in capital reserve – share premium for the current period are due to the following reasons: 1. an increase of RMB4.746 billion in capital reserve – share premium due to the listing and issuance on the Hong Kong Stock Exchange; 2. an increase of RMB58 million in capital reserve – share premium due to the lifting of restrictions or exercise of equity incentives; and 3. an increase of RMB25 million in capital reserve – other capital reserve due to the changes in equity of investee company.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 37. Treasury Shares

Unit: Yuan    Currency: RMB

| Items                                                     | Opening balance      | Increase in the<br>current period | Decrease in the<br>current period | Closing balance   |
|-----------------------------------------------------------|----------------------|-----------------------------------|-----------------------------------|-------------------|
| Restricted shares under the 2021 Equity<br>Incentive Plan | 419,797.40           | –                                 | 3,423.75                          | <b>416,373.65</b> |
| Secondary market share repurchase                         | 45,910,211.67        | –                                 | 45,910,211.67                     | –                 |
| <b>Total</b>                                              | <b>46,330,009.07</b> | <b>–</b>                          | <b>45,913,635.42</b>              | <b>416,373.65</b> |

Other explanations, including increase/decrease for the current period and reasons for such changes:

- (1) During the Reporting Period, the treasury shares under the 2021 Equity Incentive Plan had not yet been repurchased and canceled. The repurchase price was reduced by RMB3,423.75 due to an adjustment for cash dividend distribution.
- (2) During the Reporting Period, upon the exercise of the second tranche of stock options under the 2024 Equity Incentive Plan, 603,020 A ordinary shares repurchased by the Company were utilized, resulting in the balance of treasury shares repurchased from the secondary market at the end of the period was 0.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 38. Other Comprehensive Income

Unit: Yuan Currency: RMB

| Items                                                                                                   | Opening balance | Amount before income tax for the current period | Amount for the current period                                                                                      |                                                                                                                     | Less: Income tax expense | Amount attributable to the parent company after tax | Amount attributable to the minority shareholders after tax | Closing balance  |
|---------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------------------|------------------------------------------------------------|------------------|
|                                                                                                         |                 |                                                 | Less: Amount transferred from other comprehensive income in prior periods to profit or loss for the current period | Less: Amount transferred from other comprehensive income in prior periods to retained income for the current period |                          |                                                     |                                                            |                  |
| I. Other comprehensive income that cannot be reclassified into profit or loss                           | 745,923,543.59  | 7,821,275,015.69                                | -                                                                                                                  | 19,628,185.98                                                                                                       | 843,131,299.88           | 6,958,515,529.83                                    | -                                                          | 7,704,439,073.42 |
| Including: Changes of the re-measurement of defined benefit plan                                        | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| Other comprehensive income that cannot be transferred to profit or loss using the equity method         | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| Changes in fair value arising from investment in other equity instruments                               | 745,923,543.59  | 7,821,275,015.69                                | -                                                                                                                  | 19,628,185.98                                                                                                       | 843,131,299.88           | 6,958,515,529.83                                    | -                                                          | 7,704,439,073.42 |
| Changes in fair value arising from the enterprise's own credit risk                                     | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| II. Other comprehensive income that will be reclassified into profit or loss                            | 31,786,420.36   | -44,899,471.05                                  | -                                                                                                                  | -                                                                                                                   | -                        | -44,899,350.39                                      | -120.66                                                    | -13,112,930.03   |
| Including: Other comprehensive income that can be transferred to profit or loss using the equity method | 43,576.25       | -2,274.51                                       | -                                                                                                                  | -                                                                                                                   | -                        | -2,274.51                                           | -                                                          | 41,301.74        |
| Changes in fair value of other debt investments                                                         | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| The amount of financial assets reclassified into other comprehensive income                             | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| Credit impairment provision for other debt investments                                                  | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| Hedging reserves from cash flows                                                                        | -               | -                                               | -                                                                                                                  | -                                                                                                                   | -                        | -                                                   | -                                                          | -                |
| Differences on translation of foreign currency financial statements                                     | 31,742,844.11   | -44,897,196.54                                  | -                                                                                                                  | -                                                                                                                   | -                        | -44,897,075.88                                      | -120.66                                                    | -13,154,231.77   |
| Total other comprehensive income                                                                        | 777,709,963.95  | 7,776,375,544.64                                | -                                                                                                                  | 19,628,185.98                                                                                                       | 843,131,299.88           | 6,913,616,179.44                                    | -120.66                                                    | 7,691,326,143.39 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 39. Surplus Reserve

Unit: Yuan    Currency: RMB

| Items                         | Opening balance       | Increase in the<br>current period | Decrease in the<br>current period | Closing balance       |
|-------------------------------|-----------------------|-----------------------------------|-----------------------------------|-----------------------|
| Statutory surplus reserve     | 333,924,675.50        | —                                 | —                                 | <b>333,924,675.50</b> |
| Discretionary surplus reserve | —                     | —                                 | —                                 | —                     |
| Reserve fund                  | —                     | —                                 | —                                 | —                     |
| Enterprise development fund   | —                     | —                                 | —                                 | —                     |
| Others                        | —                     | —                                 | —                                 | —                     |
| <b>Total</b>                  | <b>333,924,675.50</b> | <b>—</b>                          | <b>—</b>                          | <b>333,924,675.50</b> |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 40. Retained Earnings

Unit: Yuan    Currency: RMB

| Items                                                                                    | Current period           | Last year        |
|------------------------------------------------------------------------------------------|--------------------------|------------------|
| Retained earnings at the end of the last period before adjustment                        | <b>8,407,152,153.02</b>  | 6,796,411,913.24 |
| Total adjusted retained earnings at the beginning of the period (add+, less-)            | —                        | —                |
| Adjusted retained earnings at the beginning of the period                                | <b>8,407,152,153.02</b>  | 6,796,411,913.24 |
| Add: Net profit attributable to shareholders of the parent company in the current period | <b>6,856,786,413.68</b>  | 1,648,022,651.70 |
| Less: Appropriation of statutory surplus reserve                                         | —                        | 191,124.50       |
| Appropriation of discretionary surplus reserve                                           | —                        | —                |
| Withdrawal of general risk reserve                                                       | —                        | —                |
| Dividends payable on ordinary shares (Note)                                              | <b>525,374,573.25</b>    | 225,575,097.80   |
| Ordinary share dividends transferred to share capital                                    | —                        | —                |
| Add: Transfer from other comprehensive income to retained earnings                       | <b>19,628,185.98</b>     | 188,483,810.38   |
| Retained earnings at the end of the period                                               | <b>14,758,192,179.43</b> | 8,407,152,153.02 |

Notes:

1. The final dividend for the year ended December 31, 2025 of RMB0.75 per share, totaling approximately RMB525 million, was approved at the annual general meeting held on April 24, 2026.
2. No interim dividend was paid at the end of the current reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 41. Operating Revenue and Operating Costs

##### (1) Details of operating revenue and operating costs

Unit: Yuan    Currency: RMB

| Items              | Amount for the current period |                  | Amount for the last period |                  |
|--------------------|-------------------------------|------------------|----------------------------|------------------|
|                    | Revenue                       | Cost             | Revenue                    | Cost             |
| Principal business | 11,564,726,963.24             | 4,264,113,030.82 | 4,149,569,620.25           | 2,605,950,629.08 |
| Other business     | 1,033,468.91                  | 130,688.45       | 739,012.63                 | 25,059.95        |
| Total              | 11,565,760,432.15             | 4,264,243,719.27 | 4,150,308,632.88           | 2,605,975,689.03 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 41. Operating Revenue and Operating Costs (Continued)

##### (2) The disaggregated information of operating revenue and operating costs

Unit: Yuan Currency: RMB

| Contract classification                            | Integrated circuit business |                         | Total                    |                         |
|----------------------------------------------------|-----------------------------|-------------------------|--------------------------|-------------------------|
|                                                    | Operating revenue           | Operating costs         | Operating revenue        | Operating costs         |
| <b>By product type</b>                             |                             |                         |                          |                         |
| Memory chips                                       | 9,827,480,589.64            | 3,186,960,655.16        | 9,827,480,589.64         | 3,186,960,655.16        |
| MCUs                                               | 1,429,762,296.93            | 879,515,137.48          | 1,429,762,296.93         | 879,515,137.48          |
| Sensors                                            | 100,250,611.33              | 80,605,934.03           | 100,250,611.33           | 80,605,934.03           |
| Analog products                                    | 190,640,846.62              | 113,432,093.44          | 190,640,846.62           | 113,432,093.44          |
| Technical service revenue and other revenue        | 17,626,087.63               | 3,729,899.16            | 17,626,087.63            | 3,729,899.16            |
| <b>By region of operation</b>                      |                             |                         |                          |                         |
| Chinese Mainland                                   | 2,903,368,597.00            | 1,328,062,222.61        | 2,903,368,597.00         | 1,328,062,222.61        |
| Hong Kong                                          | 6,931,322,888.97            | 2,313,838,177.97        | 6,931,322,888.97         | 2,313,838,177.97        |
| Other countries and regions                        | 1,731,068,946.18            | 622,343,318.69          | 1,731,068,946.18         | 622,343,318.69          |
| <b>By market or customer type</b>                  |                             |                         |                          |                         |
| Consumer electronics                               | 3,881,997,242.22            | 1,425,938,183.83        | 3,881,997,242.22         | 1,425,938,183.83        |
| Non-consumer electronics                           | 7,683,763,189.93            | 2,838,305,535.44        | 7,683,763,189.93         | 2,838,305,535.44        |
| <b>Contract type</b>                               |                             |                         |                          |                         |
| Sale of goods                                      | 11,548,134,344.52           | 4,260,513,820.11        | 11,548,134,344.52        | 4,260,513,820.11        |
| Others                                             | 17,626,087.63               | 3,729,899.16            | 17,626,087.63            | 3,729,899.16            |
| <b>By timing of transfer of goods</b>              |                             |                         |                          |                         |
| Revenue recognized at a point in time              | 11,565,746,535.10           | 4,264,243,719.27        | 11,565,746,535.10        | 4,264,243,719.27        |
| Revenue recognized within a certain period of time | 13,897.05                   | —                       | 13,897.05                | —                       |
| <b>By contract term</b>                            |                             |                         |                          |                         |
| Within 1 year                                      | 11,549,259,661.51           | 4,264,243,719.27        | 11,549,259,661.51        | 4,264,243,719.27        |
| Over 1 year                                        | 16,500,770.64               | —                       | 16,500,770.64            | —                       |
| <b>By sales channel</b>                            |                             |                         |                          |                         |
| Direct sales model                                 | 784,967,499.44              | 314,063,468.32          | 784,967,499.44           | 314,063,468.32          |
| Distributor model                                  | 10,780,792,932.71           | 3,950,180,250.95        | 10,780,792,932.71        | 3,950,180,250.95        |
| <b>Total</b>                                       | <b>11,565,760,432.15</b>    | <b>4,264,243,719.27</b> | <b>11,565,760,432.15</b> | <b>4,264,243,719.27</b> |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 41. Operating Revenue and Operating Costs (Continued)

##### *(2) The disaggregated information of operating revenue and operating costs (Continued)*

Other explanations

Revenue generated from contracts constitutes operating revenue, including other business revenue.

The Company's revenue is primarily derived from the sale of integrated circuit products, with contract terms generally within one year, and revenue is recognized when customers obtain control of the related goods.

Operating regions are classified according to the registered addresses of distributors and direct sales customers, rather than the locations of end customers.

##### *(3) Explanation on allocation to the remaining performance obligations*

The revenue amount corresponding to performance obligations from contracts signed but not yet fulfilled or not yet fully fulfilled at the end of the current reporting period is RMB9.794 billion, including:

RMB9.415 billion is expected to be recognized as revenue in 2026

RMB316 million is expected to be recognized as revenue in 2027

RMB63 million is expected to be recognized as revenue in 2028

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 42. Taxes and Surcharges

Unit: Yuan    Currency: RMB

| Items                                 | Amount for the<br>current period | Amount for the last<br>period |
|---------------------------------------|----------------------------------|-------------------------------|
| City maintenance and construction tax | <b>20,444,821.01</b>             | 8,082,492.08                  |
| Education surcharges                  | <b>18,857,947.55</b>             | 7,262,915.80                  |
| Property tax                          | <b>2,191,473.17</b>              | 2,177,530.75                  |
| Stamp duty                            | <b>5,707,404.64</b>              | 2,578,455.93                  |
| Others                                | <b>142,444.22</b>                | 185,112.10                    |
| Total                                 | <b>47,344,090.59</b>             | 20,286,506.66                 |

Other explanations:

For details of the basis for calculation and payment of significant taxes and surcharges, see Note VI. TAXATION.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 43. Selling Expenses

Unit: Yuan    Currency: RMB

| Items                                       | Amount for the<br>current period | Amount for the last<br>period |
|---------------------------------------------|----------------------------------|-------------------------------|
| Employee remuneration                       | <b>232,760,070.94</b>            | 164,605,454.32                |
| Professional service fees                   | <b>41,726,105.90</b>             | 30,857,423.88                 |
| Advertising and business promotion expenses | <b>6,290,591.23</b>              | 7,660,852.81                  |
| Traveling expenses                          | <b>11,310,733.60</b>             | 9,352,860.31                  |
| Depreciation and amortization               | <b>3,959,807.23</b>              | 2,822,024.85                  |
| Business entertainment expenses             | <b>2,580,120.88</b>              | 2,204,109.05                  |
| Requisition of finished goods               | <b>4,321,417.95</b>              | 4,401,152.85                  |
| Transportation and communication            | <b>1,326,453.48</b>              | 1,091,006.05                  |
| Conference expenses                         | <b>940,945.48</b>                | 259,338.53                    |
| Others                                      | <b>3,486,617.98</b>              | 1,098,546.44                  |
| Total                                       | <b>308,702,864.67</b>            | 224,352,769.09                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 44. Administrative Expenses

Unit: Yuan    Currency: RMB

| Items                            | Amount for the<br>current period | Amount for the last<br>period |
|----------------------------------|----------------------------------|-------------------------------|
| Employee remuneration            | <b>300,797,342.80</b>            | 191,565,091.33                |
| Depreciation and amortization    | <b>43,092,181.41</b>             | 41,407,673.66                 |
| Professional service fees        | <b>28,132,593.20</b>             | 19,375,126.89                 |
| Office expenses                  | <b>3,426,054.67</b>              | 4,296,078.31                  |
| Rental fees                      | <b>4,560,485.09</b>              | 5,192,190.32                  |
| Utility expenses                 | <b>2,372,704.12</b>              | 2,546,242.99                  |
| Personnel expenses               | <b>1,610,296.35</b>              | 2,073,239.67                  |
| Traveling expenses               | <b>5,166,086.94</b>              | 3,357,735.16                  |
| Material expenses                | <b>3,451,937.76</b>              | 6,939,926.43                  |
| Business entertainment expenses  | <b>1,456,631.16</b>              | 1,207,170.30                  |
| Conference expenses              | <b>1,632,985.35</b>              | 1,679,678.16                  |
| Transportation and communication | <b>1,531,091.38</b>              | 968,447.52                    |
| Vehicle expenses                 | <b>524,450.51</b>                | 518,722.69                    |
| Others                           | <b>6,022,810.13</b>              | 10,863,133.02                 |
| Total                            | <b>403,777,650.87</b>            | 291,990,456.45                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 45. Research and Development Expenses

Unit: Yuan    Currency: RMB

| Items                             | Amount for the<br>current period | Amount for the last<br>period |
|-----------------------------------|----------------------------------|-------------------------------|
| Employee remuneration             | <b>612,834,688.10</b>            | 418,615,719.20                |
| Depreciation and amortization     | <b>92,840,338.43</b>             | 112,938,613.50                |
| Service fees                      | <b>32,546,388.16</b>             | 15,716,320.20                 |
| Material expenses                 | <b>8,707,974.58</b>              | 6,047,137.81                  |
| Testing expenses                  | <b>6,242,908.91</b>              | 3,760,026.98                  |
| Traveling expenses                | <b>3,951,850.46</b>              | 3,273,985.97                  |
| Property management fees and rent | <b>3,592,068.84</b>              | 3,014,164.88                  |
| Utility expenses                  | <b>1,992,400.54</b>              | 2,158,299.89                  |
| Transportation and communication  | <b>1,720,648.21</b>              | 1,292,150.27                  |
| Office expenses                   | <b>234,668.95</b>                | 614,181.50                    |
| Others                            | <b>152,896.60</b>                | 249,801.72                    |
| Total                             | <b>764,816,831.78</b>            | 567,680,401.92                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 46. Finance Costs

Unit: Yuan Currency: RMB

| Items                                                            | Amount for the<br>current period | Amount for the last<br>period |
|------------------------------------------------------------------|----------------------------------|-------------------------------|
| Interest expense                                                 | <b>2,196,114.18</b>              | 14,086,662.95                 |
| Less: Interest income                                            | <b>197,146,672.46</b>            | 147,382,619.14                |
| Less: Interest capitalized amount                                | —                                | —                             |
| Foreign exchange gains and losses                                | <b>417,899,304.74</b>            | -15,237,811.85                |
| Less: Capitalized amount of foreign exchange gains<br>and losses | —                                | —                             |
| Others                                                           | <b>1,440,870.92</b>              | 1,470,257.37                  |
| Total                                                            | <b>224,389,617.38</b>            | -147,063,510.67               |

#### 47. Other Income

Unit: Yuan Currency: RMB

| Classification by nature                                          | Amount for the<br>current period | Amount for the last<br>period |
|-------------------------------------------------------------------|----------------------------------|-------------------------------|
| Government grants related to the Company's<br>ordinary activities | <b>8,453,526.51</b>              | 27,083,499.54                 |
| Refund of handling fees for withholding individual<br>income tax  | <b>2,707,833.14</b>              | 1,494,079.59                  |
| VAT refund upon levy                                              | —                                | 270,798.71                    |
| Additional deduction for input VAT                                | <b>1,392,059.86</b>              | 1,740,412.97                  |
| Total                                                             | <b>12,553,419.51</b>             | 30,588,790.81                 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 48. Investment Income

Unit: Yuan    Currency: RMB

| Items                                                                                | Amount for the<br>current period | Amount for the last<br>period |
|--------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Income from long-term equity investments<br>accounted for using the equity method    | <b>-11,283,810.07</b>            | -10,345,664.75                |
| Dividend income from other non-current financial<br>assets during the holding period | –                                | 378,291.12                    |
| Investment income from disposal of financial assets<br>held for trading              | <b>3,459,354.73</b>              | –                             |
| Total                                                                                | <b>-7,824,455.34</b>             | -9,967,373.63                 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 49. Gain on Changes in Fair Value

Unit: Yuan Currency: RMB

| Sources of gain on changes in fair value                                        | Amount for the<br>current period | Amount for the last<br>period |
|---------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Financial assets held for trading                                               | <b>20,360,429.58</b>             | 10,725,562.75                 |
| Including: Gains on change in fair value of derivative<br>financial instruments | –                                | 10,011,270.00                 |
| Wealth management products                                                      | <b>3,644,826.68</b>              | 714,292.75                    |
| Equity investments                                                              | <b>16,715,602.90</b>             | –                             |
| Financial liabilities held for trading                                          | <b>-5,563,327.18</b>             | -4,661,681.68                 |
| Investment properties measured at fair value                                    | –                                | –                             |
| Other non-current financial assets                                              | <b>2,213,147,956.77</b>          | 1,293,997.20                  |
| Total                                                                           | <b>2,227,945,059.17</b>          | 7,357,878.27                  |

#### 50. Credit Impairment Loss

Unit: Yuan Currency: RMB

| Items                                  | Amount for the<br>current period | Amount for the last<br>period |
|----------------------------------------|----------------------------------|-------------------------------|
| Bad debt losses of accounts receivable | <b>-9,887.43</b>                 | 584,484.05                    |
| Bad debt losses of other receivables   | <b>-1,139,882.49</b>             | -1,049,379.02                 |
| Total                                  | <b>-1,149,769.92</b>             | -464,894.97                   |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 51. Asset Impairment Loss

Unit: Yuan Currency: RMB

| Items                                            | Amount for the<br>current period | Amount for the<br>last period |
|--------------------------------------------------|----------------------------------|-------------------------------|
| Impairment losses on inventory and contract cost | -51,692,614.15                   | -11,607,061.84                |
| Impairment losses on fixed assets                | -8,765,404.58                    | -3,810,305.07                 |
| Impairment losses on intangible assets           | -6,301,784.04                    | -1,903,192.81                 |
| Impairment losses on development expenditure     | -3,021,626.49                    | —                             |
| Total                                            | -69,781,429.26                   | -17,320,559.72                |

#### 52. Gain on Disposal of Assets

Unit: Yuan Currency: RMB

| Items                              | Amount for the<br>current period | Amount for the<br>last period |
|------------------------------------|----------------------------------|-------------------------------|
| Disposal of fixed assets           | 242,875.20                       | 62,186.76                     |
| Termination of right-of-use assets | 52,266.03                        | 431,452.31                    |
| Total                              | 295,141.23                       | 493,639.07                    |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 53. Non-operating Revenue

Unit: Yuan Currency: RMB

| Items             | Amount for the<br>current period | Amount for the last<br>period | Amount included<br>in the current<br>non-recurring<br>profit or loss |
|-------------------|----------------------------------|-------------------------------|----------------------------------------------------------------------|
| Government grants | <b>121,909.23</b>                | 39,906.69                     | 121,909.23                                                           |
| Compensation      | <b>267,251.43</b>                | 485,135.35                    | 267,251.43                                                           |
| Others            | <b>518,197.60</b>                | 3,457,755.56                  | 518,197.60                                                           |
| Total             | <b>907,358.26</b>                | 3,982,797.60                  | 907,358.26                                                           |

#### 54. Non-operating Expenses

Unit: Yuan Currency: RMB

| Items                                           | Amount for the<br>current period | Amount for the last<br>period | Amount included<br>in the current<br>non-recurring<br>profit or loss |
|-------------------------------------------------|----------------------------------|-------------------------------|----------------------------------------------------------------------|
| Total loss on disposal of non-current<br>assets | <b>130,426.51</b>                | 3,007,825.24                  | 130,426.51                                                           |
| Including: Loss on disposal of fixed<br>assets  | <b>130,426.51</b>                | 3,007,825.24                  | 130,426.51                                                           |
| External donation                               | <b>9,963.12</b>                  | 300,000.00                    | 9,963.12                                                             |
| Provisions                                      | <b>48,586,745.98</b>             | –                             | 48,586,745.98                                                        |
| Others                                          | <b>213,433.44</b>                | 2,369,631.18                  | 213,433.44                                                           |
| Total                                           | <b>48,940,569.05</b>             | 5,677,456.42                  | 48,940,569.05                                                        |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 54. Non-operating Expenses (Continued)

Other explanations:

Regarding an economic remuneration dispute that existed prior to the Company's acquisition of its subsidiary, Silead Inc. (上海思立微电子科技有限公司) ("Silead"), the Hong Kong arbitral tribunal rendered a partial final award on May 21, 2026, with Silead as the third respondent. Based on prudent consideration, a provision was recognized in the Reporting Period in accordance with the award.

#### 55. Income Tax Expense

##### (1) Table of income tax expense

Unit: Yuan    Currency: RMB

| Items                      | Amount for the<br>current period | Amount for the<br>last period |
|----------------------------|----------------------------------|-------------------------------|
| Current income tax expense | <b>680,421,865.14</b>            | 14,666,820.45                 |
| Deferred tax expense       | <b>101,069,528.14</b>            | -6,422,441.29                 |
| Total                      | <b>781,491,393.28</b>            | 8,244,379.16                  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 55. Income Tax Expense (Continued)

##### (2) Adjustment process of accounting profit and income tax expense

Unit: Yuan Currency: RMB

| Items                                                                                                                       | Amount for the<br>current period |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Total profit                                                                                                                | 7,666,490,412.19                 |
| Income tax expense calculated at statutory/applicable tax rate                                                              | 1,937,693,300.69                 |
| Effect of different tax rates applicable to subsidiaries                                                                    | -1,066,374,621.78                |
| Effect of adjusting income taxes for the prior period                                                                       | -1,888,557.79                    |
| Effect of non-taxable income                                                                                                | -3,573,291.80                    |
| Effect of non-deductible costs, expenses and losses                                                                         | 854,453.04                       |
| Effect of using deductible losses of deferred tax assets not recognized in the prior period                                 | 4,922,406.62                     |
| Effect of deductible temporary differences or deductible losses of deferred tax assets not recognized in the current period | 1,391,430.46                     |
| Changes in the opening balance of deferred tax assets/liabilities due to tax rate adjustments                               | 1,072,811.02                     |
| Effect of additional deduction of research and development expenses                                                         | -81,724,096.21                   |
| Effect of equity incentive expenses                                                                                         | -6,448,605.91                    |
| Others                                                                                                                      | -4,433,835.06                    |
| Income tax expense                                                                                                          | 781,491,393.28                   |

#### 56. Other Comprehensive Income

For details, please refer to Note VII. 38 Other Comprehensive Income

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 57. Items on Statements of Cash Flow

##### (1) Cash relating to operating activities

##### *Other cash received relating to operating activities*

Unit: Yuan Currency: RMB

| Items                                                                                                             | Amount for the<br>current period | Amount for the<br>last period |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Interest income                                                                                                   | 162,815,742.04                   | 116,581,721.34                |
| Government grants                                                                                                 | 32,247,233.78                    | 27,319,769.50                 |
| Receipt of individual income tax withheld for<br>employees on the lifting of restrictions on<br>restricted shares | 31,592,303.61                    | 1,971,379.31                  |
| Receipt of enterprise income tax refund from annual<br>reconciliation and settlement                              | —                                | 983,108.53                    |
| Others                                                                                                            | 10,546,864.47                    | 21,616,223.62                 |
| Total                                                                                                             | 237,202,143.90                   | 168,472,202.30                |

##### *Other cash paid relating to operating activities*

Unit: Yuan Currency: RMB

| Items                                                                                                             | Amount for the<br>current period | Amount for the<br>last period |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Expenditures such as management and operating<br>expenses                                                         | 287,514,244.49                   | 138,913,809.36                |
| Payment of individual income tax withheld for<br>employees on the lifting of restrictions on<br>restricted shares | 51,135,617.88                    | 4,195,361.32                  |
| Total                                                                                                             | 338,649,862.37                   | 143,109,170.68                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 57. Items on Statements of Cash Flow (Continued)

##### (2) Cash related to investment activities

*Other cash received relating to investment activities*

Unit: Yuan Currency: RMB

| Items                   | Amount for the<br>current period | Amount for the<br>last period |
|-------------------------|----------------------------------|-------------------------------|
| Funding occupation fees | 5,508,088.37                     | —                             |
| Total                   | 5,508,088.37                     | —                             |

##### (3) Cash related to financing activities

*Other cash paid relating to financing activities*

Unit: Yuan Currency: RMB

| Items                           | Amount for the<br>current period | Amount for the<br>last period |
|---------------------------------|----------------------------------|-------------------------------|
| H share listing expenses        | 10,003,695.35                    | 6,646,363.28                  |
| Repurchase of restricted shares | 471,084.01                       | —                             |
| Others                          | 38,314,317.21                    | —                             |
| Total                           | 48,789,096.57                    | 6,646,363.28                  |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 57. Items on Statements of Cash Flow (Continued)

##### (3) Cash related to financing activities (Continued)

##### Changes in various liabilities arising from financing activities

Unit: Yuan Currency: RMB

| Items                                                    | Opening balance | Increase in the current period |                  | Decrease in the current period |                  | Closing balance |
|----------------------------------------------------------|-----------------|--------------------------------|------------------|--------------------------------|------------------|-----------------|
|                                                          |                 | Cash changes                   | Non-cash changes | Cash changes                   | Non-cash changes |                 |
| Short-term borrowings                                    | 200,138,722.22  | -                              | 227,000.00       | 200,365,722.22                 | -                | -               |
| Other payables – Restricted shares repurchase obligation | 469,612.40      | -                              | 4,895.36         | 471,084.01                     | 3,423.75         | -               |
| Lease liabilities (including those due within one year)  | 97,015,614.71   | -                              | 18,540,720.71    | 38,031,958.66                  | 676,961.11       | 76,847,415.65   |
| Long-term payables (including those due within one year) | -               | -                              | 13,076,484.68    | 4,448,204.72                   | -                | 8,628,279.96    |
| Total                                                    | 297,623,949.33  | -                              | 31,849,100.75    | 243,316,969.61                 | 680,384.86       | 85,475,695.61   |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 58. Supplementary Information on the Cash Flow Statement

##### (1) *Supplementary information on the cash flow statement*

Unit: Yuan Currency: RMB

| Supplementary information                                                                                         | Amount for the<br>current period | Amount for the<br>last period |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| <b>1. Reconciliation of net profit to cash flows from operating activities:</b>                                   |                                  |                               |
| Net profit                                                                                                        | <b>6,884,999,018.91</b>          | 587,834,762.25                |
| Add: Asset impairment provision                                                                                   | <b>69,781,429.26</b>             | 17,320,559.72                 |
| Credit impairment loss                                                                                            | <b>1,149,769.92</b>              | 464,894.97                    |
| Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets | <b>130,022,094.77</b>            | 123,522,238.71                |
| Amortization of right-of-use assets                                                                               | <b>29,846,031.14</b>             | 27,489,066.94                 |
| Amortization of intangible assets                                                                                 | <b>72,265,246.32</b>             | 56,143,141.03                 |
| Amortization of long-term deferred expenses                                                                       | <b>27,690,892.26</b>             | 36,805,814.49                 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (gain indicated by "-")          | <b>-295,141.23</b>               | -493,639.07                   |
| Losses on retirement of fixed assets (gain indicated by "-")                                                      | <b>130,426.51</b>                | 3,007,825.24                  |
| Losses on changes in fair value (gain indicated by "-")                                                           | <b>-2,227,945,059.17</b>         | -7,357,878.27                 |
| Financial expenses (gain indicated by "-")                                                                        | <b>295,784,306.02</b>            | 17,143,942.05                 |
| Investment loss (gain indicated by "-")                                                                           | <b>7,824,455.34</b>              | 9,967,373.63                  |
| Decrease in deferred tax assets (increase indicated by "-")                                                       | <b>-119,498,915.73</b>           | 5,650,585.34                  |
| Increase in deferred tax liabilities (decrease indicated by "-")                                                  | <b>220,568,443.87</b>            | -13,564,366.07                |
| Decrease in inventory (increase indicated by "-")                                                                 | <b>-1,203,189,964.34</b>         | -69,407,382.30                |
| Decrease in operating receivable items (increase indicated by "-")                                                | <b>-130,666,393.00</b>           | 137,469,273.10                |
| Increase in operating payable items (decrease indicated by "-")                                                   | <b>1,946,431,361.60</b>          | -57,972,442.60                |
| Others                                                                                                            | <b>43,443,054.61</b>             | 83,797,162.31                 |
| Net cash flows from operating activities                                                                          | <b>6,048,341,057.06</b>          | 957,820,931.47                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 58. Supplementary Information on the Cash Flow Statement (Continued)

##### (1) Supplementary information on the cash flow statement (Continued)

| Supplementary information                                                                                 | Amount for the<br>current period | Amount for the<br>last period |
|-----------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| <b>2. Significant investment and financing activities that do not involve cash receipts and payments:</b> |                                  |                               |
| Conversion of debt into capital                                                                           | —                                | —                             |
| Convertible corporate bonds due within one year                                                           | —                                | —                             |
| Finance leasing of fixed assets                                                                           | —                                | —                             |
| <b>3. Net changes in cash and cash equivalents:</b>                                                       |                                  |                               |
| Closing balance of cash                                                                                   | <b>13,929,445,789.18</b>         | 7,829,676,749.71              |
| Less: Opening balance of cash                                                                             | <b>9,161,933,475.74</b>          | 9,104,158,718.59              |
| Add: Closing balance of cash equivalents                                                                  |                                  |                               |
| Less: Opening balance of cash equivalents                                                                 |                                  |                               |
| Net increase in cash and cash equivalents                                                                 | <b>4,767,512,313.44</b>          | -1,274,481,968.88             |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 58. Supplementary Information on the Cash Flow Statement (Continued)

##### (2) Composition of cash and cash equivalents

Unit: Yuan Currency: RMB

| Items                                                                                                  | Closing balance          | Opening balance  |
|--------------------------------------------------------------------------------------------------------|--------------------------|------------------|
| I. Cash                                                                                                | <b>13,929,445,789.18</b> | 9,161,933,475.74 |
| Including: Cash on hand                                                                                | <b>4,966.40</b>          | 5,052.27         |
| Deposits with banks readily available for payment                                                      | <b>13,927,123,397.09</b> | 9,057,694,940.14 |
| Other cash and bank balances readily available for payment                                             | <b>2,317,425.69</b>      | 104,233,483.33   |
| Deposits with central bank available for payment                                                       | —                        | —                |
| Deposits with other banks                                                                              | —                        | —                |
| Loans from other banks                                                                                 | —                        | —                |
| II. Cash equivalents                                                                                   | —                        | —                |
| Including: Bond investments with maturity within three months                                          | —                        | —                |
| III. Closing balance of cash and cash equivalents                                                      | <b>13,929,445,789.18</b> | 9,161,933,475.74 |
| Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group | —                        | —                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 58. Supplementary Information on the Cash Flow Statement (Continued)

##### (3) Cash and bank balances not classified as cash and cash equivalents

Unit: Yuan Currency: RMB

| Items                                         | Closing balance         | Opening balance | Reason                                                                                                                                                        |
|-----------------------------------------------|-------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Time deposits with maturity over three months | <b>2,936,251,000.00</b> | —               |                                                                                                                                                               |
| Other cash and bank balances                  | <b>1,293,800.56</b>     | —               | Frozen capital                                                                                                                                                |
| Other cash and bank balances                  | <b>41,546,490.00</b>    | —               | Equity investment capital transferred to securities accounts but not yet remitted                                                                             |
| Other cash and bank balances                  | <b>56,061,293.42</b>    | 24,336,506.87   | Interest on financial instruments accrued using the effective interest method should be included in the carrying amount of the corresponding financial assets |
| Total                                         | <b>3,035,152,583.98</b> | 24,336,506.87   | /                                                                                                                                                             |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 59. Monetary Items in Foreign Currency

##### (1) *Monetary items in foreign currency*

Unit: Yuan

| Items                  | Closing foreign<br>currency balance | Translation rate | Closing RMB<br>balance after<br>translation |
|------------------------|-------------------------------------|------------------|---------------------------------------------|
| Cash and bank balances |                                     |                  |                                             |
| Including: USD         | 1,834,759,980.80                    | 6.8109           | 12,496,366,753.23                           |
| EUR                    | 567,857.87                          | 7.7671           | 4,410,608.86                                |
| HKD                    | 42,040,149.44                       | 0.86855          | 36,513,971.80                               |
| JPY                    | 34,889,233.00                       | 0.042045         | 1,466,917.80                                |
| GBP                    | 135,956.75                          | 9.0145           | 1,225,582.12                                |
| TWD                    | 3,706,190.00                        | 0.2133           | 790,530.33                                  |
| SGD                    | 2,274,145.53                        | 5.2605           | 11,963,142.56                               |
| Accounts receivables   |                                     |                  |                                             |
| Including: USD         | 50,315,114.14                       | 6.8109           | 342,691,210.90                              |
| Accounts payables      |                                     |                  |                                             |
| Including: USD         | 5,532,164.24                        | 6.8109           | 37,679,017.42                               |
| SGD                    |                                     |                  |                                             |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 59. Monetary Items in Foreign Currency (Continued)

##### (1) Monetary items in foreign currency (Continued)

| Items             | Closing foreign<br>currency balance | Translation rate | Closing RMB<br>balance after<br>translation |
|-------------------|-------------------------------------|------------------|---------------------------------------------|
| Other receivables |                                     |                  |                                             |
| Including: USD    | 327,480.54                          | 6.8109           | 2,230,437.21                                |
| EUR               | 17,575.52                           | 7.7671           | 136,510.82                                  |
| HKD               | 148,000.25                          | 0.86855          | 128,545.62                                  |
| JPY               | 6,473,871.00                        | 0.042045         | 272,193.91                                  |
| TWD               | 91,600.00                           | 0.2133           | 19,538.28                                   |
| SGD               | 698,086.16                          | 5.2605           | 3,672,282.24                                |
| Other payables    |                                     |                  |                                             |
| Including: USD    | 4,636,058.30                        | 6.8109           | 31,575,729.48                               |
| EUR               | 77,891.52                           | 7.7671           | 604,991.22                                  |
| HKD               | 327,500.00                          | 0.86855          | 284,450.13                                  |
| GBP               | 17,643.00                           | 9.0145           | 159,042.82                                  |
| TWD               | 356,900.00                          | 0.2133           | 76,126.77                                   |
| SGD               | 344,183.26                          | 5.2605           | 1,810,576.04                                |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 59. Monetary Items in Foreign Currency (Continued)

- (2) *Explanation of overseas operating entities, including for important overseas operating entities, the principal place of business overseas, functional currency and basis of choice, and if the functional currency changes, the reasons shall also be disclosed*

The principal places of business of the subsidiary GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司), and the sub-subsidiaries SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司) and SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司) are in Hong Kong, and all have chosen the USD as their functional currency. The subsidiaries GigaDevice Semiconductor Singapore PTE. LTD. and GigaDevice Technology (SG) PTE. LTD., and the sub-subsidiaries GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD., CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD., INNOLEAD SINGAPORE PTE. LTD. and GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD. are registered in Singapore and have chosen the USD as their functional currency. The principal place of business of the sub-subsidiary GigaDevice Semiconductor Europe Ltd. is in the United Kingdom, and it has chosen the GBP as its functional currency. The principal place of business of the sub-subsidiary ギガデバイスジャパン株式會社 is in Japan, and it has chosen the JPY as its functional currency. The principal place of business of the sub-subsidiary GigaDevice Semiconductor USA, Inc. is in the United States, and it has chosen the USD as its functional currency. The principal place of business of the sub-subsidiary GigaDevice Semiconductor Germany GmbH is in Germany, and it has chosen the EUR as its functional currency.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 60. Leases

##### (1) *As a lessee*

##### *Lease expenses for short-term leases or low-value assets under simplified treatment*

Lease expenses for short-term leases or low-value assets under simplified treatment for the current period amounted to RMB1,537,037.62

Total cash outflow related to leases: RMB38,031,958.66 (Unit: Yuan)

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VIII. RESEARCH AND DEVELOPMENT EXPENSES

#### 1. By Nature of Expenses

Unit: Yuan Currency: RMB

| Items                                                 | Amount for the<br>current period | Amount for the<br>last period |
|-------------------------------------------------------|----------------------------------|-------------------------------|
| Employee remuneration                                 | <b>727,887,359.02</b>            | 500,392,731.14                |
| Depreciation and amortization                         | <b>154,074,793.58</b>            | 140,931,154.82                |
| Service fees                                          | <b>47,349,381.42</b>             | 20,117,959.42                 |
| Material expenses                                     | <b>13,935,037.66</b>             | 9,240,933.95                  |
| Testing expenses                                      | <b>9,395,218.41</b>              | 4,723,509.47                  |
| Traveling expenses                                    | <b>4,604,204.92</b>              | 3,511,316.52                  |
| Property management fees and rent                     | <b>4,033,673.42</b>              | 3,014,164.88                  |
| Utility expenses                                      | <b>2,318,340.84</b>              | 2,158,299.89                  |
| Transportation and communication                      | <b>1,720,648.21</b>              | 1,292,150.27                  |
| Office expenses                                       | <b>239,837.35</b>                | 614,181.50                    |
| Others                                                | <b>154,545.97</b>                | 249,801.72                    |
| Total                                                 | <b>965,713,040.80</b>            | 686,246,203.58                |
| Including: Expensed research and development expenses | <b>764,816,831.78</b>            | 567,680,401.92                |
| Capitalized research and development expenses         | <b>200,896,209.02</b>            | 118,565,801.66                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### VIII. RESEARCH AND DEVELOPMENT EXPENSES (Continued)

#### 2. Development Expenditure on Research and Development Projects Eligible for Capitalization

Unit: Yuan Currency: RMB

| Items  | Opening balance | Increase in the current period   |        | Decrease in the current period  |                                    | Closing balance |
|--------|-----------------|----------------------------------|--------|---------------------------------|------------------------------------|-----------------|
|        |                 | Internal development expenditure | Others | Recognized as intangible assets | Transfer to current profit or loss |                 |
| Memory | 155,833,531.20  | 92,173,109.87                    | -      | 6,093,783.33                    | -                                  | 241,912,857.74  |
| MCUs   | 164,741,278.59  | 108,723,099.15                   | -      | -                               | 3,021,626.49                       | 270,442,751.25  |
| Total  | 320,574,809.79  | 200,896,209.02                   | -      | 6,093,783.33                    | 3,021,626.49                       | 512,355,608.99  |

#### Provision for impairment on development expenditure

Unit: Yuan Currency: RMB

| Items | Opening balance | Increase in the current period | Decrease in the current period | Closing balance | Impairment testing   |
|-------|-----------------|--------------------------------|--------------------------------|-----------------|----------------------|
| MCUs  |                 | 3,021,626.49                   | 3,021,626.49                   | -               | Market demand change |
| Total |                 | 3,021,626.49                   | 3,021,626.49                   | -               | /                    |

### IX. CHANGES IN SCOPE OF CONSOLIDATION

#### Changes in the Scope of Consolidation for Other Reasons

Ping An Securities Ping An 30 Private Exclusive No. 8 FOF Single-asset Management Plan (平安證券平安30私享8號FOF單一資產管理計劃) is a new structured entity established by the Company in 2026 and was included in the scope of consolidation for 2026.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## X. INTERESTS IN OTHER ENTITIES

### 1. Interests in Subsidiaries

#### *Constitution of the enterprise group*

Unit: 0'000 Currency: RMB

| Name of subsidiary                                        | Principal place of business | Registered capital | Place of establishment | Nature of business                                                                       | Percentage of shareholding (%) |          | Method of acquisition |
|-----------------------------------------------------------|-----------------------------|--------------------|------------------------|------------------------------------------------------------------------------------------|--------------------------------|----------|-----------------------|
|                                                           |                             |                    |                        |                                                                                          | Direct                         | Indirect |                       |
| GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司) | Hong Kong                   | US\$6.56 million   | Hong Kong              | R&D and sales of chips                                                                   | 100                            | –        | Establishment         |
| GigaDevice Semiconductor Europe Ltd.                      | UK                          | GBP2               | UK                     | Sales of electronic (including communication) equipment and accessories                  | –                              | 100      | Establishment         |
| ギガデバイスジャパン株式会社                                            | Japan                       | JPY9.5 million     | Japan                  | Market research and technical services for semiconductors                                | –                              | 100      | Establishment         |
| SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司)                | Hong Kong                   | HK\$10,000         | Hong Kong              | Sales and marketing services of chips                                                    | –                              | 100      | Establishment         |
| GigaDevice Semiconductor Germany GmbH                     | Germany                     | EUR25,000          | Germany                | Sales of electronic products, R&D of semiconductor products, and marketing and promotion | –                              | 100      | Establishment         |
| GigaDevice Semiconductor USA, Inc.                        | United States               | US\$0.1 million    | United States          | Promotion and consulting services of integrated circuit                                  | –                              | 100      | Establishment         |
| Silead Inc. (上海思立微電子科技有限公司)                               | Shanghai                    | 16,000.00          | Shanghai               | R&D, design and sales of integrated circuit chips                                        | 100                            | –        | Acquisition           |
| SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司)                | Hong Kong                   | HK\$10,000         | Hong Kong              | Sales of chips                                                                           | –                              | 100      | Acquisition           |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 1. Interests in Subsidiaries (Continued)

##### *Constitution of the enterprise group (Continued)*

| Name of subsidiary                                                | Principal place of business | Registered capital | Place of establishment | Nature of business                                                                       | Percentage of shareholding (%) |          | Method of acquisition |
|-------------------------------------------------------------------|-----------------------------|--------------------|------------------------|------------------------------------------------------------------------------------------|--------------------------------|----------|-----------------------|
|                                                                   |                             |                    |                        |                                                                                          | Direct                         | Indirect |                       |
| Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司)        | Hefei                       | 2,500.00           | Hefei                  | R&D, design and sales of integrated circuit chips                                        | –                              | 100      | Acquisition           |
| XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司)                                | Zhuhai                      | 15,000.00          | Zhuhai                 | R&D, design and sales of integrated circuit chips                                        | 100                            | –        | Establishment         |
| XCMEMORY (Xi'an) Co., Ltd. (西安芯存半導體有限公司)                          | Xi'an                       | 7,000.00           | Xi'an                  | Technology development and sales of integrated circuit                                   | –                              | 100      | Establishment         |
| XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司)                          | Hefei                       | 4,000.00           | Hefei                  | R&D, design and sales of integrated circuit chips; technical services, development, etc. | –                              | 100      | Establishment         |
| XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司)                       | Beijing                     | 1,500.00           | Beijing                | R&D, design and sales of integrated circuit chips                                        | –                              | 100      | Establishment         |
| XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司)                     | Shanghai                    | 1,500.00           | Shanghai               | R&D, design and sales of integrated circuit chips                                        | –                              | 100      | Establishment         |
| GigaDevice Venture Capital (深圳市外灘科技開發有限公司)                        | Shenzhen                    | 22,000.00          | Shenzhen               | Technology development and sales of integrated circuit; equity investment                | 100                            | –        | Establishment         |
| Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) | Suzhou                      | 282.46             | Suzhou                 | Technology development and sales of integrated circuit                                   | –                              | 100      | Acquisition           |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 1. Interests in Subsidiaries (Continued)

##### *Constitution of the enterprise group (Continued)*

| Name of subsidiary                                                                                               | Principal place of business | Registered capital | Place of establishment | Nature of business                                                                        | Percentage of shareholding (%) |          | Method of acquisition |
|------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|------------------------|-------------------------------------------------------------------------------------------|--------------------------------|----------|-----------------------|
|                                                                                                                  |                             |                    |                        |                                                                                           | Direct                         | Indirect |                       |
| China Merchants Asset Management Jinglu FOF No. 62 Single-asset Management Plan (招商資管景祿FOF62號單一資產管理計劃)           | Guangzhou                   | 1,000.00           | Guangzhou              | Asset management                                                                          | –                              | 100      | Establishment         |
| Ping An Securities Ping An 30 Private Exclusive No. 8 FOF Single-asset Management Plan (平安證券平安30私享8號FOF單一資產管理計劃) | Shenzhen                    | 5,000.00           | Shenzhen               | Asset management                                                                          | 100                            | –        | Establishment         |
| GigaDevice Semiconductor Singapore PTE. LTD.                                                                     | Singapore                   | US\$20 million     | Singapore              | Development and sales of integrated circuit products                                      | 100                            | –        | Establishment         |
| GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司)                                                            | Shanghai                    | 11,000.00          | Shanghai               | R&D, design, and sales of integrated circuit chips; technical services, development, etc. | 100                            | –        | Establishment         |
| GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)                                                             | Hefei                       | 4,961.42           | Hefei                  | R&D, design, and sales of integrated circuit chips; technical services, development, etc. | 100                            | –        | Establishment         |
| Gigadevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司)                                                           | Xi'an                       | 2,000.00           | Xi'an                  | Technology development and sales of integrated circuit                                    | 100                            | –        | Establishment         |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## X. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Interests in Subsidiaries (Continued)

#### *Constitution of the enterprise group (Continued)*

| Name of subsidiary                                                                                                 | Principal place of business | Registered capital | Place of establishment | Nature of business                                               | Percentage of shareholding (%) |          | Method of acquisition |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------------|------------------------|------------------------------------------------------------------|--------------------------------|----------|-----------------------|
|                                                                                                                    |                             |                    |                        |                                                                  | Direct                         | Indirect |                       |
| Beijing Giga-Analog Zhiyuan Technology Development Co., Ltd. (北京圭璋致遠科技開發有限公司)                                      | Beijing                     | 20,000.00          | Beijing                | Technology development, technical consultation, property leasing | 100                            | –        | Establishment         |
| Gigadevice Semiconductor (shenzhen) Inc. (深圳市格易聚創集成電路有限公司)                                                         | Shenzhen                    | 3,000.00           | Shenzhen               | Technology development and sales of integrated circuit           | 100                            | –        | Establishment         |
| CICC Qizhao Ruihong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟兆睿泓(廈門)股權投資基金合夥企業(有限合夥)) | Xiamen                      | 50,000.00          | Xiamen                 | Equity investment                                                | 99                             | –        | Establishment         |
| GigaDevice Technology (SG) PTE. LTD.                                                                               | Singapore                   | US\$20 million     | Singapore              | Development and sales of integrated circuit products             | 100                            | –        | Establishment         |
| CreMemory Technology Co., Ltd. (北京青耘科技有限公司)                                                                        | Beijing                     | 3,057.99           | Beijing                | Design, technical services and sales of integrated circuit chips | 68.67                          | –        | Establishment         |
| CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD.                                                                           | Singapore                   | S\$0.2 million     | Singapore              | Technology development and sales of integrated circuit           | –                              | 68.67    | Establishment         |
| Zhuhai Lingchuang Management Consulting Co., Ltd. (珠海領創管理諮詢有限公司)                                                   | Zhuhai                      | 500.00             | Zhuhai                 | Enterprise management consulting                                 | 100                            | –        | Establishment         |
| INNOLEAD SINGAPORE PTE. LTD.                                                                                       | Singapore                   | US\$0.3 million    | Singapore              | Development and sales of integrated circuit products             | –                              | 100      | Establishment         |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 1. Interests in Subsidiaries (Continued)

##### *Constitution of the enterprise group (Continued)*

| Name of subsidiary                                             | Principal place of business | Registered capital | Place of establishment | Nature of business                                            | Percentage of shareholding (%) |          | Method of acquisition |
|----------------------------------------------------------------|-----------------------------|--------------------|------------------------|---------------------------------------------------------------|--------------------------------|----------|-----------------------|
|                                                                |                             |                    |                        |                                                               | Direct                         | Indirect |                       |
| GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD.                 | Singapore                   | US\$5 million      | Singapore              | Management consulting services                                | –                              | 100      | Establishment         |
| GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD.                     | Singapore                   | US\$5 million      | Singapore              | Development and sales of integrated circuit products          | –                              | 100      | Establishment         |
| Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司)   | Jiangsu                     | 5,777.95           | Jiangsu                | Development and sales of integrated circuit products          | 38.07                          | –        | Acquisition           |
| Shanghai Sai Bang Micro-electronics Co., Limited (上海賽幫微電子有限公司) | Shanghai                    | 200.00             | Shanghai               | Design and R&D of integrated circuits and application systems | –                              | 38.07    | Acquisition           |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **X. INTERESTS IN OTHER ENTITIES (Continued)**

#### **1. Interests in Subsidiaries (Continued)**

##### *Constitution of the enterprise group (Continued)*

Explanation regarding the difference between the proportion of the shareholding and the percentage of voting rights in subsidiaries:

On November 5, 2024, the Company reviewed and approved the “Resolution on Acquisition of a Controlling Stake in Suzhou XySemi Electronic Technology Co., Ltd. and Related Transaction” at the 26th meeting of the Fourth Board of Directors and the 22nd meeting of the Fourth Board of Supervisors of the Company, agreeing that the Company, together with Stony Creek Fund, Hefei SCVC and Hefei Industrial Investment, would jointly acquire, by cash, 70% of the equity in Suzhou XySemi held by all shareholders of Suzhou XySemi in aggregate. The Company entered into the “Acting-in-Concert Agreement” with Stony Creek Fund, Hefei SCVC and Hefei Industrial Investment, pursuant to which the Company became the controlling shareholder of Suzhou XySemi, holding an aggregate of 70% of the voting rights in Suzhou XySemi.

Basis of controlling significant structured entities in the scope of consolidation:

The Company includes structured entities over which it has control in the scope of its consolidated financial statements after taking into account the factors including its investment decision-making power, exposure to variable returns, and its ability to exercise its investment decision-making power to affect those variable returns.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 2. Interests in Joint Ventures or Associates

##### (1) Summary financial information for non-major joint ventures and associates

Unit: Yuan Currency: RMB

|                                                              | Closing balance/<br>amount for current<br>period | Opening balance/<br>amount for the last<br>period |
|--------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------|
| Joint ventures:                                              |                                                  |                                                   |
| Total carrying amount of the investment                      | —                                                | —                                                 |
| Total amount of the following items based on<br>shareholding |                                                  |                                                   |
| – Net profit                                                 | —                                                | —                                                 |
| – Other comprehensive income                                 | —                                                | —                                                 |
| – Total comprehensive income                                 | —                                                | —                                                 |
| Associates:                                                  |                                                  |                                                   |
| Total carrying amount of investment                          | <b>1,126,519,054.15</b>                          | 491,210,155.69                                    |
| Total amount of the following items based on<br>shareholding |                                                  |                                                   |
| – Net profit                                                 | <b>-11,283,810.07</b>                            | -10,345,664.75                                    |
| – Other comprehensive income                                 | <b>-2,274.51</b>                                 | -23.29                                            |
| – Total comprehensive income                                 | <b>-11,286,084.58</b>                            | -10,345,688.04                                    |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 2. Interests in Joint Ventures or Associates (Continued)

##### (1) *Summary financial information for non-major joint ventures and associates (Continued)*

Other explanations

- 1 GigaDevice Venture Capital (深圳市外灘科技開發有限公司), a wholly-owned subsidiary of the Company, invested in Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司). As of June 30, 2026, the paid-in capital proportion was 19%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 2 GigaDevice Venture Capital (深圳市外灘科技開發有限公司), a wholly-owned subsidiary of the Company, invested in Hefei Reliance Memory Limited (合肥睿科微電子有限公司). As of June 30, 2026, the paid-in capital proportion was 9.52%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 3 The Company invested in Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)). As of June 30, 2026, the paid-in capital proportion was 28.85%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 4 The Company invested in Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司). As of June 30, 2026, the paid-in capital proportion was 7.17%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 5 The Company invested in Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有限公司). As of June 30, 2026, the paid-in capital proportion was 12.78%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **X. INTERESTS IN OTHER ENTITIES (Continued)**

#### **2. Interests in Joint Ventures or Associates (Continued)**

##### **(1) *Summary financial information for non-major joint ventures and associates (Continued)***

- 6 The Company invested in Silicon Innovation (成都星拓微電子科技股份有限公司). As of June 30, 2026, the paid-in capital proportion was 9.49%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 7 The Company invested in Shanghai Stony Creek GigaDevice Zhixin Venture Capital Partnership (Limited Partnership) (上海石溪兆易智芯創業投資合夥企業(有限合夥)). As of June 30, 2026, the paid-in capital proportion was 25.06%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 2. Interests in Joint Ventures or Associates (Continued)

##### (2) Excessive loss incurred by joint ventures or associates

Unit: Yuan Currency: RMB

| Name of joint venture or associate            | Accumulated<br>unrecognized<br>losses of<br>the last period | Unrecognized<br>losses for the<br>current period<br>(or share of net<br>profit for the<br>current period) | Accumulated<br>unrecognized<br>losses at the end<br>of the current<br>period |
|-----------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Transcputing Tech Co., Ltd (上海光<br>羽芯辰科技有限公司) | 4,245,680.79                                                | 7,253,684.69                                                                                              | 11,499,365.48                                                                |

#### 3. Interests in Structured Entities not Included in the Scope of Consolidated Financial Statements

Explanation of structured entities not included in the scope of consolidated financial statements:

As of June 30, 2026, the principal structured entities in which the Company and its subsidiaries participate and which are not included in the scope of the consolidated financial statements are primarily private equity funds and similar entities. The Group does not have control over these structured entities and therefore has not consolidated them. As of June 30, 2026, the Group's subscribed amount was approximately RMB1,269,029,400, and the Group's paid-in amount was approximately RMB990,611,800. The Group's maximum exposure to risk in these structured entities is the amount of capital contribution of the Group up to the balance sheet date. The Group has no obligation or intention to provide financial support to such structured entities.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XI. GOVERNMENT GRANTS

#### 1. Debt Items Involving Government Grants

Unit: Yuan Currency: RMB

| Items in financial statement | Opening balance | Additional grants for the current period | Amount included in non-operating income for the current period | Transferred to other income in the current period | Other changes in the current period | Closing balance | Asset-related/ income-related |
|------------------------------|-----------------|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|-------------------------------------|-----------------|-------------------------------|
| Deferred income              | 12,650,114.95   | 206,124.83                               | -                                                              | 1,482,854.34                                      | -                                   | 11,373,385.44   | Income-related                |
| Deferred income              | 29,842,564.53   | 26,678,592.27                            | -                                                              | 5,090,842.65                                      | -                                   | 51,430,314.15   | Asset-related                 |
| Total                        | 42,492,679.48   | 26,884,717.10                            | -                                                              | 6,573,696.99                                      | -                                   | 62,803,699.59   | /                             |

#### 2. Government Grants Included in Profit or Loss for the Period

Unit: Yuan Currency: RMB

| Type           | Amount for the current period | Amount for the last period |
|----------------|-------------------------------|----------------------------|
| Asset-related  | 4,819,389.57                  | 2,724,750.24               |
| Income-related | 3,756,046.17                  | 24,358,749.30              |
| Total          | 8,575,435.74                  | 27,083,499.54              |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

#### **1. Financial Instrument Risks**

The Company's principal financial instruments include equity investment, cash and bank balances, financial assets held for trading, accounts receivables, accounts payables, other receivables. Details of each financial instrument are set out in the relevant items under "Note VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS" in this section. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these risk exposure to ensure that the aforementioned risks are limited within a scope.

The Company uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. Since any risk variable rarely changes separately, and the correlation between variables has a significant effect on the final amount of the impact of a change in a single risk variable, the following content is based on the assumption that each variable changes separately.

##### ***(I) Objectives and policies of risk management***

The objective of the Company's risk management is to obtain an appropriate balance between risk and return, minimize negative impact of risk on the Company's operating results and maximize benefits of shareholders and other equity investors. Based on such objective of risk management, the basic risk management strategy of the Company is to identify and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control risks within a limited scope.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)**

#### **1. Financial Instrument Risks (Continued)**

##### *(I) Objectives and policies of risk management (Continued)*

##### *1. Market risk*

##### **(1) Exchange rate risk**

Exchange rate risk refers to the risk of losses arising from exchange rate fluctuations. The Company is exposed to foreign exchange risk primarily related to the US dollar. Except for certain of the Company's overseas sales, purchases and other expenditure businesses that are settled in foreign currencies, other principal business activities of the Company are denominated and settled in Renminbi. The foreign exchange risk arising from the Company's recognized foreign currency assets and liabilities and future foreign currency transactions may have an impact on the Company's operating results. The Company closely monitors the impact of exchange rate changes on the foreign exchange risk of the Company.

To effectively hedge against foreign exchange market risks, prevent adverse effects caused by significant exchange rate fluctuations and control fluctuations in the Company's financial expenses, the Company reviewed and approved the "Resolution on Conducting Foreign Exchange Derivative Transactions in 2026" at the 10th meeting of the Fifth Board of Directors held on March 30, 2026, agreeing that the Company and its subsidiaries included in the scope of the consolidated financial statements conduct foreign exchange derivative transactions with banks and other financial institutions, as required by actual needs, with an annual aggregate amount not exceeding US\$600 million or its equivalent in other foreign currencies.

The Company's foreign currency financial assets and foreign currency financial liabilities at the end of the period are presented in "59. Monetary Items in Foreign Currency" under the section "Note VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS" of "Financial Report".



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)**

#### **1. Financial Instrument Risks (Continued)**

##### *(I) Objectives and policies of risk management (Continued)*

##### *1. Market risk (Continued)*

##### **(2) Interest rate risk – risk of changes from cash flow**

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market prices.

The Company's interest rate risk primarily arises from cash and bank balances. The Company regularly reviews its interest rate risk management strategy based on the then market conditions.

##### **(3) Other price risks**

The Company's financial assets held for trading, investment in other equity instruments, and other non-current financial assets are measured at fair value at the balance sheet date. Therefore, the Company bears the risk of changes in the securities market. The Company closely monitors the impact of capital market fluctuations on fair value.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)**

#### **1. Financial Instrument Risks (Continued)**

##### *(I) Objectives and policies of risk management (Continued)*

#### **2. Credit risk**

Credit risk refers to the risk that a counterparty fails to perform its contractual obligations, resulting in a financial loss to the Company.

The counterparties for the Company's bank deposits, financial assets held for trading and bank acceptance bills receivable are banks with good reputations and high credit ratings, and the credit risk of these financial instruments is low.

The Company's other financial assets include accounts receivables and other receivables. The credit risk of these financial assets arises from default by these counterparties, and the maximum exposure is equal to the carrying amount of these instruments. The Company only transacts with approved and reputable third parties. In accordance with the policy of the Company, credit assessments shall be conducted for all customers who request to trade on credit. In addition, the Company continuously monitors its accounts receivables balances to ensure that it is not exposed to significant bad debt risk.

The accounts receivables from the five largest debtors accounted for 43.16% (December 31, 2025: 41.66%) of the Company's book balance of accounts receivables.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

#### 1. Financial Instrument Risks (Continued)

##### (I) Objectives and policies of risk management (Continued)

#### 3. Liquidity risk

Liquidity risk refers to the risk of shortage of funds that the Company may encounter in performing its obligations of settlement by delivering cash or other financial assets.

In managing liquidity risk, the Company maintains cash and cash equivalents determined by management to be sufficient and monitors them to meet the Company's operating needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank borrowings and ensures compliance with borrowing agreements. Meanwhile, it obtains commitments from major financial institutions to provide sufficient reserve funds to meet capital needs.

An analysis of the Company's non-derivative financial liabilities held at June 30, 2026, based on the maturity of the undiscounted residual contractual obligations, is as follows:

Unit: RMB

| Items              | Within 1 year    | 1-2 years     | 2-3 years    | 3-4 years | 4-5 years | Over 5 years |
|--------------------|------------------|---------------|--------------|-----------|-----------|--------------|
| Accounts payables  | 1,649,350,170.94 | -             | -            | -         | -         | -            |
| Other payables     | 102,344,471.99   | -             | -            | -         | -         | -            |
| Lease liabilities  | 43,445,512.51    | 30,176,576.09 | 6,259,192.11 | -         | -         | -            |
| Long-term payables | 4,448,204.72     | 4,449,537.75  | -            | -         | -         | -            |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

### 2. Hedging

#### (1) *The Company conducts hedging business for risk management*

| Items                    | Relevant risk management strategy and objectives                                                                                                                                      | Qualitative and quantitative information of hedged risks                                                                                                                                                              | Economic correlation between the hedged item and relevant hedging tools                                       | Effective fulfillment of expected risk management objectives                                                                                                                      | Impact of relevant hedging activities on risk exposure                                                                                                                                                                                                   |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Foreign exchange hedging | To reasonably hedge against foreign exchange market risks, prevent the impact of significant exchange rate fluctuations on the Company, and enhance the Company's financial stability | Engaging in the same currency as the primary settlement currency used for the Company's production and operations, the Company conducts hedging through methods such as forward foreign exchange settlement and swaps | Entering into forward foreign exchange contracts, swap contracts, etc. to reduce foreign exchange market risk | The Company has established relevant internal control systems and continuously monitors its hedging business to ensure the fulfillment of its expected risk management objectives | By conducting hedging activities, the Company can make full use of the derivatives market's hedging function to hedge against exchange rate risk arising from foreign exchange price volatility and reduce its impact on the Company's normal operations |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

#### 2. Hedging (Continued)

- (2) *The Company conducts hedging activities for risk management, expecting to achieve risk management objectives but not applying hedge accounting*

| Items                    | Reasons for not applying hedge accounting                                                                                                                           | Impact on financial statements                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Foreign exchange hedging | The Company has not individually designated hedging relationships for foreign currency transactions and has not met the application conditions for hedge accounting | The Company conducts corresponding accounting and disclosure for foreign exchange derivative transactions in accordance with the relevant provisions and guidelines of “Enterprise Accounting Standard No. 22 – Recognition and Measurement of Financial Instruments”, “Enterprise Accounting Standard No. 23 – Transfer of Financial Assets” and “Enterprise Accounting Standard No. 37 – Presentation of Financial Instruments”. |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XIII. DISCLOSURE OF FAIR VALUE

### 1. Fair Value of Assets and Liabilities Measured at Fair Value at the End of the Period

Unit: Yuan Currency: RMB

| Items                                                               | Fair value at the end of the period |                                |                                | Total             |
|---------------------------------------------------------------------|-------------------------------------|--------------------------------|--------------------------------|-------------------|
|                                                                     | Level 1 fair value measurement      | Level 2 fair value measurement | Level 3 fair value measurement |                   |
| <b>I. Recurring fair value measurement</b>                          |                                     |                                |                                |                   |
| (I) Financial assets held for trading                               | 217,166,542.32                      | -                              | 255,235,275.89                 | 472,401,818.21    |
| 1. Financial assets measured at fair value through profit or loss   | 217,166,542.32                      | -                              | 255,235,275.89                 | 472,401,818.21    |
| (1) Debt instrument investments                                     | -                                   | -                              | -                              | -                 |
| (2) Equity instrument investments                                   | 9,850,742.59                        | -                              | -                              | 9,850,742.59      |
| (3) Derivative financial assets                                     |                                     |                                |                                |                   |
| (4) Wealth management products                                      | 207,315,799.73                      | -                              | 255,235,275.89                 | 462,551,075.62    |
| 2. Financial assets designated at fair value through profit or loss | -                                   | -                              | -                              | -                 |
| (1) Debt instrument investments                                     | -                                   | -                              | -                              | -                 |
| (2) Equity instrument investments                                   | -                                   | -                              | -                              | -                 |
| (II) Other debt investments                                         | -                                   | -                              | -                              | -                 |
| (III) Investment in other equity instruments                        | 68,620,301.79                       | -                              | 11,368,740,428.50              | 11,437,360,730.29 |
| (IV) Other non-current financial assets                             | -                                   | -                              | 2,984,128,403.73               | 2,984,128,403.73  |
| 1. Land use rights for rental                                       | -                                   | -                              | -                              | -                 |
| 2. Buildings for rental                                             | -                                   | -                              | -                              | -                 |
| 3. Land use rights held for transfer after appreciation             | -                                   | -                              | -                              | -                 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIII. DISCLOSURE OF FAIR VALUE (Continued)

#### 1. Fair Value of Assets and Liabilities Measured at Fair Value at the End of the Period (Continued)

| Items                                                                    | Fair value at the end of the period |                                |                                | Total                    |
|--------------------------------------------------------------------------|-------------------------------------|--------------------------------|--------------------------------|--------------------------|
|                                                                          | Level 1 fair value measurement      | Level 2 fair value measurement | Level 3 fair value measurement |                          |
| (V) Biological assets                                                    |                                     |                                |                                |                          |
| 1. Consumable biological assets                                          | -                                   | -                              | -                              | -                        |
| 2. Productive biological assets                                          | -                                   | -                              | -                              | -                        |
| <b>Total assets measured at fair value on a recurring basis</b>          | <b>285,786,844.11</b>               |                                | <b>14,608,104,108.12</b>       | <b>14,893,890,952.23</b> |
| (VI) Financial liabilities held for trading                              | -                                   | 2,987,785.67                   | -                              | 2,987,785.67             |
| 1. Financial liabilities measured at fair value through profit or loss   | -                                   | 2,987,785.67                   | -                              | 2,987,785.67             |
| Including: Issued trading bonds                                          | -                                   | -                              | -                              | -                        |
| Derivative financial liabilities                                         | -                                   | 2,987,785.67                   | -                              | 2,987,785.67             |
| Others                                                                   | -                                   | -                              | -                              | -                        |
| 2. Financial liabilities designated at fair value through profit or loss | -                                   | -                              | -                              | -                        |
| <b>Total liabilities measured at fair value on a recurring basis</b>     | <b>-</b>                            | <b>2,987,785.67</b>            | <b>-</b>                       | <b>2,987,785.67</b>      |
| <b>II. Non-recurring fair value measurement</b>                          |                                     |                                |                                |                          |
| (I) Assets held for sale                                                 | -                                   | -                              | -                              | -                        |
| <b>Total assets measured at fair value on a non-recurring basis</b>      | <b>-</b>                            | <b>-</b>                       | <b>-</b>                       | <b>-</b>                 |
| <b>Total liabilities measured at fair value on a non-recurring basis</b> | <b>-</b>                            | <b>-</b>                       | <b>-</b>                       | <b>-</b>                 |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIII. DISCLOSURE OF FAIR VALUE (Continued)

#### 2. Basis for Determining the Market Price of Recurring and Non-recurring Level 1 Fair Value Measurement Items

The Company's Level 1 fair value measurement items consist of monetary funds and income funds held and equity in listed companies not subject to a lock-up period. The Company holds monetary funds and income funds and their fair value is recognized based on the net asset value of the funds at the end of the period. The equity interests held by the Company in ASR Microelectronics Co., Ltd. (翱捷科技股份有限公司), Shenzhen SEICHI Technologies Co., Ltd. (深圳精智達技術股份有限公司) and Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司) are not subject to a lock-up period, and the Company determines their fair value based on market transaction prices.

#### 3. Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters for Recurring and Non-recurring Level 2 Fair Value Measurement Items

The Company's Level 2 fair value measurement items are foreign exchange hedging activities. Foreign exchange hedging activities are presented as financial assets held for trading or financial liabilities held for trading, with the product market value notice provided by the bank serving as the basis for determining fair value.

#### 4. Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters for Recurring and Non-recurring Level 3 Fair Value Measurement Items

Items held by the Company that are measured at fair value, other than monetary funds, income funds, equity in listed companies not subject to a lock-up period, and foreign exchange hedging activities, are classified as Level 3 fair value measurement items. The Company determines the fair value of such items by combining the following methods:

- (1) Reference to the valuation in the valuation report issued by a professional valuer: The valuer used the market approach or income approach, and the parameters used in the valuation mainly included the liquidity discount rate. The valuation basis was derived from information such as the financial condition of the investee company and comparable listed companies.
- (2) Reference to a series of materials obtained by the Company during the ongoing post-investment management of investment projects, including the latest financial statements, operating conditions, business development and latest financing status of the investee company.
- (3) Reference to the net asset value provided by the counterparty financial institution as at the balance sheet date, with net assets being a significant unobservable input, and its fair value changes in the same direction as the net asset value.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIII. DISCLOSURE OF FAIR VALUE (Continued)

#### 5. Reconciliation Between the Opening and Closing Carrying Amounts of Recurring Level 3 Fair Value Measurement Items and Sensitivity Analysis of Unobservable Parameters

For the reconciliation between the opening and closing carrying amounts of Level 3 fair value measurement items within investment in other equity instruments, see Note VII. 11.

#### 6. Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

Unit: RMB

| Items                                                            | Carrying amount   | Fair Value       |                          | Level   | Remarks                      |
|------------------------------------------------------------------|-------------------|------------------|--------------------------|---------|------------------------------|
|                                                                  |                   | Opening balance  | Closing balance          |         |                              |
| Cash and bank balances                                           | 16,964,598,373.16 | 9,186,269,982.61 | <b>16,964,598,373.16</b> | Level 1 | Carrying amount valuation    |
| Bills receivables                                                | 1,233,512.92      | 6,146,725.10     | <b>1,233,512.92</b>      | Level 3 | Amortized cost valuation     |
| Accounts receivables                                             | 435,689,503.57    | 192,618,022.79   | <b>435,689,503.57</b>    | Level 3 | Amortized cost valuation     |
| Other receivables                                                | 181,080,960.42    | 199,714,797.73   | <b>181,080,960.42</b>    | Level 3 | Amortized cost valuation     |
| Other non-current assets – Proceeds from disposal of investments | 1,634,042.66      | 1,517,811.72     | <b>1,634,042.66</b>      | Level 3 | Amortized cost valuation     |
| Short-term borrowings                                            | –                 | 200,138,722.22   | <b>–</b>                 | Level 3 | Payment obligation valuation |
| Accounts payables                                                | 1,649,350,170.94  | 812,928,595.58   | <b>1,649,350,170.94</b>  | Level 3 | Payment obligation valuation |
| Other payables                                                   | 102,344,471.99    | 141,203,860.41   | <b>102,344,471.99</b>    | Level 3 | Payment obligation valuation |
| Lease liabilities (including portion due within one year)        | 76,847,415.65     | 97,015,614.71    | <b>76,847,415.65</b>     | Level 3 | Amortized cost valuation     |
| Long-term payables (including portion due within one year)       | 8,628,279.96      | –                | <b>8,628,279.96</b>      | Level 3 | Amortized cost valuation     |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

#### 1. The Company's Subsidiaries

For details of the Company's subsidiaries, please refer to Note X. INTERESTS IN OTHER ENTITIES

#### 2. The Company's Joint Ventures and Associates

For details of the Company's significant joint ventures or associates, please refer to Note X. 2. Interests in Joint Ventures or Associates

The details of other joint ventures or associates that had related party transactions with the Company in the current period, or had related party transactions with the Company in prior periods that resulted in outstanding balances, are as follows

| <b>Name of joint venture or associate</b>                                                                                | <b>Relationship with the Company</b> |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司)                                                                     | Associate                            |
| Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)) | Associate                            |
| Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司)                                                                               | Associate                            |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### 3. Other Related Parties

| Name of other related party                          | Relationship of other related party with the Company     |
|------------------------------------------------------|----------------------------------------------------------|
| CXMT Corporation (長鑫科技集團股份有限公司) and its subsidiaries | Related person (shares the same chairman as the Company) |
| Zhang Kedong                                         | Others                                                   |
| Other explanations                                   |                                                          |

Mr. Zhu Yiming, the de facto controller of A Shares, controlling shareholder and chairman of the Company, currently serves as the chairman of CXMT. In accordance with the relevant provisions on related legal persons under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, CXMT is a related legal person of the Company.

Mr. Zhang Kedong, a former director of the Company, ceased to be a director of the Company on December 16, 2024 upon the change of the board. In accordance with the relevant provisions on related natural persons under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Mr. Zhang Kedong is a related natural person who had a related relationship within the past 12 months.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### 4. Related Party Transactions

##### (1) Related party transactions for the purchase and sale of goods and the rendering and receipt of services

###### Table of purchase of goods/receipt of services

Unit: Yuan Currency: RMB

| Related party                                        | Content of related party transaction | Amount for the current period | Approved transaction limit (if applicable) | Whether the transaction limit was exceeded (if applicable) | Amount for the last period |
|------------------------------------------------------|--------------------------------------|-------------------------------|--------------------------------------------|------------------------------------------------------------|----------------------------|
| CXMT Corporation (長鑫科技集團股份有限公司) and its subsidiaries | Raw materials, etc.                  | 1,986,235,896.02              | -                                          | -                                                          | 433,482,227.93             |
| Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司) | Raw materials, etc.                  | 4,727,427.03                  | -                                          | -                                                          | 6,728,726.97               |
| Zhang Kedong                                         | Consulting services                  | -                             | -                                          | -                                                          | 21,475.80                  |

###### Table of sale of goods/rendering of services

Unit: Yuan Currency: RMB

| Related party                                        | Content of related party transaction | Amount for the current period | Amount for the last period |
|------------------------------------------------------|--------------------------------------|-------------------------------|----------------------------|
| Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司) | Product sales                        | 183,534.67                    | 157,607.07                 |
| Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司)           | Product sales                        | 347,441.58                    | -                          |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### 4. Related Party Transactions (Continued)

##### (2) *Remuneration of key management personnel*

Unit: 0'000    Currency: RMB

| Items                                    | Amount for the<br>current period | Amount for the<br>last period |
|------------------------------------------|----------------------------------|-------------------------------|
| Remuneration of key management personnel | <b>648.26</b>                    | 697.97                        |

Note: The above remuneration data does not include equity incentives and retirement plan contributions.

##### (3) *Other related party transactions*

In February 2024, the Company, as a limited partner, participated in subscribing for fund units of Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)) with its own funds of RMB300 million. The committed capital contribution accounted for 27.27% of the total committed capital contribution of the fund. The third installment of capital contribution of RMB90 million was paid in January 2026. As of June 30, 2026, the Company had completed its committed capital contribution of RMB300 million.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### 5. Amounts Due from/to Related Parties and Other Outstanding Items

##### *Amounts due to related parties*

Unit: Yuan Currency: RMB

| Name of item         | Related party                                                   | Closing book<br>balance | Opening book<br>balance |
|----------------------|-----------------------------------------------------------------|-------------------------|-------------------------|
| Accounts payables    | CXMT Corporation (長<br>鑫科技集團股份<br>有限公司) and its<br>subsidiaries | <b>687,814,207.12</b>   | 171,198,923.82          |
| Accounts payables    | Deep Simplicity<br>Technology Co., Ltd.<br>(上海奧簡微電子科<br>技有限公司)  | <b>756,795.86</b>       | 92,094.74               |
| Contract liabilities | Transcputing Tech Co.,<br>Ltd. (上海光羽芯辰<br>科技有限公司)               | <b>13,291,040.00</b>    | 4,342,520.00            |
| Contract liabilities | Deep Simplicity<br>Technology Co., Ltd.<br>(上海奧簡微電子科<br>技有限公司)  | <b>622,632.74</b>       | 442,053.10              |
| Other payables       | Deep Simplicity<br>Technology Co., Ltd.<br>(上海奧簡微電子科<br>技有限公司)  | <b>118,279.18</b>       | 19,628.32               |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XV. SHARE-BASED PAYMENT

#### 1. Equity Instruments

##### (1) Breakdown

Quantity unit: share    Amount Unit: Yuan    Currency: RMB

| Category of grantee                                             | Granted in the current period |        | Exercised in the current period |               | Vested in the current period |        | Lapsed in the current period |               |
|-----------------------------------------------------------------|-------------------------------|--------|---------------------------------|---------------|------------------------------|--------|------------------------------|---------------|
|                                                                 | Number                        | Amount | Number                          | Amount        | Number                       | Amount | Number                       | Amount        |
| Management and core and backbone personnel – 2024 Stock Options | -                             | -      | 1,250,168                       | 72,622,259.12 | -                            | -      | 46,572                       | 2,705,367.48  |
| Management and core and backbone personnel – 2023 Stock Options | -                             | -      | -                               | -             | -                            | -      | 140,631                      | 12,007,074.78 |
| Total                                                           | -                             | -      | 1,250,168                       | 72,622,259.12 | -                            | -      | 187,203                      | 14,712,442.26 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XV. SHARE-BASED PAYMENT (Continued)

#### 1. Equity Instruments (Continued)

#### (2) Stock options or other equity instruments outstanding at the end of the period

| Category of grantee                                                                   | Stock options outstanding<br>at the end of the period |                               | Other equity instruments outstanding<br>at the end of the period |                               |
|---------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------|------------------------------------------------------------------|-------------------------------|
|                                                                                       | Range of<br>exercise prices                           | Remaining<br>contractual term | Range of<br>exercise prices                                      | Remaining<br>contractual term |
| Management and core and backbone personnel – 2024 Stock Options                       | 58.09                                                 | 23 months, 35 months          | /                                                                | /                             |
| Management and core and backbone personnel – 2023 Stock Options                       | 85.38                                                 | 13 months, 25 months          | /                                                                | /                             |
| Share-based payments implemented by subsidiary Suzhou XySemi for its employees – 2019 | /                                                     | /                             | RMB0.4943 per share                                              | 6 months                      |
| Share-based payments implemented by subsidiary Suzhou XySemi for its employees – 2021 | /                                                     | /                             | RMB3.84 per share                                                | 6 months                      |
| Share-based payments implemented by subsidiary Suzhou XySemi for its employees – 2024 | /                                                     | /                             | RMB3.51/<br>RMB0.49 per share                                    | 6 months/30 months            |

Other explanations

The “remaining contractual term” is rounded up to the nearest month. The remaining contractual term of a stock option includes the vesting period and a 1-year exercise period.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XV. SHARE-BASED PAYMENT (Continued)

#### 2. Information about Equity-settled Share-based Payment

Unit: Yuan    Currency: RMB

| Recipients of equity-settled share-based payments                                        | Management and core and backbone personnel                                                                                                  |
|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Method for determining the fair value of equity instruments on the grant date            | Closing price on the grant date, Black-Scholes-Merton Option Pricing model                                                                  |
| Significant parameters for the fair value of equity instruments on the grant date        | /                                                                                                                                           |
| Basis for determining the number of exercisable equity instruments                       | Estimated and determined based on the performance conditions for each vesting period and the assessment results of the incentive recipients |
| Reasons for significant differences between the current estimate and the last estimate   | No significant difference                                                                                                                   |
| The cumulative amount of equity-settled share-based payments included in capital reserve | 1,273,949,013.99                                                                                                                            |
| Other explanations                                                                       |                                                                                                                                             |

The cumulative amount of equity-settled share-based payments included in capital reserve includes recognized expenses and the capital reserve recognized for the tax impact of deductible differences related to vested/exercised portions, but excludes the portion attributable to minority interests.

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XV. SHARE-BASED PAYMENT (Continued)

#### 3. Share-based Payment Expense for the Current Period

Unit: Yuan Currency: RMB

| Category of grantee                        | Equity-settled<br>share-based<br>payment expenses | Cash-settled<br>share-based<br>payment expenses |
|--------------------------------------------|---------------------------------------------------|-------------------------------------------------|
| Management and core and backbone personnel | 45,379,791.29                                     | —                                               |
| Total                                      | 45,379,791.29                                     | —                                               |

### XVI. COMMITMENTS AND CONTINGENCIES

#### 1. Significant Commitments

*Important external commitments, nature and amount existing on the balance sheet date*

Unit: 0'000 Currency: RMB

| Items                                                     | Closing balance | Opening balance |
|-----------------------------------------------------------|-----------------|-----------------|
| Contracted but not recognized in the financial statements | —               | —               |
| Capital commitments                                       | 64,227.61       | 20,751.60       |
| External investment commitments                           | 27,841.76       | 19,562.72       |
| Total                                                     | 92,069.37       | 40,314.32       |

#### 2. Contingencies

As of June 30, 2026, the Company has no significant contingencies to disclose.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **XVII. EVENTS AFTER THE BALANCE SHEET DATE**

#### **1. Proposed A Share Repurchase Plan**

To protect the interests of all Shareholders of the Company, enhance investor confidence, and stabilize and enhance the Company's value, based on its confidence in the Company's future development, the Company intends to repurchase A Shares by means of centralized bidding transactions, using its own funds/or self-raised funds of no less than RMB1 billion (inclusive) and no more than RMB2 billion (inclusive). Upon completion of the repurchase, the repurchased shares will be canceled in accordance with the law, and the Company's registered capital will be reduced accordingly.

On July 31, 2026, the Board of the Company considered and approved the proposal regarding the A Shares repurchase plan of the Company by means of centralized bidding transactions, which is still subject to the consideration and approval of the Company's Shareholders at the extraordinary general meeting to be held on August 20, 2026.

#### **2. Proposed Adoption of the 2026 H Share Award Scheme**

To attract and retain eligible participants who have made significant contributions to the long-term growth and success of the Group, to recognize and reward their contributions to the Group; to encourage eligible participants to further contribute to the Group and strive to enhance the alignment of interests between the Company and its Shareholders in the best interests of the Company and its Shareholders, to promote the Group's long-term performance (both financially, in business and operationally), the Board has considered and approved the resolution on the proposed adoption of the 2026 H Share Award Scheme on August 18, 2026, which is subject to the consideration and approval by the Shareholders of the Company at a general meeting. For details, please refer to the announcement of the Company dated August 18, 2026.

#### **3. Participating in the Investment in Overseas Private Equity Investment Funds**

To further promote the Company's development and strengthen its global strategic industrial layout, GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司), a wholly-owned subsidiary of the Company, entered into a subscription agreement on August 10, 2026 to subscribe for 25% of fund units of Yunfeng Investment V, L.P. as a limited partner with its own funds of USD100 million.



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XVIII. OTHER SIGNIFICANT EVENTS

#### 1. Segment Information

The Company's overall business and revenue are almost entirely derived from the integrated circuit industry, and its products mainly consist of memory, MCUs, sensors and analog products. As of June 30, 2026, the Company had no reportable segments.

#### 2. Others

##### *Basic earnings per share*

Basic earnings per share are calculated based on the net profit attributable to shareholders of the parent company, after considering dividends enjoyed by holders of restricted shares issued by the Company, and the weighted average number of ordinary shares issued by the Company during each period. The details of calculation are as follows:

##### *(1) Net profit attributable to shareholders of the parent company*

Unit: RMB

|                                                                                                               | Amount for the<br>current period | Amount for the<br>last period |
|---------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Net profit attributable to shareholders of the parent company                                                 | <b>6,856,786,413.68</b>          | 575,475,605.82                |
| Less: Dividends entitled to receive by holders of restricted shares                                           | —                                | —                             |
| Net profit attributable to shareholders of the parent company for the calculation of basic earnings per share | <b>6,856,786,413.68</b>          | 575,475,605.82                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XVIII. OTHER SIGNIFICANT EVENTS (Continued)

#### 2. Others (Continued)

##### *Basic earnings per share (Continued)*

##### *(2) Weighted average number of ordinary shares*

Unit of quantity: Share

|                                                                     | Amount for the<br>current period | Amount for the<br>last period |
|---------------------------------------------------------------------|----------------------------------|-------------------------------|
| Issued ordinary shares at the beginning of the period               | 667,849,351.00                   | 664,124,105.00                |
| Less: treasury shares at the beginning of the period                | 607,585.00                       | 3,041,293.00                  |
| Ordinary shares outstanding at the beginning of the period          | 667,241,766.00                   | 661,082,812.00                |
| Effect of H shares listed and issued                                | 30,337,439.00                    | —                             |
| Effect of option exercise                                           | 85,469.00                        | 216,913.00                    |
| Effect of restricted shares settlement                              | —                                | 242,902.00                    |
| Weighted average number of ordinary shares at the end of the period | 697,664,674.00                   | 661,542,627.00                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XVIII. OTHER SIGNIFICANT EVENTS (Continued)

#### 2. Others (Continued)

##### *Diluted earnings per share*

Diluted earnings per share is calculated based on the net profit attributable to shareholders of the parent company and the weighted average number of ordinary shares after considering the potential dilutive ordinary shares. The details of calculation are as follows:

Unit of quantity: Share

|                                                                                                   | Amount for the<br>current period | Amount for the<br>last period |
|---------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Weighted average number of ordinary shares at the end of the period                               | <b>697,664,674.00</b>            | 661,542,627.00                |
| Add: Effect of share options under equity incentive schemes                                       | <b>4,378,020.00</b>              | 1,244,391.00                  |
| Effect of restricted shares under equity incentive schemes                                        | –                                | 278,328.00                    |
| Number of ordinary shares outstanding for the period used to calculate diluted earnings per share | <b>702,042,694.00</b>            | 663,065,346.00                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS

#### 1. Accounts Receivables

##### (1) Disclosure by aging

Unit: Yuan    Currency: RMB

| Aging                            | Closing book<br>balance | Opening book<br>balance |
|----------------------------------|-------------------------|-------------------------|
| Within 1 year (including 1 year) | <b>1,223,497,818.48</b> | 596,728,193.54          |
| Including: Within 3 months       | <b>1,147,385,466.99</b> | 454,413,789.75          |
| 4-12 months                      | <b>76,112,351.49</b>    | 142,314,403.79          |
| 1 to 2 years                     | <b>260,961,354.79</b>   | 339,285,905.27          |
| 2 to 3 years                     | <b>333,288.00</b>       | —                       |
| Total                            | <b>1,484,792,461.27</b> | 936,014,098.81          |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

### 1. Accounts Receivables (Continued)

#### (2) Disclosure by bad-debt provision method

Unit: Yuan Currency: RMB

| Type                                                | Closing balance  |            |                         |            |                  | Opening balance |            |                         |            |                 |
|-----------------------------------------------------|------------------|------------|-------------------------|------------|------------------|-----------------|------------|-------------------------|------------|-----------------|
|                                                     | Book balance     |            | Provision for bad debts |            |                  | Book balance    |            | Provision for bad debts |            |                 |
|                                                     | Amount           | Proportion | Amount                  | Proportion | Carrying amount  | Amount          | Proportion | Amount                  | Proportion | Carrying amount |
|                                                     |                  | (%)        |                         | (%)        |                  |                 | (%)        |                         | (%)        |                 |
| Provision for bad debts made on an individual basis | -                | -          | -                       | -          | -                | -               | -          | -                       | -          | -               |
| Including:                                          |                  |            |                         |            |                  |                 |            |                         |            |                 |
| Provision for bad debts made on a collective basis  | 1,484,792,461.27 | 100        | 591.89                  | 0.00       | 1,484,791,869.38 | 936,014,098.81  | 100        | 586.95                  | 0.00       | 936,013,511.86  |
| Including:                                          |                  |            |                         |            |                  |                 |            |                         |            |                 |
| The aging portfolio                                 | 22,127,116.64    | 1.49       | 591.89                  | 0.00       | 22,126,524.75    | 5,870,423.89    | 0.63       | 586.95                  | 0.01       | 5,869,836.94    |
| Intra-group related party portfolio                 | 1,462,665,344.63 | 98.51      | -                       | -          | 1,462,665,344.63 | 930,143,674.92  | 99.37      | -                       | -          | 930,143,674.92  |
| Total                                               | 1,484,792,461.27 | /          | 591.89                  | /          | 1,484,791,869.38 | 936,014,098.81  | /          | 586.95                  | /          | 936,013,511.86  |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 1. Accounts Receivables (Continued)

##### (2) Disclosure by bad-debt provision method (Continued)

Provision for bad debts made on a collective basis:

Item made on a collective basis: The aging portfolio

Unit: Yuan    Currency: RMB

| Name            | Closing balance |                            |                             |
|-----------------|-----------------|----------------------------|-----------------------------|
|                 | Book balance    | Provision for<br>bad debts | Provision<br>proportion (%) |
| Within 3 months | 22,115,278.76   | —                          | —                           |
| 4 – 12 months   | 11,837.88       | 591.89                     | 5.00                        |
| Total           | 22,127,116.64   | 591.89                     | 0.00                        |

Basis for stage classification and provision proportion for bad debts

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 1. Accounts Receivables (Continued)

(3) *Top five accounts receivables and contract assets categorized by debtor, in terms of closing balance:*

Unit: Yuan    Currency: RMB

| Name of entity | Closing balance<br>of accounts<br>receivables | Closing balance<br>of contract<br>assets | Closing balance<br>of accounts<br>receivables and<br>contract assets | Proportion to<br>total closing<br>balance of<br>accounts<br>receivables and<br>contract assets<br>(%) | Closing balance<br>of provision for<br>bad debts |
|----------------|-----------------------------------------------|------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| First          | 809,883,597.19                                | -                                        | 809,883,597.19                                                       | 54.55                                                                                                 | -                                                |
| Second         | 268,717,572.47                                | -                                        | 268,717,572.47                                                       | 18.10                                                                                                 | -                                                |
| Third          | 157,420,139.95                                | -                                        | 157,420,139.95                                                       | 10.60                                                                                                 | -                                                |
| Fourth         | 152,132,773.93                                | -                                        | 152,132,773.93                                                       | 10.25                                                                                                 | -                                                |
| Fifth          | 60,682,976.38                                 | -                                        | 60,682,976.38                                                        | 4.09                                                                                                  | -                                                |
| Total          | 1,448,837,059.92                              | -                                        | 1,448,837,059.92                                                     | 97.59                                                                                                 | -                                                |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 2. Other Receivables

##### *Details of items*

Unit: Yuan    Currency: RMB

| Items               | Closing balance      | Opening balance |
|---------------------|----------------------|-----------------|
| Interest receivable | —                    | —               |
| Dividend receivable | —                    | —               |
| Other receivables   | <b>67,509,494.56</b> | 542,785,701.26  |
| Total               | <b>67,509,494.56</b> | 542,785,701.26  |

##### *Other receivables*

##### *(1) Disclosure by aging*

Unit: Yuan    Currency: RMB

| Aging                            | Closing book balance | Opening book balance |
|----------------------------------|----------------------|----------------------|
| Within 1 year (including 1 year) | <b>65,455,471.87</b> | 490,122,937.34       |
| Including: Within 3 months       | <b>24,834,678.05</b> | 369,375,692.51       |
| 4-12 months                      | <b>40,620,793.82</b> | 120,747,244.83       |
| 1 to 2 years                     | <b>1,750,000.00</b>  | 49,906,013.77        |
| 2 to 3 years                     | <b>443,713.36</b>    | 1,653,278.97         |
| 3 to 4 years                     | <b>13,050.00</b>     | 19,810.00            |
| 4 to 5 years                     | <b>17,110.00</b>     | 5,793,115.12         |
| Over 5 years                     | <b>5,783,115.12</b>  | —                    |
| Total                            | <b>73,462,460.35</b> | 547,495,155.20       |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 2. Other Receivables (Continued)

##### *Other receivables (Continued)*

##### *(2) Classification by the nature of payment*

Unit: Yuan    Currency: RMB

| Nature of payment              | Closing book<br>balance | Opening book<br>balance |
|--------------------------------|-------------------------|-------------------------|
| Transactions with subsidiaries | <b>63,369,513.28</b>    | 538,563,894.37          |
| Deposits and securities        | <b>8,303,247.23</b>     | 7,723,338.48            |
| Others                         | <b>1,789,699.84</b>     | 1,207,922.35            |
| Total                          | <b>73,462,460.35</b>    | 547,495,155.20          |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 2. Other Receivables (Continued)

##### *Other receivables (Continued)*

##### *(3) Status of provision for bad debts*

Unit: Yuan    Currency: RMB

|                                                     | Stage 1                           | Stage 2                                  | Stage 3                           |              |
|-----------------------------------------------------|-----------------------------------|------------------------------------------|-----------------------------------|--------------|
|                                                     | ECL over<br>the next<br>12 months | Lifetime ECL<br>(non-credit<br>impaired) | Lifetime ECL<br>(credit impaired) | Total        |
| Provision for bad debts                             |                                   |                                          |                                   |              |
| Balance on January 1, 2026                          | 4,709,453.94                      | –                                        | –                                 | 4,709,453.94 |
| Balance on January 1, 2026 in the<br>current period |                                   |                                          |                                   |              |
| – Transferred to Stage 2                            | –                                 | –                                        | –                                 | –            |
| – Transferred to Stage 3                            | –                                 | –                                        | –                                 | –            |
| – Reversed from Stage 2                             | –                                 | –                                        | –                                 | –            |
| – Reversed from Stage 1                             | –                                 | –                                        | –                                 | –            |
| Provision made for the current<br>period            | 1,261,211.85                      | –                                        | –                                 | 1,261,211.85 |
| Reversed in the current period                      | 17,700.00                         | –                                        | –                                 | 17,700.00    |
| Carried forward in the current<br>period            | –                                 | –                                        | –                                 | –            |
| Written off in the current period                   | –                                 | –                                        | –                                 | –            |
| Other changes                                       | –                                 | –                                        | –                                 | –            |
| Balance on June 30, 2026                            | 5,952,965.79                      | –                                        | –                                 | 5,952,965.79 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

### 2. Other Receivables (Continued)

#### *Other receivables (Continued)*

#### *(3) Status of provision for bad debts (Continued)*

Basis for stage classification and provision proportion for bad debts

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

#### *(4) Status of provision for bad debts*

Unit: Yuan    Currency: RMB

| Type                    | Opening balance | Amount of change in the current period |                      |                            |               | Closing balance |
|-------------------------|-----------------|----------------------------------------|----------------------|----------------------------|---------------|-----------------|
|                         |                 | Provision                              | Recovery or reversal | Carry-forward or write-off | Other changes |                 |
| Deposits and securities | 4,709,453.94    | 1,261,211.85                           | 17,700.00            | -                          | -             | 5,952,965.79    |
| Total                   | 4,709,453.94    | 1,261,211.85                           | 17,700.00            | -                          | -             | 5,952,965.79    |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 2. Other Receivables (Continued)

##### *Other receivables (Continued)*

##### *(5) Top five other receivables according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

| Unit name                                               | Closing balance | Proportion to<br>the total closing<br>balance of other<br>receivables (%) | Nature of payment                 | Aging                                                                            | Closing balance of<br>provision for bad<br>debts |
|---------------------------------------------------------|-----------------|---------------------------------------------------------------------------|-----------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------|
| XCMEMORY (Xi'an) Co., Ltd.<br>(西安芯存半導體有限公司)             | 29,465,723.29   | 40.11                                                                     | Transactions with<br>subsidiaries | Within 1 year                                                                    | -                                                |
| XCMEMORY (Hefei) Co., Ltd.<br>(合肥芯存半導體有限公司)             | 12,582,890.42   | 17.13                                                                     | Transactions with<br>subsidiaries | Within 1 year, 1-2<br>years                                                      | -                                                |
| Silead Inc.<br>(上海思立微電子科技有限公司)                          | 12,457,233.15   | 16.96                                                                     | Transactions with<br>subsidiaries | Within 1 year                                                                    | -                                                |
| GigaDevice Semiconductor (Hefei) Inc.<br>(合肥格易集成電路有限公司) | 7,700,998.34    | 10.48                                                                     | Transactions with<br>subsidiaries | Within 1 year                                                                    | -                                                |
| Beijing Chengao Real Estate Co., Ltd.<br>(北京城奧置業有限公司)   | 6,734,213.87    | 9.17                                                                      | Deposits and<br>securities        | Within 1 year, 1-2<br>years, 2-3 years, 3-4<br>years, 4-5 years,<br>over 5 years | 5,790,714.12                                     |
| Total                                                   | 68,941,059.07   | 93.85 /                                                                   | /                                 | /                                                                                | 5,790,714.12                                     |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 3. Long-term Equity Investments

Unit: Yuan Currency: RMB

| Items                                        | Closing balance  |                      |                  | Opening balance  |                      |                  |
|----------------------------------------------|------------------|----------------------|------------------|------------------|----------------------|------------------|
|                                              | Book balance     | Impairment provision | Carrying amount  | Book balance     | Impairment provision | Carrying amount  |
| Investments in subsidiaries                  | 6,018,880,505.65 | 165,647,636.20       | 5,853,232,869.45 | 5,444,039,214.81 | 165,647,636.20       | 5,278,391,578.61 |
| Investments in associates and joint ventures | 1,085,135,212.85 | -                    | 1,085,135,212.85 | 445,364,925.47   | -                    | 445,364,925.47   |
| Total                                        | 7,104,015,718.50 | 165,647,636.20       | 6,938,368,082.30 | 5,889,404,140.28 | 165,647,636.20       | 5,723,756,504.08 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

### 3. Long-term Equity Investments (Continued)

#### (1) Investments in subsidiaries

Unit: Yuan Currency: RMB

| Investee company                                                                     | Opening balance<br>(carrying amount) | Opening balance<br>of impairment<br>provision | Increase/decrease for the current period |                            |                             |        | Closing balance<br>(carrying<br>amount) | Closing balance<br>of impairment<br>provision |
|--------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------|------------------------------------------|----------------------------|-----------------------------|--------|-----------------------------------------|-----------------------------------------------|
|                                                                                      |                                      |                                               | Increase in<br>investments               | Decrease in<br>investments | Provision for<br>impairment | Others |                                         |                                               |
| GigaDevice Semiconductor (Shanghai)<br>Inc (上海格易電子有限公司)                              | 537,595,111.61                       | -                                             | 2,517,451.92                             | -                          | -                           | -      | 540,112,563.53                          | -                                             |
| GigaDevice Semiconductor (Hefei) Inc.<br>(合肥格易集成電路有限公司)                              | 200,314,450.99                       | -                                             | 2,938,086.93                             | -                          | -                           | -      | 203,252,537.92                          | -                                             |
| GigaDevice Semiconductor (Shenzhen)<br>Inc. (深圳市格易聚創集成電路有<br>限公司)                    | 114,513,235.17                       | -                                             | 4,988,272.21                             | -                          | -                           | -      | 119,501,507.38                          | -                                             |
| GigaDevice Semiconductor (Xi'an) Inc.<br>(西安格易安創集成電路有限公<br>司)                        | 160,087,236.99                       | -                                             | 988,779.84                               | -                          | -                           | -      | 161,076,016.83                          | -                                             |
| GigaDevice Venture Capital (深圳市外<br>灘科技開發有限公司)                                       | 265,246,376.58                       | -                                             | 1,019,422.80                             | -                          | -                           | -      | 266,265,799.38                          | -                                             |
| Giga Semi Singapore PTE                                                              | 129,604,797.39                       | -                                             | 77,479.92                                | -                          | -                           | -      | 129,682,277.31                          | -                                             |
| Beijing Giga-Analog Zhiyuan Technology<br>Development Co., Ltd. (北京圭璋致<br>遠科技開發有限公司) | 163,000,000.00                       | -                                             | 0.00                                     | -                          | -                           | -      | 163,000,000.00                          | -                                             |
| XCMEMORY Co., Ltd. (珠海橫琴芯存<br>半導體有限公司)                                               | 915,071,442.22                       | -                                             | 506,243,491.87                           | -                          | -                           | -      | 1,421,314,934.09                        | -                                             |
| CelMemory Technology Co., Ltd. (北京<br>青耘科技有限公司)                                      | 22,478,805.45                        | -                                             | 1,038,935.33                             | -                          | -                           | -      | 23,517,740.78                           | -                                             |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

### 3. Long-term Equity Investments (Continued)

#### (1) Investments in subsidiaries (Continued)

| Investee company                                                                                                                 | Opening balance<br>(carrying amount) | Opening balance<br>of impairment<br>provision | Increase/decrease for the current period |                            |                             |          | Closing balance<br>(carrying<br>amount) | Closing balance<br>of impairment<br>provision |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------------------|------------------------------------------|----------------------------|-----------------------------|----------|-----------------------------------------|-----------------------------------------------|
|                                                                                                                                  |                                      |                                               | Increase in<br>investments               | Decrease in<br>investments | Provision for<br>impairment | Others   |                                         |                                               |
| CICC Qizhao Ruihong (Xiamen) Equity<br>Investment Fund Partnership (Limited<br>Partnership) (中金啟兆睿泓(廈門)<br>股權投資基金合夥企業(有限合<br>夥)) | 198,000,000.00                       | -                                             | -                                        | -                          | -                           | -        | 198,000,000.00                          | -                                             |
| Zhuhai Lingchuang Management<br>Consulting Co., Ltd. (珠海領創管理<br>諮詢有限公司)                                                          | 37,000,000.00                        | -                                             | -                                        | -                          | -                           | -        | 37,000,000.00                           | -                                             |
| Suzhou XySemi Electronic Technology<br>Co., Ltd. (蘇州賽芯電子科技有限<br>公司)                                                              | 316,000,000.00                       | -                                             | -                                        | -                          | -                           | -        | 316,000,000.00                          | -                                             |
| Ping An Securities Ping An 30 Private<br>Exclusive No. 8 FOF Single-asset<br>Management Plan (平安證券平安<br>30私享8號FOF單一資產管理計劃)       | -                                    | -                                             | 50,000,000.00                            | -                          | -                           | -        | 50,000,000.00                           | -                                             |
| GigaDevice Semiconductor (HK) Limited<br>(芯技佳易微電子(香港)科技有限<br>公司)                                                                 | 59,810,787.01                        | -                                             | 907,413.66                               | -                          | -                           | -        | 60,718,200.67                           | -                                             |
| Silead Inc. (上海思立微電子科技有<br>限公司)                                                                                                  | 2,159,669,335.20                     | 165,647,636.20                                | 4,121,956.36                             | -                          | -                           | -        | 2,163,791,291.56                        | 165,647,636.20                                |
| <b>Total</b>                                                                                                                     | <b>5,278,391,578.61</b>              | <b>165,647,636.20</b>                         | <b>574,841,290.84</b>                    | <b>-</b>                   | <b>-</b>                    | <b>-</b> | <b>5,853,232,869.45</b>                 | <b>165,647,636.20</b>                         |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

### 3. Long-term Equity Investments (Continued)

#### (2) Investments in associates and joint ventures

Unit: Yuan Currency: RMB

| Investor                                                                                                                                           | Opening balance<br>(carrying amount) | Opening balance<br>of provisions for<br>impairment | Increase/decrease for the current period |                            |                                                                     |                                                    |                           |                                                   |                              |        | Closing balance<br>(carrying amount) | Closing balance<br>of provisions for<br>impairment |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------|------------------------------------------|----------------------------|---------------------------------------------------------------------|----------------------------------------------------|---------------------------|---------------------------------------------------|------------------------------|--------|--------------------------------------|----------------------------------------------------|
|                                                                                                                                                    |                                      |                                                    | Increase in<br>investments               | Decrease in<br>investments | Investment<br>gains and losses<br>recognized using<br>equity method | Adjustment<br>for other<br>comprehensive<br>income | Change in other<br>equity | Declared and paid<br>cash dividends or<br>profits | Provisions for<br>impairment | Others |                                      |                                                    |
| I. Joint ventures                                                                                                                                  | -                                    | -                                                  | -                                        | -                          | -                                                                   | -                                                  | -                         | -                                                 | -                            | -      | -                                    | -                                                  |
| Subtotal                                                                                                                                           | -                                    | -                                                  | -                                        | -                          | -                                                                   | -                                                  | -                         | -                                                 | -                            | -      | -                                    | -                                                  |
| II. Associates                                                                                                                                     |                                      |                                                    |                                          |                            |                                                                     |                                                    |                           |                                                   |                              |        |                                      |                                                    |
| Hefei Stony Creek<br>GigaDevice<br>Chuangzhi Venture<br>Capital Fund<br>Partnership (Limited<br>Partnership) (合肥<br>石溪兆易智創<br>業投資基金合夥<br>企業(有限合夥)) | 206,881,881.62                       |                                                    | 90,000,000.00                            | -                          | -2,329,260.29                                                       | -                                                  | -                         | -                                                 | -                            | -      | 294,552,621.33                       |                                                    |
| Transputing Tech Co.,<br>Ltd (上海光羽芯<br>辰科技有限公司)                                                                                                    | -                                    |                                                    | -                                        | -                          | -                                                                   | -                                                  | -                         | -                                                 | -                            | -      | -                                    |                                                    |
| Shanghai Stony Creek<br>GigaDevice Zhixin<br>Venture Capital<br>Partnership (Limited<br>Partnership (上海<br>石溪兆易智創<br>業投資合夥企業<br>(有限合夥))            | -                                    |                                                    | 160,000,000.00                           | -                          | -254,904.37                                                         | -                                                  | -                         | -                                                 | -                            | -      | 159,745,095.63                       |                                                    |
| Silicon Innovation (成都<br>星拓微電子科技<br>股份有限公司)                                                                                                       | -                                    |                                                    | 340,630,000.00                           | -                          | -909,190.61                                                         | -                                                  | -                         | -                                                 | -                            | -      | 339,720,809.39                       |                                                    |
| Hefei Kuxin<br>Microelectronics<br>Co., Ltd. (合肥酷<br>芯微電子股份有<br>限公司)                                                                               | 238,483,043.85                       |                                                    | 55,964,983.04                            | -                          | -3,331,391.69                                                       | 51.30                                              | -                         | -                                                 | -                            | -      | 291,116,686.50                       |                                                    |
| Subtotal                                                                                                                                           | 445,364,925.47                       |                                                    | 646,594,983.04                           | -                          | -6,824,746.96                                                       | 51.30                                              | -                         | -                                                 | -                            | -      | 1,085,135,212.85                     |                                                    |
| Total                                                                                                                                              | 445,364,925.47                       |                                                    | 646,594,983.04                           | -                          | -6,824,746.96                                                       | 51.30                                              | -                         | -                                                 | -                            | -      | 1,085,135,212.85                     |                                                    |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 4. Operating Revenue and Operating Costs

##### (1) Details of operating revenue and operating costs

Unit: Yuan Currency: RMB

| Items              | Amount for the current period |                  | Amount for the last period |                  |
|--------------------|-------------------------------|------------------|----------------------------|------------------|
|                    | Revenue                       | Cost             | Revenue                    | Cost             |
| Principle business | 4,262,168,500.28              | 1,785,938,808.11 | 1,861,719,338.04           | 1,257,625,356.72 |
| Others             | 17,701,939.95                 | 7,943,657.85     | 48,983,971.59              | 4,602,424.16     |
| Total              | 4,279,870,440.23              | 1,793,882,465.96 | 1,910,703,309.63           | 1,262,227,780.88 |

## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 4. Operating Revenue and Operating Costs (Continued)

##### (2) The disaggregated information of operating revenue and operating costs

Unit: Yuan Currency: RMB

| Contract classification               | Integrated circuit business |                  | Total             |                  |
|---------------------------------------|-----------------------------|------------------|-------------------|------------------|
|                                       | Operating revenue           | Operating costs  | Operating revenue | Operating costs  |
| Type of goods                         |                             |                  |                   |                  |
| Memory chips                          | 3,806,119,549.05            | 1,423,542,517.09 | 3,806,119,549.05  | 1,423,542,517.09 |
| MCUs                                  | 407,955,975.36              | 320,291,451.95   | 407,955,975.36    | 320,291,451.95   |
| Analog products                       | 45,383,703.55               | 39,661,667.59    | 45,383,703.55     | 39,661,667.59    |
| Technical services and others         | 20,411,212.27               | 10,386,829.33    | 20,411,212.27     | 10,386,829.33    |
| By geographical region                |                             |                  |                   |                  |
| Chinese Mainland                      | 1,283,477,323.09            | 600,253,314.37   | 1,283,477,323.09  | 600,253,314.37   |
| Hong Kong                             | 2,330,340,667.88            | 1,007,981,514.99 | 2,330,340,667.88  | 1,007,981,514.99 |
| Other countries and regions           | 666,052,449.26              | 185,647,636.60   | 666,052,449.26    | 185,647,636.60   |
| Type of market or customer            |                             |                  |                   |                  |
| Consumer                              | 247,264,898.40              | 122,065,726.90   | 247,264,898.40    | 122,065,726.90   |
| Non-consumer                          | 4,032,605,541.83            | 1,671,816,739.06 | 4,032,605,541.83  | 1,671,816,739.06 |
| Type of contract                      |                             |                  |                   |                  |
| Sale of goods                         | 4,259,459,227.96            | 1,783,495,636.63 | 4,259,459,227.96  | 1,783,495,636.63 |
| Others                                | 20,411,212.27               | 10,386,829.33    | 20,411,212.27     | 10,386,829.33    |
| By timing of transfer of goods        |                             |                  |                   |                  |
| Revenue recognized at a point in time | 4,275,035,712.62            | 1,790,225,572.26 | 4,275,035,712.62  | 1,790,225,572.26 |
| Revenue recognized over time          | 4,834,727.61                | 3,656,893.70     | 4,834,727.61      | 3,656,893.70     |
| By contract term                      |                             |                  |                   |                  |
| Within 1 year                         | 4,277,168,292.60            | 1,791,439,294.48 | 4,277,168,292.60  | 1,791,439,294.48 |
| Over 1 year                           | 2,702,147.63                | 2,443,171.48     | 2,702,147.63      | 2,443,171.48     |
| By sales channel                      |                             |                  |                   |                  |
| Direct sales                          | 3,318,554,717.33            | 1,350,218,871.74 | 3,318,554,717.33  | 1,350,218,871.74 |
| Distributor                           | 961,315,722.90              | 443,663,594.22   | 961,315,722.90    | 443,663,594.22   |
| Total                                 | 4,279,870,440.23            | 1,793,882,465.96 | 4,279,870,440.23  | 1,793,882,465.96 |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### **XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)**

#### **4. Operating Revenue and Operating Costs (Continued)**

##### **(2) *The disaggregated information of operating revenue and operating costs (Continued)***

Other explanations

For relevant explanations, please refer to VII. 41 Operating Revenue and Operating Costs. In addition, under “By sales channel”, internal transaction revenue between the parent company and its subsidiaries within the same group is included in “Direct sales”. Under “By market or customer type”, internal transaction revenue between the parent company and its subsidiaries within the same group is included in “Non-consumer”.

##### **(3) *Explanation on allocation to the remaining performance obligations***

The revenue amount corresponding to performance obligations under contracts signed but not yet fulfilled or fully fulfilled at the end of the Reporting Period was RMB1.893 billion, of which:

RMB1.893 billion is expected to be recognized as revenue in 2026

RMB0 is expected to be recognized as revenue in 2027

RMB0 is expected to be recognized as revenue in 2028



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

#### 5. Investment Income

Unit: Yuan    Currency: RMB

| Items                                                                                | Amount for the<br>current period | Amount for the<br>last period |
|--------------------------------------------------------------------------------------|----------------------------------|-------------------------------|
| Income from long-term equity investments<br>accounted for using the equity method    | <b>-6,824,746.96</b>             | -7,036,410.69                 |
| Dividend income from other non-current financial<br>assets during the holding period | -                                | 378,291.12                    |
| Total                                                                                | <b>-6,824,746.96</b>             | -6,658,119.57                 |

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

## XX. SUPPLEMENTARY INFORMATION

### 1. Breakdown of Non-recurring Profit or Loss for the Current Period

Unit: Yuan Currency: RMB

| Items                                                                                                                                                                                                                                                                                                                                          | Amounts          | Notes               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|
| Profit or loss on disposal of non-current assets, including the written-off portion of provisions already made for asset impairment                                                                                                                                                                                                            | 164,714.72       | VII. 52 and VII. 54 |
| Government grants recognized in profit or loss for the current period, except for those government grants which are closely related to the Company's ordinary course of business, comply with state policy requirements, are entitled to in accordance with prescribed standards, and have a continuing effect on the Company's profit or loss | 8,575,435.74     | VII. 47 and VII. 53 |
| Profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss arising from disposal of financial assets and financial liabilities, other than effective hedging activities related to the Company's ordinary course of business                        | 2,231,404,413.90 | VII. 48 and VII. 49 |
| Funding occupation fees charged to non-financial enterprises recognized in profit or loss for the current period                                                                                                                                                                                                                               | 2,482,220.51     |                     |
| Other non-operating income and expenses other than the above                                                                                                                                                                                                                                                                                   | -48,024,693.51   | VII. 53 and VII. 54 |
| Other profit or loss items that meet the definition of non-recurring profit or loss                                                                                                                                                                                                                                                            |                  |                     |
| Less: Effect of income tax expense                                                                                                                                                                                                                                                                                                             | 218,652,232.28   |                     |
| Effect on minority interests (after tax)                                                                                                                                                                                                                                                                                                       | 2,196,924.33     |                     |
| Total                                                                                                                                                                                                                                                                                                                                          | 1,973,752,934.75 |                     |



## NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

### XX. SUPPLEMENTARY INFORMATION (Continued)

#### 2. Return Rate on Net Assets and Earnings per Share

| Profit for the Reporting Period                                                                                 | Weighted average<br>return rate on net<br>assets (%) | Earnings per share          |                               |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------|-------------------------------|
|                                                                                                                 |                                                      | Basic earnings<br>per share | Diluted earnings<br>per share |
| Net profit attributable to ordinary shareholders of the<br>Company                                              | 23.13                                                | 9.83                        | 9.77                          |
| Net profit attributable to ordinary shareholders of the<br>Company after deducting non-recurring profit or loss | 16.47                                                | 7.00                        | 6.96                          |



## DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

|                                        |                                                                                                                                                                                                                                                  |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “2020 Stock Option Incentive Plan”     | the stock option incentive plan under the 2020 Stock Option and Restricted Share Incentive Plan of the Company approved by the Shareholders’ meeting on January 14, 2021                                                                         |
| “2021 Restricted Share Incentive Plan” | the restricted Share Incentive Plan under the 2021 Stock Option and Restricted Share Incentive Plan of the Company approved by the Shareholders’ meeting on July 26, 2021                                                                        |
| “2021 Stock Option Incentive Plan”     | the stock option incentive plan under the 2021 Stock Option and Restricted Share Incentive Plan of the Company approved by the Shareholders’ meeting on July 26, 2021                                                                            |
| “2023 Stock Option Incentive Plan”     | the 2023 Stock Option Incentive Plan of the Company approved by the Shareholders’ meeting on July 20, 2023                                                                                                                                       |
| “2024 Stock Option Incentive Plan”     | the 2024 Stock Option Incentive Plan of the Company approved by the Shareholders’ meeting on May 14, 2024                                                                                                                                        |
| “A Share(s)”                           | ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi                                                                                              |
| “A Shareholder(s)”                     | holder(s) of A Shares                                                                                                                                                                                                                            |
| “AI”                                   | artificial intelligence                                                                                                                                                                                                                          |
| “AI PC”                                | AI-powered PC, feature dedicated NPUs for AI workloads, utilizing a CPU+GPU+NPU architecture and system-level AI integration to enable on-device large model inference                                                                           |
| “AI Smartphone”                        | smartphones capable of localizing the deployment of cloud-based large model capabilities, equipped with high-performance mobile chips that meet AI computing demands, and integrated with deep learning frameworks and system-level AI functions |

|                                          |                                                                                                                                                                                                                                                                                            |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “analog chip”                            | a chip that processes and manipulates continuous, time-varying electrical signals representing real-world phenomena                                                                                                                                                                        |
| “ARM®”                                   | advanced RISC machine, a processor architecture based on the reduced instruction set, with low power consumption and high energy efficiency as its core goals. ARM® represents a registered trademark                                                                                      |
| “associate(s)”                           | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                   |
| “Audit Committee”                        | the audit committee of the Board                                                                                                                                                                                                                                                           |
| “Board” or “Board of Directors”          | the board of Directors of the Company                                                                                                                                                                                                                                                      |
| “CASBE”                                  | the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and the application guidance, interpretations and other related requirements subsequently issued                                                                                       |
| “China”, “Chinese Mainland” or “the PRC” | the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this interim report only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China                                                                               |
| “Companies Ordinance”                    | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                                                                                                                                                           |
| “Company” or “GigaDevice”                | GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, whose H Shares and A Shares are listed on the Main Board of the Stock Exchange (stock code: 3986) and the Shanghai Stock Exchange (stock code: 603986), respectively |
| “connected person(s)”                    | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                   |



## DEFINITIONS

|                          |                                                                                                                                                                                                                                      |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “CPU”                    | central processing unit, an integrated circuit that serves as the computational and control core of an electronic product                                                                                                            |
| “CreMemory Technology”   | CreMemory Technology Co., Ltd. (北京青耘科技有限公司), a limited liability company established in the PRC on July 31, 2024 and a non-wholly-owned subsidiary of the Company                                                                    |
| “CSRC”                   | China Securities Regulatory Commission (中國證券監督管理委員會)                                                                                                                                                                                 |
| “CXMT”                   | CXMT Corporation (長鑫科技集團股份有限公司)                                                                                                                                                                                                      |
| “DDR”                    | double data rate, a type of computer memory technology that allows for faster data transfer speeds by transferring data on both the rising and falling edges of the clock cycle                                                      |
| “Director(s)”            | the director(s) of the Company                                                                                                                                                                                                       |
| “DRAM”                   | dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information                 |
| “edge AI”                | a technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices |
| “edge computing”         | a distributed computing model that brings computation and data storage closer to the sources of data which are the edge devices such as IoT sensors, smartphones, industrial machines and other local computing devices              |
| “Equity Incentive Plans” | a collective term for the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2021 Restricted Share Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan            |



## DEFINITIONS

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Flash”                                        | a type of non-volatile semiconductor memory chip, which retains stored information even when powered off, featuring the ability to be repeatedly read, erased and written, and is considered a major category of memory products                                                                                                                                                                                                          |
| “Gb”                                           | gigabit, a unit of digital information equal to one billion bits                                                                                                                                                                                                                                                                                                                                                                          |
| “Group,” “we,” “our” or “us”                   | the Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                          |
| “H Share(s)”                                   | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and subscribed and traded in HK\$                                                                                                                                                                                                                                                    |
| “Hong Kong” or “HK”                            | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                                                                                                                    |
| “Hong Kong dollars” or “HK\$”                  | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                                                                                                                |
| “Hong Kong Stock Exchange” or “Stock Exchange” | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                                                                                   |
| “IDM”                                          | integrated device manufacturer(s)                                                                                                                                                                                                                                                                                                                                                                                                         |
| “integrated circuit” or “IC”                   | integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions |
| “IoT”                                          | a network of interconnected devices that communicate and exchange data with each other over the internet                                                                                                                                                                                                                                                                                                                                  |
| “Kb”                                           | kilobit, a unit of digital information equal to one thousand bits                                                                                                                                                                                                                                                                                                                                                                         |



## DEFINITIONS

|                                              |                                                                                                                                                                                                                                    |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Listing Date of H Shares”                   | the date of listing of the Company’s H Shares on the Main Board of the Stock Exchange, being January 13, 2026                                                                                                                      |
| “Listing Rules” or “Hong Kong Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time                                                                         |
| “LPDDR”                                      | low power double data rate, a type of synchronous dynamic random-access memory that consumes less power than other random access memory designs                                                                                    |
| “Mb”                                         | megabit, a unit of digital information equal to approximately one million bits                                                                                                                                                     |
| “MCU”                                        | micro control unit(s), a small, self-contained computer on a single chip, designed to manage specific tasks within an embedded system                                                                                              |
| “memory chip”                                | an electronic component that stores data or instructions in computers and other digital devices                                                                                                                                    |
| “NAND Flash”                                 | a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage                                                                                                          |
| “Nomination Committee”                       | the nomination committee of the Board                                                                                                                                                                                              |
| “NOR Flash”                                  | a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage and code storage                                                                                         |
| “OSAT”                                       | outsourced semiconductor assembly and test, critical stages of the production process of semiconductor products outsourced to third-party service providers to handle the assembly, packaging and testing of semiconductor devices |
| “PC”                                         | personal computer(s)                                                                                                                                                                                                               |
| “Remuneration and Appraisal Committee”       | the remuneration and appraisal committee of the Board                                                                                                                                                                              |

|                     |                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Reporting Period”  | the six months ended June 30, 2026                                                                                                                                                                                                                                                                                                                                                                            |
| “RISC-V”            | an open standard instruction set architecture based on established reduced instruction set computer (RISC) principles                                                                                                                                                                                                                                                                                         |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                                                                                                                                                                      |
| “sensor chip”       | a small, integrated device that is designed to detect and measure specific physical or chemical properties in its environment and convert them into electrical signals                                                                                                                                                                                                                                        |
| “SFO”               | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                                                                                                                                                                                                                                                                 |
| “Share(s)”          | ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares                                                                                                                                                                                                                                                                                         |
| “Shareholder(s)”    | holder(s) of the Share(s)                                                                                                                                                                                                                                                                                                                                                                                     |
| “Silead”            | Silead Inc. (上海思立微電子科技有限公司), a limited liability company established in the PRC on January 27, 2011 and a wholly-owned subsidiary of the Company                                                                                                                                                                                                                                                              |
| “SLC”               | single-level cell, a type of Flash memory that stores one bit of data per cell, offering higher durability and faster performance compared to multi-level cell (MLC), which stores two bits per cell, triple-level cell (TLC), which stores three bits per cell, and quad-level cell, which stores four bits per cell, all of which provide higher storage density at the cost of reduced speed and endurance |



## DEFINITIONS

|                                                  |                                                                                                                                                                                                                                                              |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “SPI NOR Flash”                                  | a type of non-volatile memory that combines the fast read speeds and reliable performance of NOR Flash with the efficient SPI for data communication, offering a compact, cost-effective, and high-performance solution for embedded systems and IoT devices |
| “Stony Creek Chuangzhi Fund”                     | Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥))                                                                                                                                     |
| “Strategy and Sustainable Development Committee” | the strategy and sustainable development committee of the Board                                                                                                                                                                                              |
| “subsidiary(ies)”                                | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                     |
| “substantial shareholder(s)”                     | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                     |
| “treasury shares”                                | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                     |
| “United States” or “U.S.”                        | the United States of America, its territories and possessions, any State of the United States, and the District of Columbia                                                                                                                                  |
| “XySemi” or “Suzhou XySemi”                      | Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公 司), a limited liability company established in the PRC on February 27, 2009 and a non-wholly-owned subsidiary of the Company                                                                      |
| “%”                                              | percent                                                                                                                                                                                                                                                      |