

Nexchip 晶合集成

NEXCHIP SEMICONDUCTOR CORPORATION 合肥晶合集成电路股份有限公司

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

Stock Code : 2249

2026

INTERIM REPORT



Important Notice

I. The Board of Directors, the Directors and senior management of the Company guarantee that the contents of the interim report are true, accurate and complete and do not contain any false records, misleading statements or material omission, and jointly and severally assume legal responsibility as to the contents herein.

II. Notice of material risks

The Company has set forth in detail in this report the various risks that it may encounter in the course of its operations. Investors are advised to refer to “Section III – Management Discussion and Analysis” – “IV. Risk Factors” in this report, and are advised to pay attention to the investment risks.

III. All the Directors of the Company attended the Board meeting.

IV. This interim report has not been audited.

V. TSAI Kuo-Chih, the person-in-charge of the Company, ZHU Caiwei, the person-in-charge of accounting affairs, and WANG Xingya, the person-in-charge of the accounting department (head of the accounting department) hereby declare their guarantees for the authenticity, accuracy and completeness of the financial Information in the interim report.

VI. Proposals for profits distribution or conversion of common reserve funds to share capital during the reporting period resolved by the Board of Directors

No

VII. Whether there are important matters such as special arrangements for corporate governance

No

VIII. Risk statement with respect to forward-looking statements

The forward-looking statements such as future plans and development strategies of the Company contained in this report do not constitute actual commitments made by the Company to investors. Investors are advised to pay attention to the investment risks.

IX. Is there any non-operational fund appropriated by Controlling Shareholders and other related parties

No

Important Notice

X. Is there any violation of stipulated decision-making procedures with respect to the provision of external guarantee by the Company

No

XI. Are there more than half of the Directors who cannot guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company

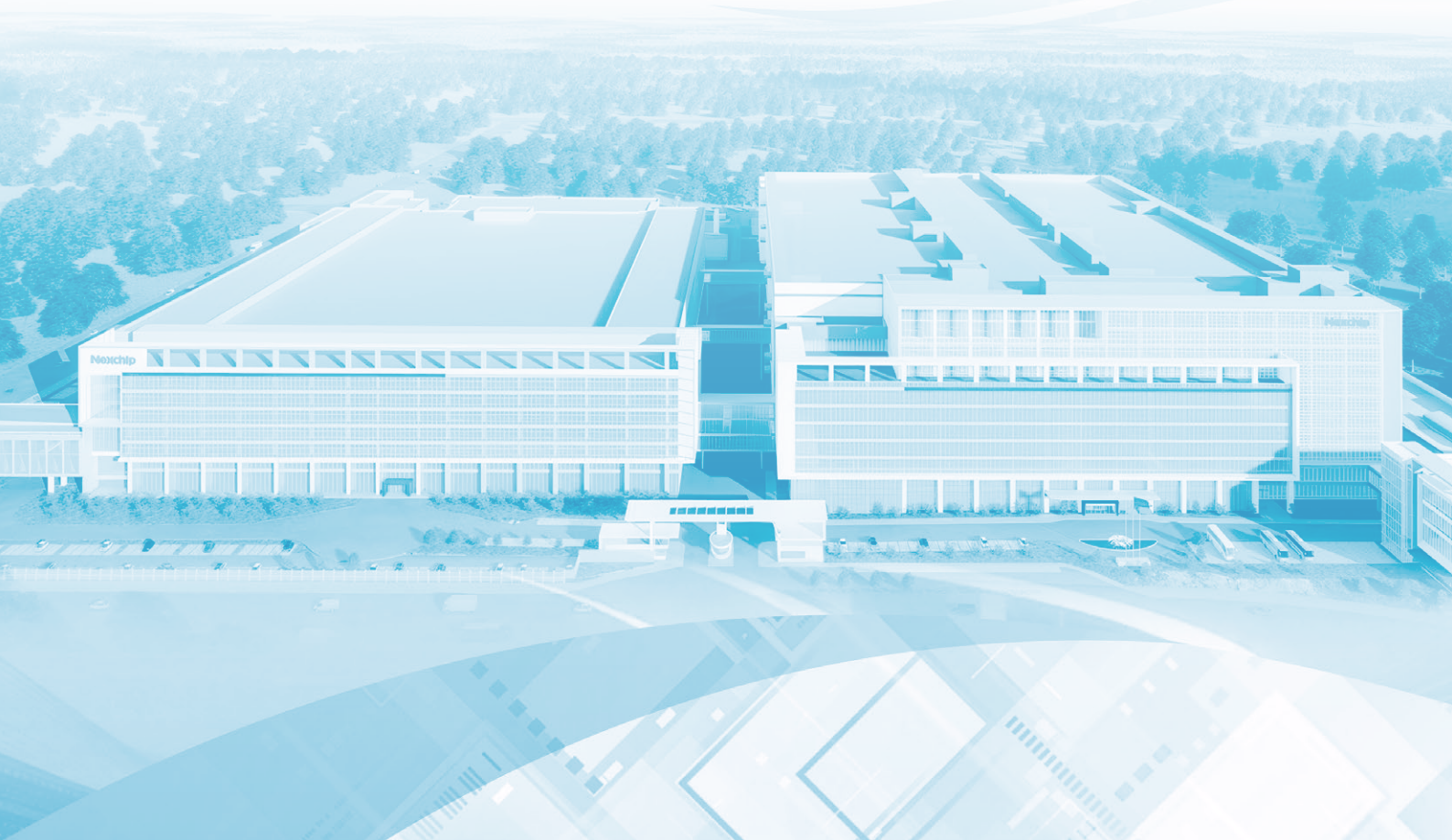
No

XII. Others

No

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Section I Definitions

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

DEFINITIONS OF COMMON TERMS

Nexchip, the Company	Nexchip Semiconductor Corporation
Group, our Group, we or us	Nexchip Semiconductor Corporation and its subsidiaries
Hefei Construction Investment, Controlling Shareholder	Hefei Construction Investment Holding (Group) Co., Ltd., the Controlling Shareholder of the Company
Hefei Xinping	Hefei Xinping Industrial Investment Fund (Limited Partnership)
PIHC	Powerchip Investment Holding Corporation
Huaqin Technology	Huaqin Technology Co., Ltd.
Hefei Qinhe	Hefei Qinhe Electronic Technology Co., Ltd.
Hefei Jingduan	Hefei Jingduan Enterprise Management Partnership (Limited Partnership)
Hefei Jingsui	Hefei Jingsui Enterprise Management Partnership (Limited Partnership)
Hefei Jingjiong	Hefei Jingjiong Enterprise Management Partnership (Limited Partnership)
Hefei Jingka	Hefei Jingka Enterprise Management Partnership (Limited Partnership)
Hefei Jingjue	Hefei Jingjue Enterprise Management Partnership (Limited Partnership)
Hefei Jingshao	Hefei Jingshao Enterprise Management Partnership (Limited Partnership)
Hefei Jingrou	Hefei Jingrou Enterprise Management Partnership (Limited Partnership)
Hefei Jingken	Hefei Jingken Enterprise Management Partnership (Limited Partnership)
Hefei Jingben	Hefei Jingben Enterprise Management Partnership (Limited Partnership)
Hefei Jingluo	Hefei Jingluo Enterprise Management Partnership (Limited Partnership)
Hefei Jingliao	Hefei Jingliao Enterprise Management Partnership (Limited Partnership)
Hefei Jingque	Hefei Jingque Enterprise Management Partnership (Limited Partnership)
Hefei Jingtie	Hefei Jingtie Enterprise Management Partnership (Limited Partnership)

Section I Definitions

Hefei Jingtuo	Hefei Jingtuo Enterprise Management Partnership (Limited Partnership)
Hefei Jingxiong	Hefei Jingxiong Enterprise Management Partnership (Limited Partnership)
Smartsens	Smartsens Technology (Shanghai) Co.,Ltd.
NEW VISION	Shanghai New Vision Microelectronics Co.,Ltd.
BEST	Beijing E-Town Semiconductor Technology Co., Ltd.
Xi'an ESWIN	Xi'an ESWIN Material Technology Co., Ltd.
Genori Technology	Chongqing Genori Technology Co., Ltd.
Chery Automobile	Chery Automobile Co., Ltd.
SG MICRO	SG Micro Corp
CFMEE	Circuit Fabology Microelectronics Equipment Co., Ltd.
Nexchip Japan	Nexchip Japan Corporation
Nexchip Semiconductor Hong Kong	Nexchip Semiconductor Hong Kong Corporation Limited
Xinjing Semiconductor	Hefei Xinjing Semiconductor Co., Ltd.
Wanxin Semiconductor	Hefei Wanxin Semiconductor Co., Ltd.
Jingyi Semiconductor	Hefei Jingyi Semiconductor Co., Ltd.
Jinghuijuxin	Hefei Jinghuijuxin Investment Fund Partnership Enterprise (Limited Partnership)
Jinghui Chuangxin	Lu'an Jinghui Chuangxin Equity Investment Fund Partnership Enterprise (Limited Partnership)

Section I Definitions

Hefei Jingwei	Hefei Jingwei Technology Co., Ltd.
Hefei Ruiyu	Hefei Ruiyu Technology Co., Ltd.
Hong Kong Stock Exchange, Stock Exchange	The Stock Exchange of Hong Kong Limited
A Share(s)	listed domestic share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the STAR Market of the Shanghai Stock Exchange and subscribed for and traded in RMB
H Share(s)	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the Main Board of the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
reporting period, this period, this reporting period	from January 1, 2026 to June 30, 2026
end of the reporting period	June 30, 2026
same period of last year	from January 1, 2025 to June 30, 2025
end of last year	December 31, 2025
yuan, thousand yuan, million yuan, one hundred million yuan	RMB1, RMB1,000, RMB1,000,000, RMB100 million
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	Part 2 of Appendix C1 to the Hong Kong Listing Rules
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Hong Kong Listing Rules
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
A Share Prospectus	A Share Prospectus for the Initial Public Offering and Listing of Shares of Nexchip Semiconductor Corporation on the Science and Technology Innovation Board
H Share Prospectus	the prospectus in connection with the Global Offering of H Shares published by the Company on June 30, 2026
Shareholders' meeting	the Shareholders' meeting of Nexchip Semiconductor Corporation
Board or Board of Directors	the board of directors of Nexchip Semiconductor Corporation
wafer	the substrate on which semiconductor chips are fabricated. It is named wafer because it is made of circular crystalline material. Wafers are classified by diameter, mainly including 4-inch, 5-inch, 6-inch, 8-inch, 12-inch and other specifications

Section I Definitions

DDIC	display driver integrated circuit
CIS	CMOS image sensor
PMIC	power management integrated circuits
MCU	microcontroller unit
MOSFET	metal-oxide-semiconductor field-effect transistor, a type of field-effect transistor that can be widely used in both analog and digital circuits
Logic	Logic IC
E-tag	electronic tag
LCD	liquid crystal display
OLED	organic light-emitting diode
CMOS	complementary metal-oxide-semiconductor transistor
BCD	a monolithic IC manufacturing process that combines bipolar, CMOS and DMOS
SRAM	static random-access memory
SoC	System on Chip
FPGA	field programmable gate array
CPU	central processing unit
Global Offering of H Shares	The Hong Kong Public Offering and International Offering (as defined in the H Share Prospectus)
Listing Date	July 10, 2026, the date on which H Shares of our Company are listed on the Main Board of the Stock Exchange
Latest Practicable Date	August 25, 2026, being the latest practicable date for the purpose of ascertaining certain information in this interim report prior to its publication
process	the technological process in the fabrication of integrated circuit, which is represented by the minimum transistor linewidth. The smaller the dimension, the more advanced the process, which means either more chips per wafer, or smaller chips for the same transistor count
nm	nanometer, a unit of length, 1nm is equal to 10 to the power of -9 meters
Restricted Share Incentive Schemes	the two restricted share incentive schemes of the Company approved by the Shareholders on August 31, 2023 and May 28, 2025, respectively

Section II Company Profile and Principal Financial Indicators

I. COMPANY PROFILE

Chinese name of the Company	合肥晶合集成电路股份有限公司
Chinese abbreviation of the Company	晶合集成
English name of the Company	Nexchip Semiconductor Corporation
English abbreviation of the Company	Nexchip
Legal representative of the Company	TSAI Kuo-Chih
Company's registered address	No. 88 Xifeihe Road, Hefei Comprehensive Bonded Zone, Xinzhan District, Hefei City, Anhui Province
Historical changes of the Company's registered address	Nil
Company's office address	No. 88 Xifeihe Road, Hefei Comprehensive Bonded Zone, Xinzhan District, Hefei City, Anhui Province
Postal code of the Company's office address	230012
Company's website	https://www.nexchip.com.cn/
Email address	stock@nexchip.com.cn
Query index of changes during the reporting period	Nil

II. CONTACT PERSON AND CONTACT INFORMATION

	Secretary to the Board (domestic representative for information disclosure)	Representative of securities affairs
Name	ZHU Caiwei	CAO Zongye
Contact address	No. 88 Xifeihe Road, Hefei Comprehensive Bonded Zone, Xinzhan District, Hefei City, Anhui Province	No. 88 Xifeihe Road, Hefei Comprehensive Bonded Zone, Xinzhan District, Hefei City, Anhui Province
Tel.	+86-0551-62637000, ext. 612688	+86-0551-62637000, ext. 612688
Email address	stock@nexchip.com.cn	stock@nexchip.com.cn

III. INFORMATION DISCLOSURE AND CHANGES IN RESERVE ADDRESS

Newspapers specified by the Company for information disclosure	Shanghai Securities News, Securities Times, Securities Daily and Economic Information Daily
Websites to publish the interim report	www.sse.com.cn and www.hkexnews.hk
Reserve address of the Company's interim report	Securities Affairs Department of the Company
Query index of changes during the reporting period	Nil

Section II Company Profile and Principal Financial Indicators

IV. PROFILE OF THE COMPANY'S STOCKS/DEPOSITARY RECEIPTS

(I) Profile of the Company's Stocks

Type of shares	Profile of the Company's stocks			
	Stock Exchange and boards of listed shares	Stock short name	Stock Code	Stock short name before change
Renminbi ordinary shares (A Shares)	SSE STAR Market	Nexchip	688249	N/A
Overseas listed foreign shares (H Shares)	Main Board of the Hong Kong Stock Exchange	Nexchip	2249	N/A

(II) Profile of the Company's Depositary Receipts

Nil

V. OTHER RELEVANT INFORMATION

Board

Executive Directors

Mr. TSAI Kuo-Chih (*Chairperson*)
Mr. ZHU Caiwei

Non-executive Directors

Mr. LU Qinhang
Ms. CHEN Xiaobei
Mr. GUO Zhaozhi
Mr. QIU Wensheng

Independent non-executive Directors

Prof. AN Guangshi
Prof. LIN Zhiting
Mr. CHEN Ting

Strategy and ESG Committee

Mr. TSAI Kuo-Chih (*Chairman*)
Mr. ZHU Caiwei
Mr. QIU Wensheng

Audit Committee

Prof. AN Guangshi (*Chairman*)
Mr. GUO Zhaozhi
Mr. CHEN Ting

Nomination Committee

Prof. LIN Zhiting (*Chairman*)
Ms. CHEN Xiaobei
Prof. AN Guangshi

Section II Company Profile and Principal Financial Indicators

Remuneration and Evaluation Committee	Mr. CHEN Ting (<i>Chairman</i>) Mr. LU Qinhang Prof. LIN Zhiting
Joint Company Secretaries	Mr. ZHU Caiwei Ms. YIP Chui Mei
Authorized Representatives	Mr. ZHU Caiwei Ms. YIP Chui Mei
Legal advisor as to Hong Kong, China	Haiwen & Partners LLP Suites 601–602 and 610–616, 6th Floor, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong
PRC Legal Advisor	King & Wood Mallesons (Shanghai Branch) 17th Floor, Tower 1, International Commerce Center, No. 999, Huaihai Middle Road, Shanghai
Compliance Advisor	Somerley Capital Limited 20/F China Building, 29 Queen's Road Central, Central, Hong Kong
A-share Custodian Institution	Shanghai Branch of the China Securities Depository and Clearing Corporation Limited No. 188, Yanggao South Road, Pudong New Area, Shanghai, the PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Section II Company Profile and Principal Financial Indicators

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP

Unit: RMB'000

	For the reporting period (Unaudited)	For the same period of last year (Unaudited)	Increase or decrease ratio over the same period of last year
Revenue and profit			
Revenue	5,765,812	5,129,794	12.40%
Profit before income tax	235,601	232,047	1.53%
Profit for the period	221,521	232,000	-4.52%
Profit for the period attributable to owners of the Company	245,373	332,129	-26.12%
Net cash flows generated from operating activities	2,797,992	1,705,036	64.10%
Basic earnings per share for profit attributable to owners of the Company (RMB/share)	0.13	0.17	-23.53%
Diluted earnings per share for profit attributable to owners of the Company (RMB/share)	0.13	0.17	-23.53%
	At the end of the reporting period (Unaudited)	At the end of last year	Increase or decrease ratio over the end of last year
Assets and liabilities			
Non-current assets	48,632,033	45,753,244	6.29%
Current assets	10,150,570	7,544,725	34.54%
Current liabilities	5,116,479	5,261,431	-2.75%
Net current assets	5,034,091	2,283,294	120.47%
Total assets less current liabilities	53,666,124	48,036,538	11.72%
Non-current liabilities	22,539,833	19,948,849	12.99%
Net assets	31,126,291	28,087,689	10.82%
Equity attributable to owners of the Company	23,289,781	21,768,532	6.99%
Non-controlling interests	7,836,510	6,319,157	24.01%
Gearing ratio (%)	47.05	47.30	Decreased by 0.25 percentage points

VII. DIFFERENCES IN NET PROFIT AND NET ASSETS AS DISCLOSED IN FINANCIAL REPORTS UNDER IFRS AND PRC GAAP

Nil

Section III Management Discussion and Analysis

I. STATUS STATEMENT OF THE INDUSTRY WHERE THE COMPANY OPERATES AND THE PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Industrial Situation

1. Development stage, basic characteristics and main entry barriers of the industry

The Company is primarily engaged in 12-inch wafer foundry business. According to the Industrial Classification for National Economic Activities (《國民經濟行業分類》) (GB/T4754-2017), the industry where the Company operates is Computer, Telecommunications and Other Electronic Equipment Manufacturing (C39). According to the Classification of Strategic Emerging Industries (2018) (《戰略性新興產業分類(2018)》) of the National Bureau of Statistics (Order No. 23 of the National Bureau of Statistics), the industry where the Company operates is “Novel Electronic Components and Equipment Manufacturing” (classification code: 1.2.1) and “IC Manufacturing” (classification code: 1.2.4) in the classification of strategic emerging industries.

The IC industry chain is highly specialized with clear division of work, which features a vertical pattern. The upstream includes IC materials and IC equipment; the midstream includes IC production, and the IC production process also presents a vertical pattern in the division of work, which can be specifically divided into IC design, IC manufacturing, IC packaging and testing; the downstream includes various terminal applications.

The Company operates in the IC wafer foundry industry, which is specialized in wafer fabrication and provides wafer foundry services for IC design companies. The wafer foundry industry is a technology-intensive, capital-intensive, and talent-intensive industry. The fabrication process of its chips is highly complex, and requires a wide variety of raw materials and equipment with a long fabrication cycle. It not only requires the support of the global industrial chain, but also relies on profound professional knowledge reserve, engineering talent support, and continuous technological innovation and process accumulation. Therefore, this industry has high entry barriers.

Driven by downstream market demand, the global wafer foundry market has seen a strong growth momentum in recent years, with the industrial scale continuing to expand. In terms of competitive landscape, TSMC and other enterprises occupy a leading position in the field of advanced processes. Although domestic enterprises are striving to catch up, there is still a gap with international giant enterprises in the aspects of core technologies and advanced processes. Against the background of in-depth adjustment of the global supply chain layout and increasing geopolitical uncertainty, domestic enterprises have continuously adjusted their market strategies, made increasing investment in research and development, deepened their development in characteristic processes and their presences in specific market segments, strengthened industrial chain collaboration and accelerated domestic substitution to build differentiated competitiveness with the scale advantage of mature processes.

2. Analysis of the Company's position in the industry where it operates and the changes therein

Nexchip is a leading 12-inch wafer foundry with leading process manufacturing capability and production capacity advantages. According to the revenue ranking of the participants in global wafer foundry industry for the first quarter of 2026 published by TrendForce, Nexchip ranked eighth in the world and third among Chinese Mainland enterprises.

Section III Management Discussion and Analysis

3. Present development and future development trends of new technologies, new industries, new forms of business and new models during the reporting period

(1) *New opportunities in the stable development of the DDIC*

DDIC is an important control component of display panel, which is widely used in consumer electronics, automotive electronics and other fields. With the continuous expansion of application scenarios, emerging fields are becoming the main growth force of the industry. On one hand, the penetration rate of OLED in smart phones continues to increase, driving the continuous growth of the demand for high-end DDIC. On the other hand, the popularization of smart cars has promoted the rapid development of in-vehicle displays, and automotive-grade DDIC has become a new growth point in the industry. Meanwhile, the implementation of new technologies such as ultra-high definition and Mini/Micro LED continues to promote the upgrade of the demand for DDIC. As Chinese Mainland gradually becomes the global manufacturing center of display panels, local industries have accelerated the domestic substitution. In the field of LCD display drivers, local manufacturers are catching up and their market share continues to increase. In the field of AMOLED DDIC with higher technical barriers, Korean enterprises still occupy a leading technological advantage, and local manufacturers are still in the stage of tackling difficulties and penetrating. The expansion of demand for DDIC and the acceleration of domestic substitution process have directly driven the order growth of domestic wafer foundries. Relying on the advantages in mature processes of 28nm-150nm, local wafer foundries have become the core beneficiary in the domestic substitution supply chain.

The Company has the DDIC foundry capability of 150nm to 40nm mainstream technology nodes, realized the mass production of 40nm high-voltage OLED DDIC, and continued to upgrade its technology platform. During the reporting period, 28nm OLED and 110nm high pixel density high-end silicon-based OLED DDIC were in the product verification stage.

(2) *CIS market scale continues to expand and localization process continues to accelerate*

CIS is the core component of camera, which is a semiconductor device that converts optical images into digital signals, and is widely used in fields including consumer electronics, security monitoring and intelligent vehicle. In recent years, benefiting from the continuous popularization of smart phone multi-camera solutions, the upgrade and iteration of security equipment toward high-definition, intelligent and dark light imaging, and the significant increase in the number of in-vehicle vision sensors driven by the implementation of intelligent driving, the global CIS market scale continued to expand. At present, although overseas giants such as Sony still dominate the high-end market layout, Chinese Mainland enterprises, with the support of national policies, are accelerating their catch-up and consolidating their segmentation advantages through technological breakthroughs and product iteration, and gradually increasing the scale proportion of China's CIS market in the global market. The improvement of the overall localization rate of CIS industry is inseparable from the deepening of local industrial chain collaboration. Domestic CIS manufacturers are mainly Fabless. By establishing in-depth cooperation with local wafer foundries, they have obtained stable production capacity support, which simultaneously drives the rapid growth of China's CIS foundry production capacity.

The CIS product processes of the Company cover 90nm-55nm, and are widely used in scenarios such as main camera, auxiliary camera and front camera of smart phones, security surveillance cameras and in-vehicle cameras. During the reporting period, the Company's image sensor process platform of 55nm high-efficiency and high-dynamic range imaging technology has completed its development, and the 90nm high-end near-infrared photosensitive image sensor has started its small-batch production.

Section III Management Discussion and Analysis

(3) Demand growth of PMIC driven by downstream application development

PMIC is a chip that realizes the transformation, distribution, detection and other power management functions of electric energy in electronic equipment system. It is the power supply center and link of electronic products and equipment, and an indispensable key device in electronic products. It is widely used in major fields such as consumer electronics, automotive electronics, industrial control and communication. In recent years, with the continuous expansion of downstream application scenarios into AI servers, artificial intelligence, low-altitude economy, smart homes, etc., the PMIC industry has embraced new development opportunities. In the field of high-performance computing power chips, AI servers have placed higher requirements for power density and conversion efficiency, which continued to promote the expansion of the global DrMOS (Driver MOSFET) market. At present, overseas mainstream DrMOS manufacturers give priority to ensuring the supply for overseas major customers, resulting in a significant supply shortage of DrMOS in the domestic market. This opens an opportunity window for domestic substitution for local PMIC manufacturers, and upstream foundries also benefit profoundly.

In the first half of 2026, PMIC accounted for 12.82% of revenue, representing an increase of 0.75 percentage points as compared with 12.07% for the same period of last year. PMIC has become the third largest product pillar of the Company. At present, the Company has carried out research and development of AI server-related PMIC and its products were under continuous verification.

(4) Huge potential for improvement in the localization of Logic IC

Logic IC refers to an IC that contains logical relationship and achieves the functions of computation and logic judgment based on binary system. Its functions cover arithmetic logic computation, timing control, data storage and transmission, interface protocol processing, error check, etc. It is widely used in computers, communication equipment, consumer electronics, artificial intelligence, autonomous driving and industrial control systems with huge market demand. With the explosive development of AI, the demand for Dynamic Random Access Memory (DRAM), which is widely used in various electronic devices and systems, is rising rapidly. However, as the evolution of DRAM planar architecture approaches its limit, the method of increasing capacity of unit DRAM through miniaturization of process is gradually losing its feasibility. In order to make efficient use of the limited area of the unit chip, the CBA (CMOS Bonded Array) technology, which puts the peripheral circuits controlling logic and others under or between the memory arrays, becomes the key to optimize the performance of DRAM system, and brings new opportunities for semiconductor manufacturing. While Logic IC with advanced process is still dominated by international giants, Logic IC with mature process still dominates non-high performance scenarios with large scale and steady growth. With the increasing demand for localization in the supply chain, the collaboration between Logic IC design enterprises and local wafer foundries continues to deepen, and local wafer foundries rapidly expand their production capacity scale by leveraging their advantages in mature processes.

The Company has achieved mass production of 150nm, 110nm and 55nm Logic IC, and has also carried out in-depth cooperation with strategic customers. At present, the 28nm Logic IC process platform has been introduced to customer's sample tape-out verification, and the 22nm Logic IC process is under development.

Section III Management Discussion and Analysis

(5) New impetus brought by the growth of automotive semiconductor market

With the steady increase in the penetration rate of automotive intelligence, the demand for in-vehicle electronics has exploded, which simultaneously drives the market demands for in-vehicle DDIC, CIS, PMIC, MCU and specific Logic IC. The increasing number of new vehicle cockpit screens has driven the rising demand for automotive-grade DDIC. The configuration of camera used in the assisted driving solution has been greatly expanded, boosting the number of in-vehicle image sensors. New energy vehicles are equipped with various in-vehicle electronic control modules, which increases the application scale of PMIC. In order to support multi-screen interaction, the number of micro-control units per vehicle has increased rapidly, and the in-vehicle signal transmission and interface accessories have also driven the steady growth of specific Logic IC. With the continuous advancement of the electrification and intelligent transformation of domestic automobiles, coupled with the acceleration of domestic chips substitution, the foundry demand for automotive-grade chips has seen a sudden surge, and domestic wafer foundries have benefited from the advantages of mature process capacity.

The Company proactively meets the demand of the automobile industry chain and expands into the automotive chip market. In terms of the manufacturing capacity development of automotive chip, the Company has obtained the certification of quality management system of international automotive industry, and passed the automotive-grade verification of multiple process platforms. During the reporting period, the Company achieved batch production of a number of automotive products.

(II) Principal Business and Products

The Company is mainly engaged in 12-inch wafer foundry business, and is committed to the research and development and application of advanced processes in the industry, providing customers with wafer foundry services with different process platforms and multiple process nodes.

In terms of wafer foundry process nodes, the Company has achieved the mass production of process platforms ranging from 150nm to 40nm, the 28nm Logic IC process platform has been introduced to customer's sample tape-out verification, and the 22nm Logic IC process is under development. In terms of process platform application, the Company currently has the technical capability of wafer foundry for process platforms such as DDIC, CIS, PMIC, Logic and MCU. The Company's products are mainly used in fields including consumer electronics, automotive electronics, industrial control, artificial intelligence, Internet of Things and memory.

(III) Major Business Models

1. Research & Development ("R&D") model

The Company has established an R&D management system, which sets out the defined responsibilities and authorities of each department throughout the R&D process, as well as the relevant workflows to ensure that the R&D process aligns with the Company's strategic direction and maximizes operational efficiency. The Company's R&D process includes the following aspects: market research, strategy formulation, feasibility assessment, project review, project approval, technological development, tape-out, process verification, and project closure.

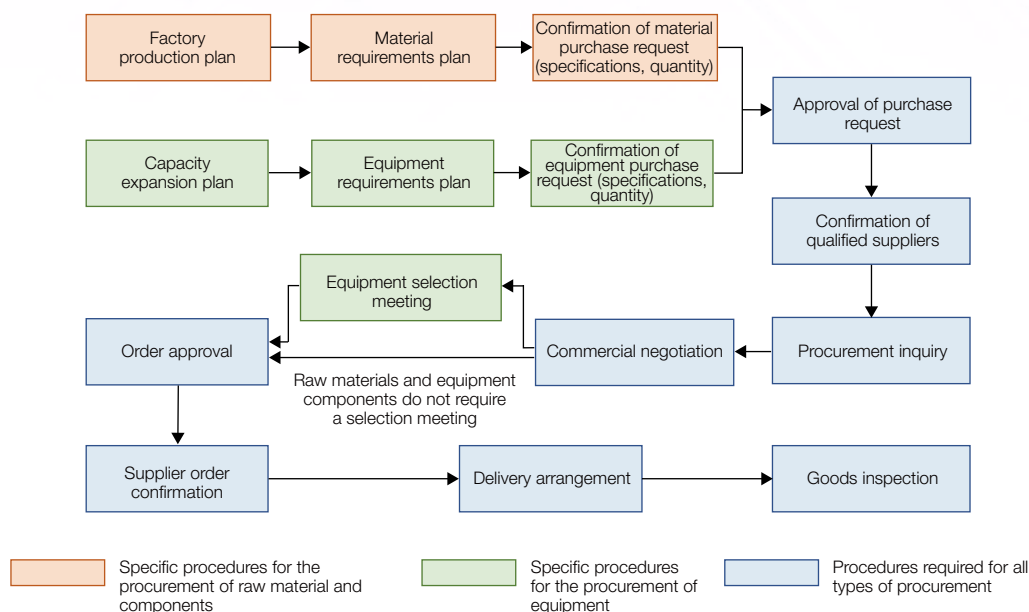
To guarantee R&D efficiency and cost control, the Company has also established a rigorous R&D schedule management plan which covers all aspects of early-stage product market information collection, strategic direction discussions, feasibility assessments, project reviews, and R&D.

Section III Management Discussion and Analysis

2. Procurement model

The Company's suppliers primarily consist of raw material suppliers and equipment suppliers. The Company typically adopts a direct procurement model. However, if a terminal supplier operates through a distributor model, the Company may also procure from them via distributors.

To strengthen cost control, ensure the quality of wafer fabrication services, and improve production efficiency and inventory turnover, the Company has established a rigorous procurement process, as detailed below:



The Company has established a sound supplier certification and onboarding mechanism, as well as a rigorous supplier performance evaluation system, to ensure the quality stability and supply continuity of raw materials, equipment components, and equipment. Suppliers can only become qualified suppliers of the Company after passing the evaluations including qualification evaluation, procurement benefit evaluation and on-site assessments. The Company primarily sources from suppliers on its list of qualified suppliers. To effectively manage the qualified suppliers, relevant departments conduct assessments and evaluations of the quality, price, and service of procured products.

Section III Management Discussion and Analysis

3. Production model

Upon receiving a customer's order, the Company first conducts small-scale trial production. Once yield rates and process conditions stabilize, the order enters the risk production phase. After meeting all delivery metrics, the Company signs a formal sales contract with the customer or accepts a bulk order, and then allocates production capacity, formulates production plans, and proceeds with large-batch production in accordance with customer requirements.

4. Sales model

The Company has established a well-organized and comprehensive sales team and maintains a diverse range of marketing channels, expanding its customer base through various marketing approaches. The primary approaches are as follows:

- (1) conducting market analysis to identify potential customers, proactively engaging with them, hosting business negotiations, and recommending technology platforms that meet their needs;
- (2) communicating with upstream and downstream enterprises within the wafer foundry industry and industry associations, to develop potential customers;
- (3) participating in academic exchanges, semiconductor summits, industry exhibitions, technical forums, corporate seminars and other events to enhance corporate image and acquire potential customers;
- (4) utilizing open channels such as the Company's official website and news media to showcase its technology platforms and technological capabilities, encouraging potential customers to proactively contact the Company for business cooperation.

Section III Management Discussion and Analysis

The Company adopts a direct sales model and has established a corresponding sales management system to standardize the sales process. The Company's sales process is as follows: customer requirement feasibility assessment, product quotation based on product specifications, customer order receipt, manufacturing, shipping to customer-designated locations, and customer payment.

II. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Operating Results

During the reporting period, the Company proactively advanced its domestic and international market expansion alongside various business developments. With a robust order book, capacity utilization remained at a consistently high level, and revenue grew steadily. Taking into account market dynamics, customer requirements and its own development strategy, the Company continued to expand its production capacity, broaden the scope of its product applications, and develop high-end technology platforms. The corresponding increase in depreciation and amortization, combined with fluctuations in product prices, has led to a short-term decline in gross profit margin.

During the reporting period, we achieved revenue of RMB5,765,812 thousand, representing an increase of 12.40% as compared with RMB5,129,794 thousand for the same period of last year; profit for the period attributable to owners of the Company of RMB245,373 thousand, representing a decrease of 26.12% as compared with RMB332,129 thousand for the same period of last year; net cash flows generated from operating activities of RMB2,797,992 thousand, representing an increase of 64.10% as compared with RMB1,705,036 thousand for the same period of last year. In the first half of 2026, our gross profit margin was 21.38%.

(II) Business Development

The Company is primarily engaged in 12-inch wafer foundry business and possesses foundry technology capabilities across technology platforms such as DDIC, CIS, PMIC, Logic, and MCU. The Company has achieved mass production on process platforms ranging from 150nm to 40nm; the 28nm Logic IC process platform has been introduced to customer's sample tape-out verification, while the 22nm Logic IC process is under development.

The Company continuously diversifies its product categories and optimizes its product structure to enhance gross profit margins. During the reporting period, we achieved revenue of RMB5,765,812 thousand. By process node, the proportions of revenue from 55nm and below, 90nm, 110nm, and 150nm were 14.29%, 39.38%, 26.72%, and 19.61%, respectively; by product application, the proportions of revenue from DDIC, CIS, PMIC, Logic, and MCU were 53.24%, 25.34%, 12.82%, 4.02%, and 4.25%, respectively, with revenue contributions from CIS and PMIC products continuing to rise.

Section III Management Discussion and Analysis

(III) R&D Progress

During the reporting period, our R&D expenditure amounted to RMB759,497 thousand, representing an increase of 9.31% as compared with RMB694,820 thousand for the same period of last year and accounting for 13.17% of the revenue. As of the end of the reporting period, we had a total of 5,738 employees, of whom 1,938 were R&D personnel, accounting for 33.77% of the total workforce. During the reporting period, we were newly granted 240 invention patents and 37 utility model patents. As of the end of the reporting period, we had been granted a total of 1,648 patents.

During the reporting period, the Company's R&D efforts progressed smoothly and yielded significant achievements, and new products were gradually introduced to the market. For example, the 90nm high-end near-infrared photosensitive image sensors achieved small-batch production.

(IV) Talent Team Building

The Company provides learning resources to employees through internal training, online learning platforms, and external training programs to foster mutual growth between employees and the Company. The Company has also established multi-faceted school-enterprise collaborations with prestigious universities and research institutions, including Peking University, Nanjing University, Zhejiang University, Hefei University of Technology, Anhui University, and Beihang University, to build a comprehensive joint talent development system.

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Analysis of Core Competitiveness

1. Experienced R&D team with industry-leading technical capabilities

The core members of the Company's R&D team consist of domestic and international industry veterans who possess extensive R&D experience across various technical fields and have a deep understanding of industry dynamics and future trends. The Company adheres to an approach guided by industry trends and customer needs, actively exploring new business sectors and promptly iterating products to meet the demands of end customers. Through years of sustained R&D investment, the Company has accumulated substantial technical reserves and extensive R&D experience. As of the end of the reporting period, we had obtained a total of 1,648 patents, including 1,294 invention patents and 354 utility model patents. During the reporting period, our R&D expenditure amounted to RMB759,497 thousand, representing an increase of 9.31% as compared with RMB694,820 thousand for the same period of last year. As of the end of the reporting period, we had a total of 5,738 employees, of whom 1,938 were R&D personnel, accounting for 33.77% of the total workforce, and approximately 67.29% of the R&D personnel held master's degrees or higher.

2. Continuously expanding product portfolio and diversified process platform development

The Company has achieved mass production across technology platforms encompassing DDIC, CIS, PMIC, Logic, and MCU. Its product portfolio is becoming increasingly diversified, with applications spanning consumer electronics, automotive electronics, industrial control, AI, the IoT, and memory. During the reporting period, the Company continued to launch new, market-competitive products and further optimized its product portfolio; the revenue contribution from DDIC gradually decreased, while that of CIS and PMIC steadily increased.

3. Strategically positioning at Hefei's industrial core with strong supply chain synergies

The Company is located in Hefei, a national-level pilot city for science and technology innovation. Leveraging the industrial strategy of "Chip-Display-Electric Vehicle ("EV")-AI Integration" ("芯屏汽合"), Hefei has formed emerging industrial clusters of new display technologies, IC, new energy vehicles, and AI, and attracted numerous key enterprises across the upstream and downstream segments of the IC industry chain, establishing a comprehensive ecosystem that encompasses design, manufacturing, packaging and testing, equipment and materials, as well as public service platforms. As a core aspect of the IC industry chain, the Company has fully capitalized on the advantages of the local end market, namely its proximity and large scale. Thanks to its mature process manufacturing experience, it was deeply integrated into Hefei's industrial chain layout, providing critical chip supplies, effectively promoting synergy and collaboration within the industry chain, and jointly building a stable and mutually beneficial industrial ecosystem.

Section III Management Discussion and Analysis

4. Stable and flexible capacity supply for close and solid customer relationships

As a leading foundry, the Company provides customers with stable and flexible capacity planning, comprehensive technical support, and reliable product delivery. The Company places great emphasis on the customized needs of key customers. Through joint development and process validation, it meets their specific application requirements, ensuring operational certainty and flexibility for customers amid rapidly evolving end markets, thereby enhancing customer stickiness. This deep collaboration not only helps the Company gain precise insights into market and technology trends, shorten time-to-market, and enhance overall product performance, but also builds a long-term, stable customer network, laying a solid foundation for sustainable growth and earning widespread recognition from numerous well-known domestic and international chip design and end-product companies.

5. Comprehensive system certifications with stable and reliable quality

The Company has established a comprehensive quality management system and leveraged its integrated capabilities in product R&D and process technology to ensure and enhance product quality. To date, the Company has obtained numerous certifications, including ISO9001 quality management system certification, ISO14001 environmental management system certification, ISO45001 occupational health and safety management system certification, QC080000 hazardous substance process management system certification, ISO14064 greenhouse gas emissions inventory certification, and ISO50001:2018 energy management system certification. In addition, in the automotive chip sector, the Company has obtained IATF16949 certification for automotive quality management system.

6. Intelligent factory operations and locally centralized supply chain advantages

The Company has integrated intelligent manufacturing systems and AI-powered manufacturing tools to build an intelligent system covering the entire production process. The smart production lines are equipped with an advanced smart manufacturing operations management system, including a digital production system, an automated unmanned transferring system, a workshop automation control system, an intelligent quality and equipment monitoring system, and an intelligent production dispatching system, significantly improving production efficiency and quality control. Through intelligent manufacturing, the Company provides customers with exceptional fabrication services and stable, reliable product quality. By fully integrating AI technology into core processes such as R&D and operations, the Company has effectively improved management efficiency, reduced operating costs, and achieved AI-driven intelligent manufacturing upgrade and overall optimization.

All of the Company's production capacity is concentrated in a single facility in Hefei, China. By expanding capacity in an orderly and steady manner on this foundation, the Company can effectively reduce redundant construction. An automated wafer transfer system spans the entire facility, which significantly reduces reliance on imported materials and equipment, shortens procurement lead times, and strengthens supply chain stability. The highly integrated production base, intelligent manufacturing, and localized supply chain support enable the Company to achieve higher efficiency, superior quality, and stronger cost competitiveness.

Section III Management Discussion and Analysis

(II) Core Technologies and R&D Progress

1. Core technologies, their advanced nature and changes during the reporting period

During the reporting period, the Company completed the R&D of its 110nm high-voltage power management ICs technology platform, the 150nm power management ICs technology platform, and the power semiconductor technology platform. The core technologies and their advanced nature of the mass-produced wafer fabrication of the Company are as follows:

No.	Product application category	Technology platform	Technical specifications and process features	End-user applications	Technology source	Technological advancement
1	DDIC	40nm OLED display driver platform	Core device voltage: 1.1V Input/output voltage: 8V, with 32V high-voltage available Adopted low-power silicon nitride (Poly SiON) technology	High-end smartphones, wearable devices, and other electronic products	In-house R&D	International mainstream
		55nm OLED display driver ICs technology platform	Core device voltage: 1.2V Input/output voltage: 8V, with 32V high-voltage available Adopted copper-based process technology	High-end smartphones, wearable devices, and other electronic products	In-house R&D	International mainstream
		55nm integrated touch and display driver chip technology platform	Core device voltage: 1.2V Input/output voltage: 6V, with 32V high-voltage available Adopted copper-based process technology	High-end smartphones, wearable devices, and other electronic products	In-house R&D	International mainstream
		90nm display driver platform	Core device voltage: 1.32V Input/output voltage: 6V, with 32V high-voltage available Adopted aluminum-based process technology	High-end smartphones, tablets, watches, and other electronic products	Technology introduced and innovatively upgraded	International mainstream
		110nm display driver ICs platform	Core device voltage: 1.2/1.5V Input/output voltage: 5/6V, with a high-voltage of 32V available Achieved 90% reduction in the size of metal layers, and adopted aluminum-based process technology and low-leakage device technology	Smartphones, laptops, tablets, LED billboards, LED backlights	Technology introduced and innovatively upgraded	International mainstream
		150nm display driver ICs platform	Core device voltage: 1.8V/3.3V Input/output voltage: 13.5V/18V	4K/8K TV displays, computer monitors	Technology introduced and innovatively upgraded	International mainstream

Section III Management Discussion and Analysis

No.	Product application category	Technology platform	Technical specifications and process features	End-user applications	Technology source	Technological advancement
2	CIS	90nm CMOS image sensor platform	Core device voltage: 1.2V/1.32V Input/output voltage: 2.8V/3.3V Equipped with front/back-illuminated technology	Mobile phone camera chips, 3D recognition chips, security surveillance chips, in-vehicle cameras, etc.	In-house R&D	Domestic leading
		55nm CMOS back-illuminated image sensor platform	Core device voltage: 1.2V Input/output voltage: 2.5V Equipped with front/back-illuminated technology	Smartphones, security, UAV, gaming and entertainment, industrial automation, etc.	In-house R&D	Domestic leading
3	PMIC	110nm high-voltage power management ICs technology platform	Core device voltage: 1.5V Input/output voltage: 5V High voltage ranging from 5V to 120V	DC-DC, fast charging, battery management systems (BMS)	In-house R&D	Domestic mainstream
		150nm PMIC mobile phone high-voltage power management ICs technology platform	Core device voltage: 1.8V Input/output voltage: 3.3V/5V	Smartphone power management ICs	In-house R&D	Domestic leading
		150nm power management ICs technology platform	Core device voltage: 1.5V Input/output voltage: 5V High voltage ranging from 5V to 80V	Smartphones, tablets, industrial control, etc.	In-house R&D	Domestic mainstream
4	MCU	Next-generation 110nm enhanced MCU platform	Core device voltage: 1.5V Input/output voltage: 5V Multi-Time Programmable (MTP) capacity: 32kx8 bits Read/write cycles: 10k cycles Embedded flash	Smart home appliance chips, IoT chips	In-house R&D	Domestic mainstream
5	Logic	55nm copper process R&D	Core device voltage: 1.2V/2.5V	Image signal processors, flash memory controllers	In-house R&D	International mainstream
6	E-tag	90nm high-end display driver ICs process platform	Core device voltage: 1.32V Input/output voltage: 6V, with a high-voltage of 40V available	E-tag, e-paper, and other electronic products	In-house R&D	International mainstream
		110nm E-tag driver ICs platform	Core device voltage: 1.5V Input/output voltage: 6V, with a high-voltage of 40V available High-voltage devices are channel-isolated, enabling significant size reduction	E-tag and portable devices	In-house R&D	Domestic leading
7	MOSFET	Power semiconductor technology platform	Voltage rating: 40V to 1200V Trench and isolated-gate processes are available to optimize the voltage rating	Industrial motor control, automotive motors, etc.	In-house R&D	Domestic mainstream

Section III Management Discussion and Analysis

2. R&D results during the reporting period

During the reporting period, the Company continued to make breakthroughs in high-end vehicle-mounted and flagship mobile phone cameras by integrating existing R&D resources, optimizing R&D resources allocation, and focusing on addressing key R&D difficulties, as detailed below:

- (1) the completion of the development of 55nm high-efficiency, high-dynamic range imaging technology image sensor process platform;
- (2) the small-batch trial production of 90nm high-end near-infrared photosensitive image sensors.

List of intellectual property rights acquired during the reporting period

	Newly acquired during the period		Total	
	Applied (Number)	Approved (Number)	Applied (Number)	Approved (Number)
Invention patent	235	240	1,689	1,294
Utility model patent	42	37	487	354
Software copyright	6	3	20	14
Others	8	8	29	21
Total	291	288	2,225	1,683

Section III Management Discussion and Analysis

3. List of R&D expenditure

Unit: RMB'000

	For the reporting period (Unaudited)	For the same period of last year (Unaudited)	Change
R&D expenditure expensed	609,227	694,820	-12.32%
R&D expenditure capitalized	150,270	–	N/A
Total R&D expenditure	759,497	694,820	9.31%
Percentage of total R&D expenditure in revenue (%)	13.17	13.54	Decreased by 0.37 percentage point
Percentage of R&D expenditure capitalized (%)	19.79	–	Increased by 19.79 percentage points

Reasons for substantial changes in the percentage of R&D expenditure capitalized and its justification

The increase of 19.79 percentage points in the percentage of R&D expenditure capitalized for the period as compared with the same period of last year was mainly due to the Group's capitalization of the related R&D expenses when the R&D projects that met the capitalization criteria entered the development stage during the reporting period.

Section III Management Discussion and Analysis

4. Information on projects under research

Unit: RMB'000

No.	Name of project	Estimated total investment size	Investment amount for the period	Cumulative investment amount	Progress or phased results	Intended goals	Level of technology	Specific application prospect
1	22nm process technology R&D project	1,890,011	65,488	95,523	Technical development stage	To complete platform development, including a full range of low-, medium-, and high-voltage devices, provide low-power and high-efficiency device solutions for customer's design, and achieve batch production	International mainstream	Timing control, WiFi, radio frequency, OLED driver, image processing chip
2	28nm high performance Logic IC process platform	1,965,000	106,066	161,601	Technical development stage	To complete platform development, including a full range of low-, medium-, and high-voltage devices, provide low-power and high-efficiency device solutions for customer's design, and achieve batch production	International mainstream	Timing control, WiFi, radio frequency, OLED driver, image processing chip, PIM chip
3	28nm Logic IC and OLED chip process platform	2,903,176	84,479	1,545,349	Product validation stage	To complete platform development, including a full range of low-, medium-, and high-voltage devices, provide high-capacity SRAM and reduce power consumption, and adapt to the needs of various high-end display technologies	International mainstream	Video SoC, image signal processor (ISP), signal transmission and video bridging chips, timing control chips, memory controllers, FPGAs, CPUs, and high-end smartphone OLED screens
4	55nm high-end DDIC technology platform	205,850	41,745	48,866	Risk production stage	To complete platform development, provide SRAM and Resistive Random-Access Memory (RRAM) with high density and great reliability, and adapt to the needs of various high-end display technologies	International mainstream	OLED screens for smartphones, OLED screens for laptops, AR HUDs for automobiles, AR glasses
5	55nm enhanced Logic IC technology platform	45,000	24,673	37,828	Risk production stage	To complete platform development, including a full range of low- and high-voltage devices, provide SRAM with high capacity, import customers, and achieve batch production	Domestic mainstream	Timing control chip, high-speed transmission, decoding, wireless headphones
6	65nm high-speed optical transmission chip technology platform	348,000	–	–	Technical development stage	To complete platform development, provide process technology for optical chip with high transmission rate for customer's design, and achieve batch production	International mainstream	AI servers

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No.	Name of project	Estimated total investment size	Investment amount for the period	Cumulative investment amount	Progress or phased results	Intended goals	Level of technology	Specific application prospect
7	90nm new DDIC process platform	34,850	10,986	11,344	Technical development stage	To develop high-voltage devices, improve drive capability, import customers, and achieve batch production	International mainstream	E-tag, e-paper, and other electronic products
8	110nm high-end display DDIC process platform	223,540	26,402	170,631	Risk production stage	To complete platform development, satisfy various process requirements such as automotive-grade and ultra-low leakage current, and achieve product batch production	International mainstream	VR glasses/AR glasses/heads-up display/auxiliary display/automotive LCD panel/dashboard/laptop
9	55nm high-performance CMOS image sensor platform	50,800	22,147	32,293	Process validation stage	To complete the development of 55nm high-performance CMOS image sensor platform, and achieve batch production	Domestic leading	Smartphones, games and entertainment, etc.
10	90nm high-performance CMOS image sensor platform	23,100	30,585	66,037	Process validation stage	To complete the development of 90nm high-performance CMOS image sensor platform, and achieve batch production	Domestic mainstream	High-end security, vehicle-mounted cameras, etc.
11	110nm high-end MCU platform	207,730	9,968	184,745	Risk production stage	To complete platform development, pass the automotive-grade reliability verification, import customers, and achieve batch production	Domestic mainstream	Smart home appliances, office equipment, PC/laptop power supplies, video adapter chips, etc.
12	90nm BCD PMIC technology platform	109,050	21,766	88,321	Process validation stage	To complete platform development and AEC-Q100 automotive-grade reliability testing, import customers and achieve batch production	Domestic mainstream	Interface chips, fast charging protocol chips, mobile phone PMIC, AI servers, etc.
13	Next-generation 150nm PMIC technology platform	24,800	4,080	4,080	Technical development stage	To complete platform development, reduce the on-resistance of devices, increase the withstand voltage of devices, import customer's products, and achieve batch production	Domestic mainstream	High-end mobile phone PMIC
Total	/	8,030,907	448,385	2,446,618	/	/	/	/

Section III Management Discussion and Analysis

5. Information on R&D personnel

Basic Information		
	Number for the period	Number for the same period of last year
Number of R&D personnel of the Company (person)	1,938	1,924
Percentage of the number of R&D personnel in the total number of employees of the Company (%)	33.77	35.03
Total compensation of R&D personnel (RMB'000)	358,506	333,691
Average compensation of R&D personnel (RMB'000)	184	178

Education Level		
Education background	Number (person)	Percentage (%)
Doctoral degree	11	0.57
Master's degree	1,293	66.72
Bachelor's degree	515	26.57
Associate's degree and below	119	6.14
Total	1,938	100.00

Age Structure		
Age range	Number (person)	Percentage (%)
Under 30 (excluding 30)	968	49.95
30–40 (including 30, excluding 40)	832	42.93
40–50 (including 40, excluding 50)	90	4.64
50–60 (including 50, excluding 60)	43	2.22
60 and above	5	0.26
Total	1,938	100.00

IV. RISK FACTORS

(I) Risks Related to Core Competitiveness

1. Risk of insufficient or loss of research and development personnel

The integrated circuit (IC) wafer fabrication industry is not only capital-intensive and technology-intensive, but also highly talent-intensive. As the competition in the integrated circuit industry continues to intensify, a team of personnel who understand the industry, possess technical expertise and are skilled in management is the cornerstone for the Company's sustainable development. Talent has become a key strategic resource for the Company. In this regard, the Company places great importance on talent development and proactively attracts and retains high-end technical talent by implementing diversified initiatives such as employee stock ownership plans, equity incentives, and career development channel improvements. It has now built a core research and development team, which is experienced, stable, reliable and innovative and plays a crucial role in the research and development and mass production of new products and advanced production processes. While normal talent turnover generally does not have a material adverse impact on research and development and operations, a large-scale loss of core technical personnel in the future may still pose challenges to the research and development progress, technology iteration, and process stability of related projects for a certain period, thereby adversely affecting the Company's competitive position in the market.

2. Risks of product development

The IC wafer fabrication industry is characterized by high technological complexity, rapid iteration, and diverse downstream application demands. The Company needs to continuously invest heavily in research and development to keep up with technological development trends and respond to customer needs. However, from research and development and verification to final mass production, a new process platform typically involves long development cycles, significant capital investment, and uncertain outcomes. If the Company fails to complete key technology iterations in a timely manner, or if the performance and yield do not meet standards, new products may not be successfully developed or may fail to pass customer's certification, resulting in insufficient momentum for the Company's future development and leaving it in a disadvantageous competitive position in the market.

3. Risk of leakage or loss of confidentiality of core technologies

After years of technological innovation and accumulation of research and development, the Company has developed a series of core technologies with independent intellectual property rights, and possesses thousands of patents covering the entire research and development and production process. Meanwhile, the Company is still carrying out various research and development works related to its principal business and has accumulated a wealth of experimental data, process parameters, design drawings, and other trade secrets. The Company attaches great importance to protecting its core technologies. To effectively protect them, it has adopted various intellectual property protection measures, including patent applications, registration of computer software copyrights and registration of IC layout designs, and established a confidentiality system imposing strict requirements on core technical personnel in respect of confidentiality obligations and intellectual property rights. Furthermore, the Company strengthens network security management through access permission partitioning and sensitive information monitoring to protect its legitimate rights and prevent the leakage of core technologies. However, due to the limitations of trade secret protection measures and other uncontrollable factors, the Company's technology and research and development results still face certain risks of leakage during personnel turnover and upstream and downstream business communication, posing a risk to the Company's core competitiveness.

(II) Operational Risks

1. Risks of higher customer concentration

During the reporting period, revenue from our five largest customers amounted to RMB3,396,037 thousand, accounting for 58.90% of our revenue and representing a high degree of customer concentration. Leveraging its comprehensive capabilities, including R&D capabilities, product quality, production capacity support and customer services, the Company has maintained good cooperative relationships with its major customers and has signed long-term framework agreements with some customers. However, if the Company's major customers adjust their procurement strategies in the future due to factors such as product portfolio optimization, shifts in technology pathways, or changes in downstream demand, or if the Company itself fails to continuously meet customer needs in areas such as product R&D and production capacity and supply, a significant decline in orders and price reductions may occur, and if the Company is unable to timely acquire a sufficient number of new customers to fill the demand gap, there may be an adverse effect on its production, operations and profitability.

2. Risk of new product demand falling short of expectations

The Company has consistently prioritized R&D efforts for new products, new processes and special technology platforms. Currently, the Company's 90nm high-end near-infrared photosensitive image sensor has entered small-batch production. The 28nm Logic IC process platform has been introduced to customer's sample tape-out verification, and the 22nm Logic IC technology is under development. As new products are successively developed, certified and brought into mass production, they will provide new growth drivers for the Company's results of operations. However, for the development and commercialization of new technology platforms, not only significant amounts of capital and time are required, but also various uncertainties are to be overcome, such as shifts in market demand and changes in the competitive landscape. If the Company's new products fail to meet current market demand or gain sufficient customer acceptance upon launch, R&D expenditure may fail to deliver the expected returns, thereby impacting the Company's growth rate and profitability.

3. Risks of the Company's relatively concentrated product mix

The Company is primarily engaged in 12-inch wafer foundry business with major products including DDIC, CIS, PMIC, Logic IC and MCU. Although our revenue during the reporting period was primarily from DDIC, which accounted for approximately 53.24% of our revenue, representing a decrease of 7.37 percentage points as compared with 60.61% for the same period of last year, the product mix has been improved as the revenue from CIS products increased by 4.83 percentage points compared to the same period of last year. The Company is currently engaged in the R&D and continuous optimization of new technology platforms, while actively expanding its market presence. However, more time is still needed for new products to generate significant revenue. In the short term, if demand in the display driver or image sensor markets declines, resulting in adverse changes to the Company's production or sales in these areas, an adverse impact may be created on the Company's profitability and operating cash flow.

4. Risk of the Company's failure to utilize new production capacity in a timely manner

To capitalize on market opportunities, the Company has flexibly expanded its production capacity based on market conditions, customer needs and its corporate development strategy. It has conducted in-depth market research and feasibility analysis, and made thorough preparations in areas such as technical processes, market exploration and talent reserves. However, the construction and release of production capacity require a certain amount of time, and uncertainties in the external environment may still pose challenges. If significant changes occur in the macroeconomic environment, national industrial policies or technological development trends in the future, resulting in slower-than-expected growth in downstream markets, shifts in demand from the Company's major customers, or an imbalance in market supply and demand caused by the accelerated capacity expansion of other competitors in the industry, the Company will face the risk that it may not be able to utilize the new production capacity in a timely manner due to the mismatch between the pace of capacity release and market demand. This risk could lead to a decline in capacity utilization rates and increased depreciation pressure on property, plant and equipment, creating adverse impact on the Company's results of operations.

(III) Financial Risks

1. Risks of investment in construction of property, plant and equipment

The integrated circuit industry in which the Company operates is a typical capital-intensive sector that requires substantial investments in property, plant and equipment. To capitalize on market opportunities, enhance capabilities in customer services and strengthen its market position, the Company continues to advance the production capacity expansion strategy. Although it has formulated a prudent capital expenditure plan supported by diversified financing solutions, the Company may still face certain financial pressures during the actual construction of production capacity due to uncontrollable factors such as macroeconomic fluctuations, adjustments in monetary policy, and changes in the financing environment of the capital market. At the same time, with the increase in substantial property, plant and equipment, depreciation expenses will rise accordingly. However, it takes time for economic benefits to increase. If the Company's future growth in production and sales volume fails to offset the additional depreciation resulting from investments in substantial property, plant and equipment, the Company may face periodic pressures on its profitability.

2. Risk of inventory impairment

As at the end of the reporting period, our inventory had a carrying amount of RMB1,590,023 thousand, accounting for 2.70% of our total assets. The provision for inventory impairment was RMB39,123 thousand, representing 2.40% of the closing inventory balance of the period. The Company's production strategy is to formulate production plans by centering on sales orders and taking into account customers' medium-term demand and to maintain an appropriate level of inventory to ensure alignment and continuity between sales and production. If adverse changes occur in the future market environment, unexpected adjustments in customer needs arise, or technological iteration accelerates, and the Company fails to respond promptly and effectively or make corresponding adjustments, products may be slow-moving and inventory may be overstocked, exposing the Company to the risk of inventory impairment.

3. Risk of fluctuations in gross profit margin

During the reporting period, the Company's gross profit margin experienced certain fluctuations, primarily due to factors such as product mix, competitive pressure, and product pricing. Given the wide variety of product specifications, products across different process nodes and categories exhibited differences in both price and gross profit margin. Accordingly, adjustments to product mix would directly impact gross profit margin. In addition, as the Company's cost structure is mostly composed of fixed costs, mainly including depreciation of plant and equipment, fluctuations in prices and capacity utilization have a significant impact on gross profit margin. Looking ahead, in case of any material adverse changes in market supply-demand dynamics, the bargaining power of the Company, or technological development trends, resulting in significant volatility in the Company's revenue scale, loss of high-margin businesses, or failure of new production capacity to reach expected capacity utilization, the Company may experience fluctuations or even declines in its gross profit margin.

4. Risk of fluctuations in foreign exchange rates

During the reporting period, the Company had overseas sales and procurements, which are primarily settled in USD or JPY and therefore held foreign currency monetary assets including USD, JPY, etc. In the course of its business, even though the Company would take into account potential exchange rate fluctuations during the interval between order placement and payment collection, and consistently manage the size of its foreign currency monetary assets to reduce the impact of exchange gains and losses on operating results, if future changes in domestic and international economic conditions, political situations, or monetary policies result in significant volatility in foreign exchange rates, the Company may still be exposed to exchange losses. At the same time, if settlement exchange rates experience significant short-term fluctuations, the Company's overseas raw material procurement costs and product selling prices will also be impacted, which may have an adverse effect on its operating results. In addition, we have established a company in Hong Kong to conduct business and subsequently the Company was listed on the Hong Kong Stock Exchange on July 10, 2026. Fluctuations in the Hong Kong dollar exchange rate may also expose us to foreign exchange losses.

(IV) Industry Risks

1. Risk of changes in industrial policies

The integrated circuit industry serves as a strategic pillar industry in China. In recent years, China has successively issued a series of documents to provide active guidance, establishing a comprehensive top-down support system for the industry. Simultaneously, local governments at all levels have also introduced a package of measures, including tax incentives, financing support, financial subsidies, talent attraction programs, and intellectual property protection to create a favorable development environment for enterprises along the industrial chain. Driven by these policies, the domestic integrated circuit industry has made remarkable progress in fields such as chip design and R&D, breakthroughs in advanced process nodes, and independent control over key core technologies. If there are any future adjustments in the direction of industrial policies (such as phase-out of fiscal and tax incentives, reductions in subsidy intensity, or changes in industry access rules), such adjustments may have potential adverse effects on the Company's technology R&D, retention of high-end talent, and pace of capacity expansion.

2. Risk of intensified industry competition

In recent years, as driven by national policy guidance and supported by local industrial infrastructure, the integrated circuit industry has maintained a rapid growth momentum with its promising industry outlook attracting an influx of new market entrants and capital, which have collectively fuelled the prosperity of the sector. However, with the large-scale release of production capacity, market supply continues to increase, further intensifying industry competition. Although the Company has made solid progress in process iterations and new product development through independent R&D, and has established a relatively comprehensive technical reserves and mass production expertise, it still lags behind industry leaders in certain aspects including core technology barrier building and high-end market penetration capacity. Looking ahead, if the industry capacity is oversupplied, competitors introduce new technologies, or the Company fails to accurately grasp evolving market demand trends and adjust its competitive strategy in a timely manner, the Company may face downward pressure on product pricing and a decline in market share, adversely affecting its business, financial condition, and operating results.

3. Supply chain risk

The integrated circuit industry imposes stringent standards on the quality and compatibility of core raw materials, precision components, specialized software, and high-end equipment, which are essential to ensuring our stable production. However, for certain critical raw materials, components, specialized software, and core equipment, there are only a limited number of qualified suppliers globally, some of whom may be located in geopolitically unstable regions. Although the Company has been continuously strengthening its supply chain security system and actively promoting the localization of key equipment and materials to reduce reliance on external supply, uncertainties in the international trade environment persist. If there are any restrictions on the export permits or logistics for the key materials, spare parts, software, or equipment of the Company or the costs of such items increase due to geopolitical or other force majeure factors, it may have potential adverse effects on the Company's capacity rollout efficiency, technology iteration pace and customer retention, thereby impacting the Company's overall operations and development.

(V) Macroeconomic Environment Risks

1. Risk of escalating international trade frictions

Against the backdrop of global economic integration, economic ties and political interactions among nations are closely intertwined. Shifts in the international landscape directly impact the pattern of global trade and have a profound influence on the development of specific industries. In recent years, international trade frictions have continued to intensify, with the integrated circuit industry emerging as a key sector in trade conflicts. Certain countries have adopted non-market intervention measures, including tariff increases, export controls, and technology restrictions, which have objectively hindered the coordinated development of China's industry chain ecosystem. Although the Company has consistently complied with the PRC and foreign laws and regulations throughout its operations, and has proactively built a diversified supply chain and market presence to mitigate risks arising from operating in a single region, the complexity and volatility of the international environment mean that adverse changes in international trade policies could occur abruptly. Such changes could impose restrictions on the business expansion and supply chain management of the Company, thereby affecting its normal operations.

2. Risk of macroeconomic fluctuations and industry cyclicalities

The Company is principally engaged in the research and development, production and sales of integrated circuit related products, placing it in the midstream segment of the integrated circuit industry. The semiconductor industry exhibits significant cyclicality, with overall operating results highly correlated with the macroeconomic environment and the prosperity of downstream end-use industries. If there are any material changes in the macroeconomic landscape in the future, resulting in weak demand in downstream end-user industries, IC design companies may delay new product launches, downstream manufacturers may adopt more cautious stocking strategies or exert greater pricing pressure, and integrated circuit enterprises, including the Company, may face certain risks of industry fluctuations, which could have an adverse effect on operating conditions.

Section III Management Discussion and Analysis

V. MAIN OPERATING PERFORMANCE DURING THE REPORTING PERIOD

During the reporting period, we recorded revenue of RMB5,765,812 thousand, representing an increase of 12.40% as compared with RMB5,129,794 thousand for the same period of last year; profit for the period attributable to owners of the Company was RMB245,373 thousand, representing a decrease of 26.12% as compared with RMB332,129 thousand for the same period of last year; and net cash flows generated from operating activities was RMB2,797,992 thousand, representing an increase of 64.10% as compared with RMB1,705,036 thousand for the same period of last year.

(I) Principal Business Analysis

1. Table of movement analysis for the related items in financial statements

Unit: RMB'000

Items	For the reporting period (Unaudited)	For the same period of last year (Unaudited)	Change in percentage (%)
Revenue	5,765,812	5,129,794	12.40
Cost of sales	(4,532,968)	(3,869,945)	17.13
Gross profit	1,232,844	1,259,849	-2.14
Other income	144,184	85,697	68.25
Selling expenses	(44,088)	(28,172)	56.50
General and administrative expenses	(260,237)	(206,235)	26.18
Finance costs	(306,919)	(150,833)	103.48
Research and development expenses	(609,227)	(694,820)	-12.32
Profit for the period	221,521	232,000	-4.52
Net cash flows generated from operating activities	2,797,992	1,705,036	64.10
Net cash flows used in investing activities	(3,919,312)	(4,800,082)	-18.35
Net cash flows generated from financing activities	3,548,362	371,378	855.46

Section III Management Discussion and Analysis

(1) Revenue

During the reporting period, the Group recorded revenue of RMB5,765,812 thousand, representing an increase of 12.40% from RMB5,129,794 thousand in the same period of last year, primarily due to the increase in sales volume of our products resulting in the continuous growth in revenue during the reporting period.

Revenue by business line:

Unit: RMB'000

	For the reporting period (Unaudited)	Percentage (%)	For the same period of last year (Unaudited)	Percentage (%)
IC wafer foundry	5,765,812	100.00	5,105,041	99.52
DDIC	3,069,686	53.24	3,109,391	60.61
CIS	1,461,216	25.34	1,052,247	20.51
PMIC	739,385	12.82	619,383	12.07
Other IC	495,525	8.60	324,020	6.33
Others	—	—	24,753	0.48
Total	5,765,812	100.00	5,129,794	100.00

Revenue by geographical region:

Unit: RMB'000

	For the reporting period (Unaudited)	For the same period of last year (Unaudited)
Chinese Mainland	3,653,755	3,059,823
Taiwan, China	1,548,471	1,647,968
Other countries/regions	563,586	422,003
Total	5,765,812	5,129,794

Section III Management Discussion and Analysis

(2) Cost of sales

During the reporting period, the Group's cost of sales was RMB4,532,968 thousand, representing an increase of 17.13% as compared with RMB3,869,945 thousand for the same period of last year, primarily due to the expansion of product sales scale, increased input, and an increase in relevant depreciation expenses resulting from the transfer of construction in progress to property, plant and equipment.

(3) Gross profit and gross profit margin

During the reporting period, the Group's gross profit was RMB1,232,844 thousand, representing a decrease of 2.14% as compared with RMB1,259,849 thousand for the same period of last year; gross profit margin was 21.38%, representing a decrease of 3.18 percentage points as compared with 24.56% for the same period of last year. This was primarily due to a short-term decline in gross profit and gross profit margin as a result of the fluctuation in product prices resulting from intensified market competition and the positive impact of price increases for certain products, which had not yet been fully reflected in the current period results due to the production cycle, coupled with higher depreciation charge on property, plant and equipment.

(4) Other income

During the reporting period, the Group's other income was RMB144,184 thousand, representing an increase of 68.25% as compared with RMB85,697 thousand for the same period of last year, primarily due to deferred government grants meeting the recognition criteria being recognized as other income in the current period.

(5) Selling expenses

During the reporting period, the Group's selling expenses were RMB44,088 thousand, representing an increase of 56.50% as compared with RMB28,172 thousand for the same period of last year, primarily due to (i) an increase in share-based payment expenses compared with the same period of last year; and (ii) an increase in expenses related to accelerating the introduction of new products and promoting deeper subsequent cooperation.

(6) General and administrative expenses

During the reporting period, the Group's general and administrative expenses were RMB260,237 thousand, representing an increase of 26.18% as compared with RMB206,235 thousand for the same period of last year, primarily due to depreciation of property, plant and equipment and the increase in share-based payment expenses.

(7) Finance costs

During the reporting period, the Group's finance costs were RMB306,919 thousand, representing an increase of 103.48% as compared with RMB150,833 thousand for the same period of last year, primarily due to the lower net interest expenses on borrowings during the same period of last year than those in the reporting period as a result of interest subsidies received and the capitalization of certain borrowing interest.

(8) Research and development expenses

During the reporting period, the Group's research and development expenses were RMB609,227 thousand, representing a decrease of 12.32% as compared with RMB694,820 thousand for the same period of last year, primarily due to the Group's capitalization of the related R&D expenses when the R&D projects that met the capitalization criteria entered the development stage.

Section III Management Discussion and Analysis

(9) Profit for the period

During the reporting period, the Group's profit for the period was RMB221,521 thousand, representing a decrease of 4.52% as compared with RMB232,000 thousand for the same period of last year, primarily due to: (i) a short-term decline in gross profit margin as a result of the fluctuation in product prices resulting from intensified market competition and the positive impact of price increases for certain products, which had not yet been fully reflected in the current period results due to the production cycle, coupled with higher depreciation expenses on property, plant and equipment; (ii) the increase in finance costs during the reporting period compared with the same period of last year as a result of the interest subsidies received in the same period of last year; (iii) share-based payment expenses increased compared with the same period of last year.

(10) Cash flows

During the reporting period, the Group's net cash flows generated from operating activities was RMB2,797,992 thousand. The difference between net cash flows generated from operating activities and the profit before tax of RMB235,601 thousand was the result of (i) adjustment by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB2,078,870 thousand and amortization of intangible assets of RMB180,151 thousand, and (ii) changes in working capital, which primarily consist of a decrease in inventories of RMB191,425 thousand and an increase in trade and other payables of RMB126,595 thousand, partially offset by an increase in trade receivables of RMB106,278 thousand and a decrease in contract liabilities of RMB104,779 thousand.

During the reporting period, the Group's net cash flows used in investing activities was RMB3,919,312 thousand, primarily due to (i) the purchase of property, plant and equipment of RMB3,667,604 thousand, (ii) the purchase of intangible assets of RMB296,635 thousand, (iii) the purchase of financial assets at fair value through profit or loss ("FVTPL") of RMB2,468,183 thousand, (iv) the proceeds from disposal of financial assets at FVTPL of RMB2,369,197 thousand and (v) the proceeds from disposal of financial assets at fair value through other comprehensive income ("FVTOCI") of RMB143,360 thousand.

During the reporting period, the Group's net cash flows generated from financing activities was RMB3,548,362 thousand, primarily due to (i) proceeds from borrowings of RMB3,218,703 thousand, (ii) repayment of borrowings of RMB864,835 thousand, (iii) the capital contribution from non-controlling shareholder of a subsidiary of RMB1,600,000 thousand, and (iv) interest paid for borrowings and bonds payable of RMB292,874 thousand.

Section III Management Discussion and Analysis

2. Liquidity and capital resources

(1) Gearing ratio

As at June 30, 2026, the Group's gearing ratio (defined as the ratio of total liabilities to total assets) was 47.05% (as at December 31, 2025: 47.30%), with a relatively small change overall.

The following table sets forth the absolute amounts of the Group's total assets and total liabilities as at June 30, 2026 and December 31, 2025, as well as the gearing ratio:

Unit: RMB'000

	As at June 30, 2026 (Unaudited)	As at December 31, 2025
Total assets	58,782,603	53,297,969
Total liabilities	27,656,312	25,210,280
Gearing ratio (%)	47.05%	47.30%

(2) Changes in cash flow

For the analysis of changes in items of the cash flow statement during the reporting period, please refer to "V. (I) 1. Table of movement analysis for the related items in the financial statements" in this section.

(3) Borrowings

As at June 30, 2026, the Group's outstanding borrowings were RMB21,846,308 thousand (as at December 31, 2025: RMB19,492,681 thousand), of which RMB2,070,397 thousand is repayable within one year (as at December 31, 2025: RMB1,972,941 thousand). As at June 30, 2026 and December 31, 2025, the effective interest rates on the borrowings ranged from 1.50% to 6.18% per annum.

(4) Capital expenditure and funding sources

Capital expenditures include payments for purchases of property, plant and equipment, payments for purchases of intangible assets, and prepayments for right-of-use assets. For the six months ended June 30, 2026, our capital expenditures decreased by 4.29% from RMB4,142,080 thousand for the six months ended June 30, 2025 to RMB3,964,239 thousand, primarily due to a decrease in payments for equipment purchases.

We have historically funded our cash requirements principally from cash generated from operations, debt and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As at June 30, 2026, our cash and cash equivalents balance increased by 105.60% from RMB2,276,620 thousand as at December 31, 2025 to RMB4,680,698 thousand, primarily due to an increase in borrowings and capital contribution from non-controlling shareholder of our subsidiary, Wanxin Semiconductor. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and the estimated net proceeds received from the Global Offering of H Shares.

Section III Management Discussion and Analysis

3. Financial risk management

(1) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily in relation to cash and cash equivalents, trade receivables, trade and other payables, and borrowings denominated in USD, JPY and HKD. Except for subsidiaries established in the Hong Kong Special Administrative Region of the People's Republic of China and Japan, as well as certain bank accounts, customers, and suppliers that settle in HKD, JPY, USD, EUR, etc., the Group's other principal businesses are denominated and settled in RMB.

We closely monitor the impact of exchange rate fluctuations on the Group's foreign exchange risk exposure. We continuously monitor the scale of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risk exposure. The Group did not use any derivative contracts to hedge against its exposure to currency risk during the reporting period.

(2) Interest rate risk

Our interest rate risk arises primarily from long-term interest-bearing debts such as long-term floating-rate borrowings and bonds payable. We determine the relative proportion of fixed-rate and floating-rate contracts based on the prevailing market conditions at the time.

Our finance department continuously monitors the Group's interest rate levels. An increase in interest rates would increase the cost of new interest-bearing debts and the interest expense on the Group's outstanding interest-bearing debts at floating rates, and would have a material adverse effect on the Group's financial results. Management will make adjustments based on the latest market conditions in a timely manner.

(3) Price risk

We are exposed to equity price risk mainly arising from listed equity instruments held that are classified as FVTOCI or FVTPL. To manage the price risk arising from the listed equity instruments, we diversify our investment portfolio. The investments are made for holding purposes. Each investment is managed by our management on a case-by-case basis.

(4) Credit risk

The Group's maximum exposure to credit risk is represented by the carrying amount of financial assets measured at amortized cost and notes receivables measured at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(5) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate balances of cash and cash equivalents.

Section III Management Discussion and Analysis

(II) Analysis of Assets and Liabilities

1. Status of assets and liabilities

Unit: RMB'000

Items	At the end of the reporting period (Unaudited)	As a percentage of total assets at the end of the reporting period (%)	At the end of last year	As a percentage of total assets at the end of last year (%)	Change (%)	Explanations
Cash and cash equivalents	4,680,698	7.96	2,276,620	4.27	105.60	Increase in borrowings and capital contribution received from non-controlling shareholder of subsidiary Wanxin Semiconductor
Financial assets at FVTOCI-non-current portion	1,555,507	2.65	501,964	0.94	209.88	Increases in external investments and fair value changes
Contract liabilities	211,874	0.36	316,652	0.59	-33.09	Continuous fulfillment of contractual obligations and carry-forward of corresponding revenue recognized
Deferred income	749,698	1.28	427,633	0.80	75.31	Increase in government grants related to assets
Deferred tax liabilities	12,666	0.02	–	–	N/A	Increase in taxable temporary differences arising from changes in fair value of subsidiaries' external equity investments at FVTPL during the holding period
Bonds payable-current portion	30,408	0.05	16,256	0.03	87.06	Increase in accrued interest on bonds payable

Section III Management Discussion and Analysis

2. Pledged/Mortgaged assets

(1) Assets pledged as security

As at the end of the reporting period, the Company provided Hefei Construction Investment with a chattel mortgage counter-guarantee in relation to a joint and several liability guarantee (with a principal balance of the guarantee of RMB3,000,000 thousand) provided by Hefei Construction Investment for the credit facilities of the Company. As of the end of the reporting period, the carrying amount of the machinery and equipment for which mortgage registration has been completed was RMB3,995,232 thousand.

(2) Restricted funds

As at the end of the reporting period, the restricted funds included bank deposits of RMB108,569 thousand that had not been released from pledge as security for borrowings.

3. Contingent liabilities

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

(III) Analysis of Investments

1. Overall analysis on external equity investment

Unit: RMB'000

Investment amount for the reporting period	Investment amount for the same period of last year	Change
3,358,635	100,000	3,258.63%

Note: External equity investments during the reporting period included capital contributions to Hefei Ruiyu, Jingyi Semiconductor, Nexchip Semiconductor Hong Kong, and Hefei Jingwei. Securities investment is excluded.

Section III Management Discussion and Analysis

2. Material equity investments

Unit: RMB'000

Name of investee	Principal activities	Investment method	Amount of investment	Shareholding	Source of capital	Progress as of the end of the reporting period	Investment profit or loss for the current period	Disclosure date and index (if any)
Jingyi Semiconductor	Manufacturing, sales, design and services of integrated circuit chips and products; research and development of electronic specialty materials and new material technologies	Equity transfer and capital increase	2,000,000	100.00%	Internal funds and proceeds raised	Completed	/	The Announcement on Proposed External Investment of Nexchip (2026-002) (《晶集成關於擬對外投資的公告》(2026-002)) disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on February 7, 2026
Total	/	/	2,000,000	/	/	/	/	/

3. Material non-equity investments

Nil

4. Financial assets measured at fair value

Unit: RMB'000

Asset class	Opening balance	Closing balance
Financial assets at FVTPL	1,766,634	1,897,963
Financial assets at FVTOCI	508,027	1,555,507
Total	2,274,661	3,453,470

Section III Management Discussion and Analysis

Investment in securities

Unit: RMB'000

Types of securities	Stock code	Abbreviation of securities	Initial investment cost	Source of funds	Carrying amount as at the beginning of the reporting period	Carrying amount as at the end of the reporting period	Accounting items
Domestic or overseas stocks	688213	Smartsens	23,757	Internal funds or proceeds raised	71,335	80,324	Financial assets at FVTOCI
Domestic or overseas stocks	688593	New Vision	46,394	Internal funds or proceeds raised	83,741	–	Financial assets at FVTOCI
Domestic or overseas stocks	688729	BEST	30,000	Internal funds or proceeds raised	86,911	152,663	Financial assets at FVTOCI
Domestic or overseas stocks	688783	ESWIN	94,160	Internal funds or proceeds raised	259,977	676,376	Financial assets at FVTOCI
Domestic or overseas stocks	688797	Genori	41,721	Internal funds or proceeds raised	–	646,144	Financial assets at FVTOCI
Domestic or overseas stocks	09973	CHERY AUTO	292,018	Internal funds or proceeds raised	289,498	197,613	Financial assets at FVTPL
Domestic or overseas stocks	03296	HUAQIN	173,459	Internal funds or proceeds raised	–	209,574	Financial assets at FVTPL
Domestic or overseas stocks	09630	CFMEE	55,031	Internal funds or proceeds raised	–	111,986	Financial assets at FVTPL
Domestic or overseas stocks	03661	SG MICRO	48,155	Internal funds or proceeds raised	–	67,862	Financial assets at FVTPL
Total	/	/	804,695	/	791,462	2,142,542	/

Investment in derivatives

Nil

Section III Management Discussion and Analysis

5. Investments in private equity investment funds

Unit: RMB'000

Name of private fund	Time of signing of investment agreements	Investment purposes	Total proposed investment	Investment amount during the reporting period	Amount invested as of the end of the reporting period	Participation identity	Capital contribution ratio as at the end of the reporting period (%)	Ability to control or exercise significant influence over the fund	Accounting items	Connected relationship	Fund underlying assets	Impact on profit for the reporting period	Cumulative impact on profit
Jinghuijuxin	November 2023	Pursuit of medium to long-term industrial value of enterprises	200,000	-	200,000	Limited partnership	43.96	Yes	Investment in associates	No	Industry investment	(1,869)	(4,905)
Jinghui Chuangxin	June 2025	Pursuit of medium to long-term industrial value of enterprises	200,000	-	100,000	Limited partnership	44.35	Yes	Investment in associates	No	Industry investment	701	(317)
Total	/	/	400,000	-	300,000	/	/	/	/	/	/	(1,168)	(5,222)

(IV) Disposal of Material Assets and Equity Interest

Nil

Section III Management Discussion and Analysis

(V) Analysis of Major Subsidiaries and Investees

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

Unit: RMB'000

Name of company	Type of company	Principal activities	Registered capital	Total assets	Net assets	Revenue	(Loss)/profit before income tax	(Loss)/profit for the period
Xinjing Semiconductor	Subsidiary	Manufacturing of integrated circuit chips and products; sale of integrated circuit chips and products	7,688,903	15,340,356	10,159,893	814,252	(333,354)	(333,354)
Nexchip Japan	Subsidiary	Provision of design support services and technology development support for integrated circuits	JPY 350,000,000	4,859	4,649	5,674	522	466
Wanxin Semiconductor	Subsidiary	Manufacturing, sales, design and services of integrated circuit chips and products; research and development of electronic specialty materials and new material technologies	12,428,925	24,228,821	11,831,604	2,092,054	(36,010)	(35,979)
Nexchip Semiconductor Hong Kong	Subsidiary	Research, development, manufacturing and sales of integrated circuit related products and supporting products	200,000	409,039	264,337	-	79,190	66,268

Acquisition and disposal of subsidiaries during the reporting period

Name of company	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operations and results
Jingyi Semiconductor	Equity transfer and capital increase	No material impact on overall production, operations and results
Nexchip Semiconductor Hong Kong	Newly established	No material impact on overall production, operations and results
Hefei Jingwei	Newly established	No material impact on overall production, operations and results
Hefei Ruiyu	Newly established	No material impact on overall production, operations and results

(VI) Structured Entities Controlled by the Company

The structured entities included in the consolidation scope of the Group include Aurora SF, a Singapore variable capital company and also a sub-fund of EasternGate Investments VCC. As the Group has power over such structured entities, is exposed to variable returns through its involvement in the relevant activities, and has the ability to use its power over the investee to affect its variable returns, the Group has control over such structured entities.

Section III Management Discussion and Analysis

VI. OTHER DISCLOSURES

(I) Employees, Remuneration Policy and Training

As at June 30, 2026, the Group had 5,738 employees. The total employee benefit expenses for the six months ended June 30, 2026 (including share-based compensation) were RMB963,293 thousand, compared with RMB807,055 thousand for the six months ended June 30, 2025. The increase in total remuneration was mainly due to: (i) the increase in the Company's headcount in line with business growth; and (ii) increased share-based payment expenses resulting from the granting of new restricted shares in 2025.

We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees (particularly key employees). We have made contributions to social insurance (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for our employees in accordance with applicable laws. On this basis, to further improve the employee welfare and insurance system, we have additionally established benefits such as supplementary medical insurance and enterprise annuity for our employees. To recognize the contributions of our key employees, incentivize our management team, and promote our long-term sustainable development, we have adopted the Restricted Share Incentive Schemes. For details of the Restricted Share Incentive Schemes, please refer to "III. Explanation of Other Material Matters" under "Section V Material Matters" in this report.

To maintain the quality, knowledge and skill levels of our employees, the Group provides continuous education and training programs for our employees, including internal and external training, to enhance their technical, professional or managerial skills. The Group also provides training programs for employees from time to time to ensure that they understand and comply with our policies and procedures in all aspects.

VII. OUTLOOK

In accordance with IFRS, the Group's guidance for the third quarter of 2026 is (unaudited): we expect revenue for the third quarter of 2026 ranging from approximately RMB3,200,000 thousand to RMB3,300,000 thousand; and we expect gross margin for the third quarter of 2026 ranging from approximately 25% to 27%.

The guidance above represents management's business expectations based on existing orders, customer needs, capacity utilization, and other operating information currently available as of the date of the Latest Practicable Date. It is intended only to illustrate the Group's current business trends and does not constitute a profit forecast under the Hong Kong Listing Rules, nor does it constitute any investment advice regarding the Company. Investors are advised to pay attention to investment risks.

Looking ahead to the second half of 2026, the development of the AI industry presents new opportunities for the domestic integrated circuit manufacturing industry. On one hand, advances in AI technology are giving rise to new application areas and expanding the market size; on the other hand, overseas supply capacity is being squeezed by AI products, leading to the spillover of manufacturing orders for other product categories. The Group currently has a robust order backlog, and its capacity utilization remains high. Going forward, we will closely align with customer needs, and accelerate technology and product iteration. We are committed to providing customers with stable capacity supply, comprehensive technical support and reliable product delivery, thereby continuously enhancing our profitability.

Section IV Corporate Governance, Environment and Society

I. CHANGES IN DIRECTORS, SENIOR MANAGEMENT AND CORE TECHNICAL PERSONNEL OF THE COMPANY DURING THE REPORTING PERIOD

Nil

Explanation on recognition of core technical personnel of the Company

As of the end of the reporting period, the Company had a total of four core technical personnel, namely Mr. CHIU Hsien-Huan, Mr. JENG Chi-Cherng, Mr. LI Qingmin, and Mr. ZHANG Weijin (張偉瑾).

II. PLAN FOR PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUND

Interim proposed profit distribution plan or plan for conversion of reserve fund into capital

Whether to distribute or convert	No
Bonus shares for every 10 shares (shares)	–
Dividends distributed per 10 shares (RMB) (tax inclusive)	–
New shares for every 10 shares (shares)	–

Explanation on plan for profit distribution or conversion of capital reserve fund
N/A

Section V Important Matters

I. MAJOR CONTRACTS AND PERFORMANCE

(I) Significant Guarantees Performed and Not Fully Performed During the Reporting Period

Unit: RMB'000

Guarantees provided by the Company and its subsidiaries for subsidiaries												
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guaranteed party and the listed company	Amount of guarantee	Effective date of guarantee (signing date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the guarantee has been fully fulfilled	Whether the guarantee is overdue	Guaranteed overdue amount	Whether counter guarantee occurred
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/8/12	2022/8/16	2035/8/16	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	300,000	2022/8/29	2022/8/31	2035/8/31	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	200,000	2022/8/23	2022/9/2	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	200,000	2022/9/15	2022/9/22	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/9/23	2022/9/23	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	150,000	2022/8/29	2022/9/26	2035/8/26	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	200,000	2022/9/15	2022/9/27	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/8/12	2022/9/28	2035/9/28	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/9/29	2022/9/29	2035/9/28	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	300,000	2022/9/10	2022/10/25	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/9/15	2022/10/25	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/9/23	2022/11/1	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/9/29	2022/11/2	2035/9/28	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	46,000	2022/9/23	2022/11/10	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	39,000	2022/9/29	2022/11/22	2035/9/28	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	22,000	2022/9/23	2022/11/28	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	50,000	2022/11/10	2022/11/29	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	147,000	2022/8/29	2022/11/30	2035/7/30	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	150,000	2022/11/10	2022/11/30	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/8/23	2022/11/30	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	61,000	2022/9/29	2022/12/6	2035/9/28	Joint and several liability guarantee	NO	NO	/	NO

Section V Important Matters

Guarantees provided by the Company and its subsidiaries for subsidiaries												
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guaranteed party and the listed company	Amount of guarantee	Effective date of guarantee (signing date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the guarantee has been fully fulfilled	Whether the guarantee is overdue	Guaranteed overdue amount	Whether counter guarantee occurred
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	200,000	2022/9/15	2022/12/7	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	82,000	2022/9/23	2022/12/9	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	200,000	2022/9/10	2022/12/23	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/11/10	2023/1/6	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	100,000	2022/9/29	2023/1/10	2035/9/28	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	47,784	2022/8/12	2023/1/13	2035/12/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	11,000	2022/9/23	2023/2/16	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	6,000	2022/9/23	2023/2/21	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	9,000	2022/9/23	2023/2/24	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	29,500	2022/9/23	2023/3/10	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	4,000	2022/8/23	2023/3/14	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	44,500	2022/8/23	2023/3/22	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	14,000	2022/8/23	2023/4/11	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	27,000	2022/8/23	2023/4/14	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	10,000	2022/8/23	2023/4/17	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	5,500	2022/9/15	2023/4/18	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	8,000	2022/8/23	2023/4/19	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	3,000	2022/9/23	2023/4/23	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	25,000	2022/9/23	2023/5/9	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	5,500	2022/8/23	2023/5/9	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	10,500	2022/8/23	2023/5/15	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO

Section V Important Matters

Guarantees provided by the Company and its subsidiaries for subsidiaries												
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guaranteed party and the listed company	Amount of guarantee	Effective date of guarantee (signing date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the guarantee has been fully fulfilled	Whether the guarantee is overdue	Guaranteed overdue amount	Whether counter guarantee occurred
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	2,000	2022/9/23	2023/5/22	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	24,000	2022/9/15	2023/5/29	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	2,500	2022/9/15	2023/6/16	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	5,000	2022/9/15	2023/6/29	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	4,500	2022/8/23	2023/7/26	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	1,800	2022/8/23	2023/7/28	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	2,900	2022/9/23	2023/8/21	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	1,800	2022/8/23	2023/8/21	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	363,000	2022/9/15	2023/10/8	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	124,000	2022/9/15	2023/10/8	2035/9/13	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	30,500	2022/8/23	2023/10/8	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	3,400	2022/8/23	2023/11/24	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	534,500	2022/8/23	2024/1/5	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	500,000	2022/11/10	2024/1/8	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	276,000	2022/9/15	2024/1/20	2035/9/21	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	294,000	2022/9/29	2024/1/24	2035/8/28	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	152,000	2022/9/23	2024/1/30	2035/9/22	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	300,000	2022/9/10	2024/1/30	2035/5/20	Joint and several liability guarantee	NO	NO	/	NO
Nexchip	The Company itself	Xinjing Semiconductor	Wholly-owned subsidiary	152,211	2022/8/12	2024/3/6	2036/12/21	Joint and several liability guarantee	NO	NO	/	NO
Total amount of guarantees provided for subsidiaries during the reporting period												-

Section V Important Matters

Guarantees provided by the Company and its subsidiaries for subsidiaries												
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guaranteed party and the listed company	Amount of guarantee	Effective date of guarantee (signing date of agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether the guarantee has been fully fulfilled	Whether the guarantee is overdue	Guaranteed amount	Whether counter guarantee occurred
Total outstanding guarantees provided for subsidiaries as at the end of the reporting period (B)												5,166,795
Total guarantees provided by the Company (including those provided for subsidiaries)												
Total guarantees (A+B)												5,166,795
Proportion of total guarantees to net assets of the Company (%)												22.18
Including:												
Amount of guarantees provided for Shareholders, the actual controller and its related parties (C)												-
Amount of debt guarantees directly or indirectly provided for guaranteed parties with a gearing ratio exceeding 70% (D)												-
Excess amount of total guarantees exceeding 50% of net assets (E)												-
Total amount of the three guarantees above (C+D+E)												-
Statement on the contingent joint and several liability in connection with unexpired guarantees												Nil
Statement on guarantees												As of the end of the reporting period, in addition to the guarantees mentioned above, the Company provided Hefei Construction Investment with a chattel mortgage counter-guarantee in relation to a joint and several liability guarantee (with a principal balance of the guarantee of RMB3,000,000 thousand) provided by Hefei Construction Investment for the credit facilities of the Company. As of the end of the reporting period, the carrying amount of the machinery and equipment for which mortgage registration has been completed was RMB3,995,232 thousand.

Note: The guarantee amounts stated above represent the amounts of guarantee originally provided. Xinjing Semiconductor partially repaid the principal of its borrowings of RMB217,370 thousand in 2024, RMB638,135 thousand in 2025, and RMB359,095 thousand from January to June 2026, resulting in a corresponding reduction in the outstanding guarantees.

Section V Important Matters

II. EXPLANATION ON THE UTILIZATION OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF A SHARES

(I) Overall Use of Proceeds from the Initial Public Offering of A Shares

Unit: RMB'000

Source of proceeds	Receipt date of proceeds	Total proceeds	Net proceeds ⁽¹⁾	Total committed investment with proceeds in the Prospectus or offering circular ⁽²⁾	Total excess proceeds ^{(3) = (1)-(2)}	Cumulative investment with proceeds as of the end of the reporting period ⁽⁴⁾	Including: Total cumulative investment with excess proceeds as of end of the reporting period ⁽⁵⁾	Cumulative investment with proceeds as of the end of the reporting period (%) ^{(6) = (4)/(3)}	Cumulative investment with excess proceeds as of the end of the Reporting Period (%) ^{(7) = (5)/(3)}	Investment for the reporting period ⁽⁸⁾	Percentage of investment for the reporting period (%) ^{(9) = (8)/(3)}	Total amount of proceeds with changed use
Initial public offering of A Shares	April 26, 2023	9,960,461	9,723,516	9,500,000	223,516	9,013,702	224,521	92.70	100.45	3,368	0.03	350,000
Total	/	9,960,461	9,723,516	9,500,000	223,516	9,013,702	224,521	/	/	3,368	/	350,000

Note:

The Company completed its initial public offering of A Shares and listed on the STAR Market of the Shanghai Stock Exchange on May 5, 2023, raising a total of RMB9,960,461 thousand. The net proceeds amounted to RMB9,723,516 thousand after deducting the listing expenses of RMB236,945 thousand. As of the end of the reporting period, the proceeds from the Company's A Share offering have been fully utilized, and the dedicated bank account used to deposit the proceeds has been cancelled.

(II) Details of the Investment Projects Financed with Proceeds

1. Detailed use of proceeds

Unit: RMB'000

Source of proceeds	Name of project	Nature of project	Whether it is a committed investment project in the A Share Prospectus or offering circular	Whether a change of use is involved	Total planned investment with proceeds ⁽¹⁾	Investment for the reporting period	Cumulative investment with proceeds as of the end of the reporting period ⁽²⁾	Cumulative investment as of the end of the reporting period (%) ^{(3)(2/271)}	Date when the project is ready for intended use	Whether the project has concluded	Whether the investment is in line with schedule	Specific reasons for the investment falling behind schedule	Efficiency achieved for the year	Efficiency or R&D results achieved of the project	Whether the feasibility of the project has changed significantly, if yes, please specify	Remaining amount
Initial public offering of A Shares	R&D Project of Back-Illuminated CMOS Image Sensor Chips (CIS) Process Platform (90 nm & 55 nm)	R&D	Yes	No	600,000	3,368	475,535	79.26	End of 2025	Yes	Yes	N/A	N/A	N/A	No	131,728
Initial public offering of A Shares	R&D Project for the Microcontroller Chip Process Platform (55nm & 40nm)	R&D	Yes	Yes, the project was canceled or terminated	-	-	-	-	Terminated	Yes	No	Changes in the R&D strategy for core products and market demand	N/A	N/A	Yes	N/A
Initial public offering of A Shares	R&D Project for the 40nm Logic Chip Process Platform	R&D	Yes	No	1,500,000	-	1,176,244	78.42	Mid of 2025	Yes	Yes	N/A	N/A	N/A	No	356,670
Initial public offering of A Shares	R&D Project of 28nm Logic IC and OLED Chip Process Platform ⁽⁴⁾⁽¹⁾	R&D	Yes	Yes, the project was not canceled but the total investment with proceeds was adjusted	2,800,000	-	2,856,192	102.01	End of 2025	Yes	Yes	N/A	N/A	N/A	No	33
Initial public offering of A Shares	Acquisition of Plant and Factory Facilities for Manufacturing Base	Others	Yes	No	3,100,000	-	2,763,937	89.16	July 2023	Yes	Yes	N/A	N/A	N/A	No	344,437
Initial public offering of A Shares	Replenishment of Working Capital and Repayment of Loans	Replenishment of working capital and repayment of loans	Yes	No	1,500,000	-	1,517,274	101.15	N/A	Yes	Yes	N/A	N/A	N/A	No	1
Initial public offering of A Shares	Excess Proceeds - Permanently Replenish Working Capital	Replenishment of working capital and repayment of loans	No	No	60,000	-	60,000	100	N/A	Yes	Yes	N/A	N/A	N/A	N/A	N/A
Initial public offering of A Shares	Excess Proceeds - Repurchase of the Shares of the Company	Others	No	No	163,516	-	164,521	100.61	N/A	Yes	Yes	N/A	N/A	N/A	N/A	N/A
Total	/	/	/	/	9,725,516	3,368	9,013,703	/	/	/	/	/	/	/	/	831,889

Note:

As of the end of the reporting period, all of the above investment projects have been completed, and the Company has used the remaining funds as a permanent replenishment of its working capital in accordance with regulations relating to A Shares. The proceeds from the A Share offering has been fully utilized, and the dedicated bank account used to deposit the proceeds has been cancelled. For details, please refer to the 2026 Interim Special Report of Nexchip on the Deposit, Management and Actual Usage of Proceeds (《集成电路2026年半年度募集资金存放、管理与使用情况的专项报告》) (Announcement No. 2026-029) disclosed by the Company on the Shanghai Stock Exchange (www.sse.com.cn).

Section V Important Matters

2. Detailed use of excess proceeds

Unit: RMB'000

Purpose	Nature	Proposed total investment with excess proceeds(1)	Total cumulative investment with excess proceeds as of the end of the reporting period(2)	Cumulative investment as of the end of the reporting period (%) (3) = (2)/(1)
To permanently replenish working capital	Replenishment of working capital and repayment of loans	60,000	60,000	100.00
To repurchase the shares of the Company	Repurchase	163,516	164,521	100.61
Total	/	223,516	224,521	/

Section V Important Matters

3. Cash management of idle proceeds and their investment in relevant products during the reporting period

Unit: RMB'000

Date of board resolution	Effective approval limit for cash management of proceeds	Date of commencement	Date of termination	Balance of cash management as of end of the reporting period	Whether the maximum balance exceeded the approval limit during the period
April 28, 2025	1,500,000	April 28, 2025	April 27, 2026	–	No

Other explanations

On April 28, 2025, the Company held the 20th Meeting of the 2nd Board of Directors and the 12th Meeting of the 2nd Board of Supervisors, at which it considered and passed the Resolution of Using on Partial Idle Proceeds for Cash Management (《關於使用部分閒置募集資金進行現金管理的議案》), in which it is agreed that the Company can, on the premise of ensuring no impact on the implementation of the investment projects financed with proceeds and the safety of its funds, use idle proceeds not exceeding RMB1,500,000 thousand (including) for cash management purposes. The authorization period is 12 months commencing from the date of approval by the Board, within which the funds may be used on a rolling basis. Upon maturity of the cash management products, the funds shall be returned to the dedicated accounts for proceeds. For details, please refer to the Announcement of Nexchip on Using Partial Idle Proceeds for Cash Management (《晶集成關於使用部分閒置募集資金進行現金管理的公告》)(Announcement No.: 2025-023) as disclosed at the Shanghai Stock Exchange (www.sse.com.cn).

As of June 30, 2026, the balance of the Company's use of partial idle proceeds for cash management was zero.

Section V Important Matters

4. Others

(1) *Using basic deposit accounts, bank telegraphic transfer, letter of credit and other modes to pay funds required for investment projects financed with proceeds and replacing with equal proceeds*

On June 21, 2023, the Company held the 17th Meeting of the 1st Board of Directors and the 5th Meeting of the 1st Board of Supervisors, at which it considered and passed the Resolution of Using Basic Deposit Accounts, Bank Telegraphic Transfer, Letter of Credit and Other Modes to Pay Funds Required for Investment Projects Financed with Proceeds and Replacing with Equal Proceeds (《關於使用基本存款賬戶、銀行電匯及信用證等方式支付募投項目所需資金並以募集資金等額置換的議案》), respectively, in which it is agreed that the Company can, on the premise of ensuring no impact on the construction of the investment projects financed with proceeds and the usage plan of proceeds and maintaining normal operations of the Company, use basic deposit accounts, bank telegraphic transfer, letter of credit and other modes to pay funds required for investment projects financed with proceeds and replace with equal proceeds. For details, please refer to the Announcement of Nexchip on Using Basic Deposit Accounts, Bank Telegraphic Transfer, Letter of Credit and Other Modes to Pay Funds Required for Investment Projects Financed with Proceeds and Replacing with Equal Proceeds (《晶集成關於使用基本存款賬戶、銀行電匯及信用證等方式支付募投項目所需資金並以募集資金等額置換的公告》) (Announcement No.: 2023-006) as disclosed at the Shanghai Stock Exchange (www.sse.com.cn).

As of June 30, 2026, the Company had paid a total of RMB1,446,293 thousand for the funds required for investment projects financed with proceeds by using basic deposit accounts, bank telegraphic transfer, letter of credit and other modes, and replaced with equal proceeds of RMB1,446,293 thousand.

Section V Important Matters

(2) Usage of residual proceeds during the reporting period

The Company held the 30th Meeting of the 2nd Board of Directors on February 6, 2026, at which it considered and passed the Resolution on Closing Some Investment Projects Financed with Proceeds and Using Residual Proceeds to Permanently Supplement Current Capital (《關於部分募投項目結項並將節餘募集資金永久補充流動資金的議案》), in which the Board of Directors agreed to close the investment projects financed with proceeds, namely the “R&D Project of Back-illuminated CMOS Image Sensor Chips (CIS) Process Platform (90 nm & 55 nm) (後照式CMOS圖像傳感器芯片工藝平台研發項目 (包含90納米及55納米)”, “R&D Project of 28nm Logic IC and OLED Chip Process Platform (28納米邏輯及OLED芯片工藝平台研發項目)”, and used the residual proceeds of RMB133,049 thousand (as of January 31, 2026, including interest income net of handling fees, wealth management returns, outstanding payables and issuance expenses paid by own funds and not yet replaced, the actual amount shall be subject to the balance in the dedicated account as of the date of fund transfer) to permanently supplement current capital which can be used for the working capital of the Company. As the matter constituted a prudent decision made based on the actual implementation of the investment projects financed with proceeds, there was no irregular utilization of proceeds, nor material adverse effect on the Company’s normal operations, nor prejudice to Shareholders’ interests. This resolution was not required to be proposed at the general meeting of the Company for consideration. For details, please refer to the Announcement of Nexchip on Closing Some Investment Projects Financed with Proceeds and Using Residual Proceeds to Permanently Supplement Current Capital (《晶合集成關於部分募投項目結項並將節餘募集資金永久補充流動資金的公告》 (Announcement No.: 2026-001) as disclosed at the Shanghai Stock Exchange (www.sse.com.cn).

As of the Latest Practicable Date, the Company has transferred the residual proceeds of RMB130,761 thousand from the dedicated account for proceeds to supplement current capital, and the issuance expenses of RMB2,431 thousand which were paid earlier by own funds and not yet replaced has also been transferred out together with such residual proceeds. We have completed the account closure procedures for the following dedicated accounts for proceeds: the accounts with the numbers 20000515418466600000057 and 20000515418466600000164 opened at Hefei Science and Technology Rural Commercial Bank Co., Ltd., Qilitang Branch (合肥科技農村商業銀行股份有限公司七里塘支行), on March 19, 2026; the account with the number 12181001040035296 opened at Agricultural Bank of China Co., Ltd., Hefei Jinzhai Road Branch (中國農業銀行股份有限公司合肥金寨路支行), on March 18, 2026; and the account with the number 34050144770800002618 opened at China Construction Bank Corporation, Hefei Longmen Branch (中國建設銀行股份有限公司合肥龍門支行), on March 19, 2026.

III. EXPLANATION OF OTHER MATERIAL MATTERS

(I) Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance to safeguard Shareholders' rights and interests and to increase corporate value and accountability. As the Company's H Shares were not listed on the Stock Exchange during the reporting period, the Corporate Governance Code did not apply to the Company during the reporting period. From the Listing Date to the Latest Practicable Date, the Company has complied with all applicable code provisions set out in Part 2 of the Corporate Governance Code.

(II) Compliance with the Model Code

As the Company's H Shares were not listed on the Stock Exchange during the reporting period, the Model Code was not applicable during the reporting period. The Company has adopted the Model Code since the Listing Date. After making specific enquiries to all Directors, all Directors have confirmed that they have complied with the standards set out in the Model Code from the Listing Date to the Latest Practicable Date.

(III) Purchase, Sale or Redemption of the Listed Securities of the Company

As the Company was not yet listed on the Stock Exchange during the reporting period, the disclosure of particulars regarding the purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries was not applicable to the Company during the reporting period. Since the Listing Date and up to the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including the sale of treasury shares).

Section V Important Matters

(IV) Proceeds from Global Offering of H Shares and Its Use

The Company issued an aggregate of 216,167,000 H Shares at HK\$32.30 per H Share in the Global Offering of H Shares (before exercise of the Over-allotment Option). Such H Shares were listed on the Main Board of the Hong Kong Stock Exchange on July 10, 2026. As set out in the announcement of final offer price and allotment results disclosed by the Company on the Stock Exchange on July 9, 2026, the net proceeds received by the Company from the Global Offering of H Shares are estimated to be approximately HK\$6,778.73 million, after deducting the estimated underwriting fees, commissions and expenses payable by the Company in connection with the Global Offering of H Shares. Such proceeds will be used in accordance with the purposes as set out in the H Share Prospectus.

On August 6, 2026, the Overall Coordinators (for themselves and on behalf of the International Underwriters) partially exercised the Over-allotment Option as set out in the H Share Prospectus, pursuant to which the Company allotted and issued an additional 10,886,900 H Shares at the Offer Price of HK\$32.30 per H Share. Such H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on August 11, 2026. Immediately following the partial exercise of the Over-allotment Option, the total number of H Shares issued by the Company increased from 216,167,000 shares to 227,053,900 shares, and the total number of shares increased from 2,223,758,697 shares to 2,234,645,597 shares. As set out in the announcement of partial exercise of the Over-allotment Option, stabilizing actions and the end of stabilization period disclosed by the Company on the Stock Exchange on August 6, 2026, the additional net proceeds received by the Company from the partial exercise of the Over-allotment Option are estimated to be approximately HK\$345.3 million after deducting the estimated underwriting fees, commissions and expenses payable by the Company in connection with the partial exercise of the Over-allotment Option. Such proceeds will be allocated on a pro rata basis to the purposes as set out in the section headed “Future Plans and Use of Proceeds” in the H Share Prospectus.

As the Company’s H Shares were listed on the Stock Exchange only after the reporting period, and the Global Offering of H Shares had not yet been completed during the reporting period, the Company had no net proceeds from the Global Offering of H Shares available for use as of June 30, 2026. As of the date of this interim report, there have been no changes to the proposed use of the net proceeds disclosed in the section headed “Future Plans and Use of Proceeds” in the H Share Prospectus. To the extent that the net proceeds of the Global Offering of H Shares are not immediately used for the purposes described above, the Company will only deposit the unused net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

(V) Restricted Share Incentive Schemes

As of the Latest Practicable Date, the Company has two Restricted Share Incentive Schemes in place, namely (i) the restricted share incentive scheme approved by Shareholders on August 31, 2023 (the “**2023 Restricted Share Incentive Scheme**”); and (ii) the restricted share incentive scheme approved by Shareholders on May 28, 2025 (the “**2025 Restricted Share Incentive Scheme**”, together with the 2023 Restricted Share Incentive Scheme, collectively the “**Restricted Share Incentive Schemes**”). The terms of the Restricted Share Incentive Schemes are not subject to the provisions under Chapter 17 of the Hong Kong Listing Rules as such schemes do not involve any grant of awards by our Company after our Listing. Save as otherwise disclosed, the terms of the Restricted Share Incentive Schemes are substantially similar and are summarized below:

1. Purpose

The purpose of the Restricted Share Incentive Schemes is to improve our Group’s corporate governance structure and establish and improve a long-term incentive and restraint mechanism, attract and retain outstanding talent, and fully motivate the initiative and creativity of employees. The Schemes are implemented to effectively strengthen the cohesion of our core team and enhance our Company’s core competitiveness and to support the achievement of our Company’s strategic and operational goals while safeguarding the interests of Shareholders.

2. Administration

The Restricted Share Incentive Schemes are executed by the Board subject to the authorization by the Shareholders. The Remuneration and Evaluation Committee is responsible for formulating and revising the terms of the Restricted Share Incentive Schemes, which shall be submitted to the Board for consideration and approval.

3. Eligibility and participation

Participants of the 2023 Restricted Share Incentive Scheme consist of management and key employees of our Group. Participants of the 2025 Restricted Share Incentive Scheme consist of Directors (excluding independent non-executive Directors), management and key employees of our Group.

4. Source and maximum number of Shares

The shares underlying the 2023 Restricted Share Incentive Scheme shall be new A shares to be issued by our Company to the Participants. The shares underlying the 2025 Restricted Share Incentive Scheme shall be A Shares purchased by our Company from the secondary market and/or new A Shares to be issued by our Company to the Participants. Each granted restricted share represents the right to purchase one A Share within the agreed period at the grant price. The relevant A Shares will be vested in tranches upon the fulfillment of the stipulated vesting conditions. The maximum number of restricted shares that can be granted under the 2023 Restricted Share Incentive Scheme is 20,061,351 shares, representing 0.90% of the total issued shares of the Company as of the Latest Practicable Date. The maximum number of restricted shares that can be granted under the 2025 Restricted Share Incentive Scheme is 62,088,500 shares, representing 2.78% of the total issued shares of the Company as of the Latest Practicable Date. The total number of shares that any single participant may receive in aggregate under the 2023 Restricted Share Incentive Scheme, the 2025 Restricted Share Incentive Scheme, and other effective equity incentive schemes of the Company (if any) shall not exceed 1% of the total share capital.

Section V Important Matters

5. Date of grant and term of the Scheme

The date on which the restricted shares are granted shall be determined by the Board. The grant of restricted shares for the first time shall be approved by the Board and announced within 60 days after the approval of the Restricted Share Incentive Schemes by the Shareholders' meeting. The Restricted Share Incentive Schemes shall be effective from the date of grant of restricted shares under the Schemes up to the date when the restricted shares granted under the Schemes are all vested or have been canceled, provided that the term of the Schemes shall not exceed 72 months. As of the Latest Practicable Date, the remaining term of the 2023 Restricted Share Incentive Scheme is 33 months, and the remaining term of the 2025 Restricted Share Incentive Scheme is 50 months.

6. Performance targets and vesting

Under the 2023 Restricted Share Incentive Scheme, subject to fulfillment of the performance targets at Company level and Participant level, the restricted shares held by the Participants shall be vested in three installments of one-third each, commencing from 24 months, 36 months and 48 months, respectively, from the date of granting the restricted shares to the grantee.

Under the 2025 Restricted Share Incentive Scheme, subject to fulfillment of the performance targets at Company level and Participant level, the restricted shares held by the Participants shall be vested in three installments in the proportion of 33%, 33% and 34%, commencing from 24 months, 36 months and 48 months, respectively, from the date of granting the restricted shares to the grantee.

If the grantee is a Director or a senior management of our Company who terminates the employment before expiry of the term, during the period of the original term of employment, the shares to be transferred in each year shall not exceed 25% of the total shares he or she holds. No share held by such Director or senior management can be transferred within six months after termination of his or her employment. If the grantee is a Director or senior management of our Company, income gained through sale of shares within six months after the purchase or purchase of shares within six months after the sale shall belong to our Company and will be forfeited by the Board. If there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

7. Grant Price

The grant price under the 2023 Restricted Share Incentive Scheme is RMB10.07 per share. The grant price is not lower than 50% of the higher of the average trading prices of the Company's shares on the trading day immediately before or during the preceding 20 or 60 trading days before the announcement of the 2023 Restricted Share Incentive Scheme.

The grant price under the 2025 Restricted Share Incentive Scheme is RMB12.10 per share. The grant price is not lower than 50% of the average trading prices of the Company's shares on the trading day immediately before or during the preceding 20, 60, or 120 trading days before the announcement of the 2025 Restricted Share Incentive Scheme.

Pursuant to the resolution of the Board dated June 26, 2025, in view of the Company's dividend distribution for 2024, the grant prices under each of the 2023 Restricted Share Incentive Scheme and the 2025 Restricted Share Incentive Scheme were adjusted to RMB9.97 and RMB12.00 per share, respectively.

Section V Important Matters

8. Outstanding restricted Shares

The following table sets forth the details of movements in the restricted shares granted to Directors and senior management of our Company under the Restricted Share Incentive Schemes during the reporting period:

Name	Position(s) held within our Group	Date of grant	Grant price (RMB)	Number of restricted shares granted at the beginning of the period	Number of restricted shares newly granted during the reporting period	Number of restricted shares vested and lapsed during the reporting period	Number of restricted shares granted at the end of the period ⁽¹⁾	Approximate percentage of issued share capital of the Company ⁽²⁾
Mr. TSAI Kuo-Chih	Executive Director and chairperson of the Board	June 26, 2025	12.0	1,700,000	–	–	1,700,000	0.08%
Mr. ZHU Caiwei	Executive Director, Board secretary, financial director, and deputy general manager	June 26, 2025	12.0	1,100,000	–	–	1,100,000	0.05%
Mr. CHIU Hsien-Huan	Co-general manager	June 26, 2025	12.0	1,300,000	–	–	1,300,000	0.06%
Dr. JENG Chi-Cherng	Co-general manager	October 23, 2023	9.97	633,334	–	–	633,334	0.03%
		June 26, 2025	12.0	1,300,000	–	–	1,300,000	0.06%
Ms. ZHU Xiaojuan	Deputy general manager	June 26, 2025	12.0	1,100,000	–	–	1,100,000	0.05%
Mr. ZHOU Yiliang	Deputy general manager	June 26, 2025	12.0	1,100,000	–	–	1,100,000	0.05%

Notes:

- (1) The number of restricted shares granted at the end of the period = the number of restricted shares granted at the beginning of the period + the number of restricted shares newly granted during the reporting period – the number of restricted shares vested and lapsed during the reporting period.
- (2) The calculation is based on the total number of issued shares of 2,234,645,597 as of the Latest Practicable Date (comprising 2,007,591,697 A Shares and 227,053,900 H Shares).

Section V Important Matters

The following table sets forth the details of movements in the restricted shares granted to other grantees (excluding Directors and senior management of our Company) under the Restricted Share Incentive Schemes during the reporting period:

Restricted Share Incentive Schemes	Number of grantees	Date of grant	Grant price (RMB)	Number of restricted shares granted at the beginning of the period	Number of restricted shares newly granted during the reporting period	Number of restricted shares vested and lapsed during the reporting period	Number of restricted shares granted at the end of the period ⁽¹⁾	Approximate percentage of issued share capital of the Company ⁽²⁾
2023 Restricted Share Incentive Scheme ⁽³⁾	334	October 23, 2023	9.97	9,516,144	–	–	9,516,144	0.43%
	6	May 31, 2024	9.97	2,006,135	–	–	2,006,135	0.09%
2025 Restricted Share Incentive Scheme	987	June 26, 2025	12.0	51,788,500	–	–	51,788,500	2.32%
	60	October 29, 2025	12.0	2,700,000	–	–	2,700,000	0.12%

Notes:

- (1) The number of restricted shares granted at the end of the period = the number of restricted shares granted at the beginning of the period + the number of restricted shares newly granted during the reporting period – the number of restricted shares vested and lapsed during the reporting period.
- (2) The calculation is based on the total number of issued shares of 2,234,645,597 as of the Latest Practicable Date (comprising 2,007,591,697 A Shares and 227,053,900 H Shares).
- (3) Pursuant to the resolution of the Board dated October 29, 2025, due to departure and other reasons, 61 individuals have been removed from the Participants and the restricted shares previously granted to them have been cancelled accordingly under the 2023 Restricted Share Incentive Scheme.

Section V Important Matters

(VI) Review of the Audit Committee

The condensed consolidated interim financial statements of the Group for the six months ended June 30, 2026 (the “**Interim Financial Information**”) have been prepared by the Company in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The Interim Financial Information has been neither audited nor reviewed by the external auditor, but has been reviewed by the Audit Committee of the Company. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial statements for the reporting period, and is of the view that such financial information has been prepared in accordance with applicable accounting standards, rules and regulations, and that appropriate disclosures have been made.

(VII) Events after the Balance Sheet Date

On July 10, 2026, the H Shares of the Company were listed on the Main Board of the Stock Exchange. The Company issued an aggregate of 216,167,000 H Shares at HK\$32.30 per H Share pursuant to the Global Offering of H Shares.

On August 6, 2026, the Over-allotment Option in respect of a total of 10,886,900 H Shares was partially exercised. These H Shares were issued and allotted on August 11, 2026 upon the partial exercise of the Over-allotment Option.

(VIII) Change in Information of Directors and Chief Executives

During the reporting period, the changes in the information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules are as follows:

Mr. ZHU Caiwei, an executive Director, has served as a director, manager, and financial director of Hefei Ruiyu Technology Co., Ltd. since April 2026, and has served as a director and manager of Hefei Jingwei Technology Co., Ltd. since June 2026.

Ms. CHEN Xiaobei, the non-executive Director, resigned from Hefei Construction Investment in April 2026 and currently serves as the deputy general manager of Hefei Urban Construction Development Co., Ltd. (合肥城建發展股份有限公司).

The remuneration package for the executive Directors Mr. TSAI Kuo-Chih and Mr. ZHU Caiwei, as well as the chief executives Mr. CHIU Hsien-Huan and Dr. JENG Chi-Cherng, has been adjusted as follows: the remuneration consists of base salary, performance-based compensation, and medium- to long-term incentives. Performance-based compensation is paid based on the Company’s operating results and individual performance evaluation results. In principle, the proportion of performance-based compensation shall not be less than 50% of the sum of the base salary and performance-based compensation. For details, please refer to the Announcement of Nexchip on the 2026 Remuneration Package for Directors and Senior Management (《晶集成關於董事、高級管理人員2026年度薪酬方案的公告》) (Announcement No. 2026-015) disclosed by the Company on the Shanghai Stock Exchange (www.sse.com.cn).

Save as disclosed above, as of the Latest Practicable Date, there were no other changes in the information of Directors and chief executives of the Company.

(IX) List of Directors

As at the Latest Practicable Date, the Directors of the Company comprise: (i) Mr. Tsai Kuo-Chih and Mr. ZHU Caiwei as executive Directors; (ii) Mr. Lu Qinhang, Ms. Chen Xiaobei, Mr. Guo Zhaozhi and Mr. Qiu Wensheng as non-executive Directors; and (iii) Prof. An Guangshi, Prof. Lin Zhiting and Mr. Chen Ting as independent non-executive Directors.

Section VI Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of changes in shares

Unit: Share

	Prior to the change			Increase(+)/Decrease(-) in the change				After the change	
	Number	Percentage (%)	Issuance of new shares	Shares dividend	Shares converted from capital reserve	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading restrictions	819,373,461	40.81	-	-	-	(819,373,461)	(819,373,461)	-	-
1. Shares held by state-owned legal entities	468,474,592	23.34	-	-	-	(468,474,592)	(468,474,592)	-	-
2. Shares held by other domestic capital	350,898,869	17.48	-	-	-	(350,898,869)	(350,898,869)	-	-
II. Tradable shares not subject to trading restrictions	1,188,218,236	59.19	-	-	-	819,373,461	819,373,461	2,007,591,697	100.00
1. Ordinary shares denominated in RMB	1,188,218,236	59.19	-	-	-	819,373,461	819,373,461	2,007,591,697	100.00
III. Total number of shares	2,007,591,697	100.00	-	-	-	-	-	2,007,591,697	100.00

Section VI Changes in Shares and Particulars of Shareholders

2. Description of changes in shares

During the reporting period, the total number of tradable shares of the Company subject to trading restrictions was 819,373,461 shares, representing 40.81% of the total share capital of the Company at that time. For details, please refer to the Announcement of Nexchip on the Listing and Trading of Certain Shares Subject to Trading Restrictions from the Initial Public Offering (《晶合集成首次公開發行部分限售股上市流通公告》) (Announcement No.: 2026-009) disclosed by the Company on the Shanghai Stock Exchange (www.sse.com.cn) on April 23, 2026.

3. Impact (if any) of share changes on financial indicators, such as earnings per share and net assets per share from the end of the reporting period to the disclosure date of the interim report

Upon approval by the Hong Kong Stock Exchange, 216,167,000 H Shares issued by 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 July 10, 2026. The stock short name of the Company's H Shares is "NEXCHIP" with the stock code "2249". For details, please refer to the Announcement of Nexchip on the Listing and Trading of Overseas Listed Shares (H Shares) and Changes in Share Capital (《晶合集成關於境外上市股份(H股)掛牌並上市交易暨股份變動的公告》) (Announcement No.: 2026-023) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the designated media on July 11, 2026.

The Overall Coordinators (for themselves and on behalf of the International Underwriters) partially exercised the Over-allotment Option on August 6, 2026, in respect of an aggregate of 10,886,900 H Shares. Listing of and dealings in such over-allotment shares commenced on the Main Board of the Stock Exchange at 9:00 a.m. on August 11, 2026. For details, please refer to the Announcement of Nexchip on the Partial Exercise of the Over-allotment Option, Stabilizing Actions and the End of Stabilization Period (《晶合集成關於部分行使超額配售權、穩定價格行動及穩定價格期結束的公告》) (Announcement No.: 2026-026) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the designated media on August 7, 2026.

The total share capital of the Company increased to 2,234,645,597 shares from the end of the reporting period to the disclosure date of the interim report. Earnings per share were correspondingly diluted, while net assets per share increased.

Section VI Changes in Shares and Particulars of Shareholders

(II) Changes in Shares Subject to Trading Restrictions

Unit: Share

Name of Shareholders	Number of shares subject to trading restrictions at the beginning of the period	Number of shares subject to trading restrictions unlocked for the reporting period	Increase in the number of shares subject to trading restrictions for the reporting period	Number of shares subject to trading restrictions at the end of the reporting period	Reasons for trading restrictions	Date of release from trading restrictions
Hefei Construction Investment	468,474,592	468,474,592	-	-	Original issue stock	May 4, 2026
Hefei Xiping	328,736,799	328,736,799	-	-	Original issue stock	May 4, 2026
Hefei Jingduan	5,195,398	5,195,398	-	-	Original issue stock	May 4, 2026
Hefei Jingsui	4,197,429	4,197,429	-	-	Original issue stock	May 4, 2026
Hefei Jingjiong	3,813,060	3,813,060	-	-	Original issue stock	May 4, 2026
Hefei Jingka	1,456,606	1,456,606	-	-	Original issue stock	May 4, 2026
Hefei Jingjue	1,262,054	1,262,054	-	-	Original issue stock	May 4, 2026
Hefei Jingshao	1,174,082	1,174,082	-	-	Original issue stock	May 4, 2026
Hefei Jingrou	862,798	862,798	-	-	Original issue stock	May 4, 2026
Hefei Jingken	852,648	852,648	-	-	Original issue stock	May 4, 2026
Hefei Jingben	779,902	779,902	-	-	Original issue stock	May 4, 2026
Hefei Jingluo	581,966	581,966	-	-	Original issue stock	May 4, 2026
Hefei Jingliao	497,378	497,378	-	-	Original issue stock	May 4, 2026
Hefei Jingque	414,481	414,481	-	-	Original issue stock	May 4, 2026
Hefei Jingtie	414,481	414,481	-	-	Original issue stock	May 4, 2026
Hefei Jingtuo	406,023	406,023	-	-	Original issue stock	May 4, 2026
Hefei Jingxiong	253,764	253,764	-	-	Original issue stock	May 4, 2026
Total	819,373,461	819,373,461	-	-	/	/

- Notes: 1. As the closing price of the Company's shares was lower than the Offer Price for 20 consecutive trading days within six months after the listing of the Company, the conditions for commitment performance have been triggered. The controlling shareholders of the Company and their parties acting in concert, as well as the then directors and senior management involved in the commitment, extended the lock-up period of the shares held by them directly or indirectly prior to the Company's initial public offering by six months. For details, please refer to the Announcement of Nexchip on the Extension of the Lock-up Period by Relevant Shareholders (《晶集成關於相關股東延長鎖定期的公告》) (Announcement No.: 2023-024) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn). Hefei Construction Investment, the controlling shareholder of the Company, its party acting in concert, Hefei Xiping, as well as the serving directors and senior management will voluntarily comply with the commitment and extend the lock-up period to November 4, 2026.
2. Pursuant to Rule 10.07 of the Hong Kong Listing Rules, Hefei Construction Investment, the controlling shareholder of the Company, and its party acting in concert, Hefei Xiping, are prohibited from selling or transferring the shares of the Company during the period from July 10, 2026 to January 9, 2027. During the period from January 10, 2027 to July 9, 2027, they may sell or transfer the shares of the Company, provided that they remain as controlling shareholders, and they will no longer be prohibited from selling or transferring the shares of the Company after July 10, 2027.

Section VI Changes in Shares and Particulars of Shareholders

II. PARTICULARS OF SHAREHOLDERS

(I) Total Number of Shareholders:

Total number of ordinary Shareholders as at the end of the reporting period (number of accounts)	52,207
Total number of holders of preferred shares with restored voting rights as at the end of the reporting period (number of accounts)	—
Total number of holders of shares with special voting rights as at the end of the reporting period (number of accounts)	—

(II) Particulars of Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders Not Subject to Selling Restrictions as of the End of the Reporting Period Particulars of shareholdings of the top ten Shareholders through both general securities accounts and securities accounts with customer credit trading guarantee in securities company

Unit: Share

Shareholding of top ten Shareholders (excluding shares lent under the refinancing transfer)								
Full name of Shareholder	Increase/ Decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held subject to trading restrictions	Number of shares including shares lent under the refinancing transfer	Shares pledged, marked or frozen		Nature of Shareholder
						Share status	Number	
Hefei Construction Investment Holding (Group) Co., Ltd. (合肥市建設投資控股(集團)有限公司)	—	468,474,592	23.34	—	—	Nil	—	State-owned legal entities
Hefei Xiping Industrial Investment Fund (Limited Partnership) (合肥芯屏產業投資基金(有限合夥))	—	328,736,799	16.37	—	—	Nil	—	Others
Powerchip Investment Holding Corporation	(100,379,585)	161,984,487	8.07	—	—	Nil	—	Overseas legal entities
Huaqin Technology Co., Ltd. (華勤技術股份有限公司)	—	120,368,109	6.00	—	—	Nil	—	Domestic non- state-owned legal entities
Hefei Qinhe Electronic Technology Co., Ltd. (合肥勤合電子科技有限公司)	100,379,585	100,379,585	5.00	—	—	Nil	—	Domestic non- state-owned legal entities
Hong Kong Securities Clearing Company Limited	6,774,078	31,922,373	1.59	—	—	Nil	—	Others
China Merchants Bank Co., Ltd. — Xingquan Henun Hybrid Securities Investment Fund (興全合潤混合型證券投資基金)	30,440,547	30,440,547	1.52	—	—	Nil	—	Others
China Merchants Bank Co., Ltd. — Galaxy Innovation Growth Mixed Securities Investment Fund (銀河創新成長混合型證券投資基金)	29,006,255	29,006,255	1.44	—	—	Nil	—	Others
China Everbright Bank Company Limited — Aegon-Industrial Commercial Mode Preferred Hybrid Securities Investment Fund (LOF) (中國光大銀行股份有限公司—興全商業模式優選 混合型證券投資基金(LOF))	28,303,469	28,303,469	1.41	—	—	Nil	—	Others
China Merchants Bank Co., Ltd. — ChinaAMC SSE STAR 50 Exchange Traded Funds (華夏上證科創板50成份交易型開放式指數 證券投資基金)	(20,943,296)	18,206,118	0.91	—	—	Nil	—	Others

Section VI Changes in Shares and Particulars of Shareholders

Shareholding of top ten Shareholders not subject to trading restrictions (excluding shares lent under the refinancing transfer)			
Name of Shareholder	Number of outstanding shares held not subject to trading restrictions	Type and number of shares	
		Type	Number
Hefei Construction Investment Holding (Group) Co., Ltd. (合肥市建設投資控股(集團)有限公司)	468,474,592	Ordinary shares denominated in RMB	468,474,592
Hefei Xinping Industrial Investment Fund (Limited Partnership) (合肥芯屏產業投資基金(有限合伙))	328,736,799	Ordinary shares denominated in RMB	328,736,799
Powerchip Investment Holding Corporation	161,984,487	Ordinary shares denominated in RMB	161,984,487
Huaqin Technology Co., Ltd. (華勤技術股份有限公司)	120,368,109	Ordinary shares denominated in RMB	120,368,109
Hefei Qinhe Electronic Technology Co., Ltd. (合肥勤合電子科技有限公司)	100,379,585	Ordinary shares denominated in RMB	100,379,585
Hong Kong Securities Clearing Company Limited	31,922,373	Ordinary shares denominated in RMB	31,922,373
China Merchants Bank Co., Ltd. – Xingquan Henun Hybrid Securities Investment Fund (興全合潤混合型證券投資基金)	30,440,547	Ordinary shares denominated in RMB	30,440,547
China Merchants Bank Co., Ltd. – Galaxy Innovation Growth Mixed Securities Investment Fund (銀河創新成長混合型證券投資基金)	29,006,255	Ordinary shares denominated in RMB	29,006,255
China Everbright Bank Company Limited – Aegon-Industrial Commercial Mode Preferred Hybrid Securities Investment Fund (LOF) (中國光大銀行股份有限公司—興全商業模式優選混合型 證券投資基金(LOF))	28,303,469	Ordinary shares denominated in RMB	28,303,469
China Merchants Bank Co., Ltd. – ChinaAMC SSE STAR 50 Exchange Traded Funds (華夏上證科創板50成份交易型開放式指數證券投資基金)	18,206,118	Ordinary shares denominated in RMB	18,206,118
Description of designated accounts for repurchase among the top ten Shareholders	As of June 30, 2026, Nexchip Semiconductor (China) Limited held 62,088,500 shares of the Company in its dedicated securities account for share repurchase, representing 3.09% of the then total share capital of the Company, with the highest repurchase price of RMB15.31 per share and the lowest repurchase price of RMB12.97 per share, and the total payment amounting to RMB891,677 thousand (excluding transaction costs such as stamp duty and trading commissions). According to the relevant requirements of the Standard No. 3 Concerning the Contents and Formats of Information Disclosed by Listed Companies – The Contents and Formats of Interim Report, such shares are excluded from the list of the top ten Shareholders.		
Description of rights to vote by proxy, proxy and abstention from voting among the above Shareholders	Nil		
Description of connected relationship or acting in concert among the above Shareholders	Hefei Xinping and Hefei Construction Investment are parties acting in concert, and Huaqin Technology and Hefei Qinhe are parties acting in concert. Save as disclosed above, the Company is not aware of any connected relationship or parties acting in concert among the other Shareholders above.		
Description of holders of preferred shares subject to restored voting rights and their shareholdings	Nil		

Section VI Changes in Shares and Particulars of Shareholders

III. INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS AND CHIEF EXECUTIVES IN OUR SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ITS ASSOCIATED CORPORATIONS

As the Company's shares were not listed on the Stock Exchange as of June 30, 2026, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executives of the Company.

As at Latest Practicable Date, the interests and/or short positions (if applicable) of our Directors and chief executives in our shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (if applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name	Position	Nature of interests	Number and description of shares ⁽¹⁾	Percentage of the Company's total issued A Shares/H Shares (%) ⁽²⁾	Percentage of the Company's total issued shares (%) ⁽²⁾
Mr. TSAI Kuo-Chih	Executive Director and chairperson of the Board	Beneficial owner	1,773,543 ⁽³⁾ A Shares	0.09	0.08
Mr. ZHU Caiwei	Executive Director, Board secretary, financial director and deputy general manager	Beneficial owner	1,360,931 ⁽³⁾ A Shares	0.07	0.06
Mr. QIU Wensheng ⁽⁴⁾	Non-executive Director	Interest of controlled corporation	220,747,694 A Shares	11.00	9.88
		Interest of controlled corporation	24,516,900 H Shares	10.80	1.10
Mr. CHIU Hsien-Huan	Co-general manager	Beneficial owner	1,300,000 ⁽³⁾ A Shares	0.06	0.06
Dr. JENG Chi-Cherng	Co-general manager	Beneficial owner	2,038,334 ⁽³⁾ A Shares	0.10	0.09

Section VI Changes in Shares and Particulars of Shareholders

Notes:

- (1) For the avoidance of doubt, both A Shares and H Shares are ordinary shares in the share capital of our Company, and are considered as one class of shares. All interests stated are long positions.
- (2) Calculated based on a total of 2,234,645,597 shares in issue (including 2,007,591,697 A Shares and 227,053,900 H Shares) as of the Latest Practicable Date.
- (3) Each of Mr. TSAI Kuo-Chih, Mr. ZHU Caiwei, Mr. CHIU Hsien-Huan and Dr. JENG Chi-Cherng is entitled to receive up to 1,700,000 A Shares, 1,100,000 A Shares, 1,300,000 A Shares and 1,933,334 A Shares, respectively, if and upon the vesting of restricted shares granted to him under the Restricted Share Incentive Schemes, subject to the conditions (including vesting conditions) contemplated thereof.
- (4) As of the Latest Practicable Date, QIU Wensheng, directly and indirectly through his controlled entities, controlled more than one-third of the voting power at the general meetings of Huaqin Technology and would be taken to have an interest in the entire shares held by Huaqin Technology, Hefei Qinhe and Huaqin Telecom Hong Kong Limited under the SFO.

Save as disclosed above, as at Latest Practicable Date, none of the Directors or chief executives of the Company has an interest and/or short position in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules.

Section VI Changes in Shares and Particulars of Shareholders

IV. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN OUR SHARES AND UNDERLYING SHARES

As disclosed above, the Company's shares were not listed on the Stock Exchange as of June 30, 2026. As such, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Substantial Shareholders of the Company.

As at Latest Practicable Date, to the knowledge of the Company's Directors having made all reasonable enquiries, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, and has been recorded in the register required to be kept by the Company under Section 336 of the SFO:

Shareholder	Nature of interest	Number and description of shares ⁽¹⁾	Percentage of the Company's total issued A Shares/H Shares (%) ⁽²⁾	Percentage of the Company's total issued shares (%) ⁽²⁾
Hefei Construction Investment ⁽³⁾⁽⁴⁾	Beneficial owner	468,474,592(L) A Shares	23.34	20.96
	Interest of controlled corporation	390,825,299(L) A Shares	19.47	17.49
Hefei Xinping ⁽³⁾	Beneficial owner	328,736,799(L) A Shares	16.37	14.71
Hefei Jiantou Capital Management Co., Ltd. ("Jiantou Capital") ⁽³⁾	Interest of controlled corporation	328,736,799(L) A Shares	16.37	14.71
PIHC	Beneficial owner	161,984,487(L) A Shares	8.07	7.25
Huaqin Technology ⁽⁵⁾⁽⁶⁾	Beneficial owner	120,368,109(L) A Shares	6.00	5.39
	Interest of controlled corporation	100,379,585(L) A Shares	5.00	4.49
		24,516,900(L) H Shares	10.80	1.10
Hefei Qinhe ⁽⁵⁾	Beneficial owner	100,379,585(L) A Shares	5.00	4.49
Haiqin Telecom Hong Kong Limited (海勤通訊香港有限公司) ⁽⁶⁾	Beneficial owner	24,516,900(L) H Shares	10.80	1.10
Huaqin Telecom Hong Kong Limited (華勤通訊香港有限公司) ⁽⁶⁾	Interest of controlled corporation	24,516,900(L) H Shares	10.80	1.10

Section VI Changes in Shares and Particulars of Shareholders

Shareholder	Nature of interest	Number and description of shares ⁽¹⁾	Percentage of the Company's total issued A Shares/H Shares (%) ⁽²⁾	Percentage of the Company's total issued shares (%) ⁽²⁾
Morgan Stanley ⁽⁷⁾	Interest of controlled corporation	15,424,416(L) H Shares	6.79	0.69
		136,268(S) H Shares	0.06	0.01
GIC Private Limited	Beneficial owner	11,463,800(L) H Shares	5.05	0.51
ZHANG Jinfang ⁽⁸⁾	Interest of controlled corporation	17,854,600(L) H Shares	7.86	0.80
Beijing Chipone Technology Co., Ltd. (北京集創北方科技股份有限公司) ("Beijing Chipone") ⁽⁸⁾	Interest of controlled corporation	17,854,600(L) H Shares	7.86	0.80
Chery Automobile ⁽⁹⁾	Interest of controlled corporation	13,807,500(L) H Shares	6.08	0.62
Chery Automobile Hong Kong Trade Co., Limited ⁽⁹⁾	Beneficial owner	13,807,500(L) H Shares	6.08	0.62
Mr. LI Haitao (李海濤) ⁽¹⁰⁾	Interest of controlled corporation	12,745,200(L) H Shares	5.61	0.57
Suzhou Industrial Park Jade Stone Venture Capital Management Partnership (Limited Partnership) (蘇州工業園區蘭璞創業投資管理合夥企業 (有限合夥)) ("Jade Stone Venture Capital") ⁽¹⁰⁾	Interest of controlled corporation	12,745,200(L) H Shares	5.61	0.57
Guangzhou Guanggang Gases & Energy Co., Ltd. (廣州廣鋼氣體能源股份有限公司) ⁽¹⁰⁾	Interest of controlled corporation	12,745,200(L) H Shares	5.61	0.57
Hefei Puxin Equity Investment Fund Partnership (Limited Partnership) (合肥璞新股權投資基金合夥企業(有限合夥)) ("Hefei Puxin") ⁽¹⁰⁾	Interest of controlled corporation	12,745,200(L) H Shares	5.61	0.57
Puxin Technology Limited (璞新科技有限公司) ("Puxin Technology") ⁽¹⁰⁾	Beneficial owner	12,745,200(L) H Shares	5.61	0.57
Smartsens ⁽¹¹⁾	Interest of controlled corporation	12,010,400(L) H Shares	5.29	0.54
Smartsens Technology (HK) Co., Limited ⁽¹¹⁾	Beneficial owner	12,010,400(L) H Shares	5.29	0.54

Notes:

- (1) For the avoidance of doubt, both A Shares and H Shares are ordinary shares in the share capital of our Company, and are considered as one class of shares. (L) stands for long position; (S) stands for short position; (P) stands for shares available for lending.
- (2) Calculated based on a total of 2,234,645,597 shares in issue (including 2,007,591,697 A Shares and 227,053,900 H Shares) as of the Latest Practicable Date.
- (3) As at the Latest Practicable Date, the general partner of Hefei Xinping was Jiantou Capital, which was controlled by Hefei Construction Investment. Therefore, each of Jiantou Capital and Hefei Construction Investment is deemed to be interested in the entire shares held by Hefei Xinping under the SFO.

Section VI Changes in Shares and Particulars of Shareholders

- (4) As at the Latest Practicable Date, there were 62,088,500 A Shares repurchased and held in our Company's stock repurchase account. Hefei Construction Investment, directly and indirectly through Jiantou Capital, controls more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company.
- (5) As at the Latest Practicable Date, Hefei Qinhe was wholly owned by Huaqin Technology.
- (6) As at the Latest Practicable Date, Huaqin Telecom Hong Kong Limited was wholly owned by Haiqin Telecom Hong Kong Limited, which was in turn wholly owned by Huaqin Technology.
- (7) According to the corporate substantial shareholder notice filed by Morgan Stanley with the Stock Exchange on August 25, 2026, Morgan Stanley is interested in a long position of 15,424,416 H Shares and a short position of 136,268 H Shares of the Company in total. These shares are indirectly held by Morgan Stanley through certain of its subsidiaries. Among them, the short position of 136,268 H Shares involves unlisted cash-settled derivatives.
- (8) As at the Latest Practicable Date, Hefei Chipone (Hong Kong) Co., Limited (合肥集創(香港)有限公司) ("**Hefei Chipone HK**") and Chipone (Hong Kong) Co., Limited (集創北方(香港)有限公司) ("**Chipone HK**") directly held 10,604,500 H Shares and 7,250,100 H Shares, respectively. Hefei Chipone HK is wholly owned by Hefei Jichuang Microelectronics Technology Co., Ltd. (合肥集創微電子科技有限公司). Chipone HK and Hefei Jichuang Microelectronics Technology Co., Ltd. are both wholly owned by Beijing Chipone. In addition, Beijing Chipone is held as to more than 30% by ZHANG Jinfang. Therefore, each of ZHANG Jinfang and Beijing Chipone is deemed to indirectly hold the 10,604,500 H Shares and 7,250,100 H Shares held by Hefei Chipone HK and Chipone HK, respectively, under the SFO.
- (9) As at the Latest Practicable Date, Chery Automobile Hong Kong Trade Co., Limited was wholly owned by Chery Automobile.
- (10) As at the Latest Practicable Date, Puxin Technology was wholly owned by Hefei Puxin. Hefei Puxin is a specialized fund managed by Jade Stone Venture Capital. Mr. LI Haitao is the general partner and actual controller of Jade Stone Venture Capital, holding 90% interest therein. Among the limited partners of Hefei Puxin, Guangzhou Guanggang Gases & Energy Co., Ltd., a company listed on the STAR Market of Shanghai Stock Exchange (stock code: 688548), holds over 30% interest therein. Therefore, each of Hefei Puxin, Jade Stone Venture Capital, Mr. LI Haitao, and Guangzhou Guanggang Gases & Energy Co., Ltd. is deemed to be interested in the 12,745,200 H Shares directly held by Puxin Technology under the SFO.
- (11) As at the Latest Practicable Date, Smartsens Technology (HK) Co., Limited was wholly owned by Smartsens.

Save as disclosed above, as at the Latest Practicable Date, the Company is not aware of any other person (other than the Directors and chief executives of the Company) who has an interest or short position in the shares or underlying shares of the Company that is required to be recorded in the register maintained under Section 336 of the SFO.

Section VII Interim Financial Information

Condensed Consolidated Statement of Comprehensive Income

		Six months ended June 30,	
		2026	2025
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Revenue	4	5,765,812	5,129,794
Cost of sales	7	(4,532,968)	(3,869,945)
Gross profit		1,232,844	1,259,849
Other income	5	144,184	85,697
Other gains and (losses), net	6	103,470	(29,734)
Research and development expenses	7	(609,227)	(694,820)
General and administrative expenses	7	(260,237)	(206,235)
Selling expenses	7	(44,088)	(28,172)
Net impairment losses recognized on financial assets		(260)	(138)
Finance costs	8	(306,919)	(150,833)
Share of results of associates, net		(24,166)	(3,567)
Profit before income tax		235,601	232,047
Income tax expense	9	(14,080)	(47)
Profit for the period		221,521	232,000
Profit/(loss) for the period attributable to:			
Owners of the Company		245,373	332,129
Non-controlling interests		(23,852)	(100,129)
		221,521	232,000
Other comprehensive (loss)/income for the period, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations, net of tax		(14,547)	342
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		1,149,688	10,205
Total comprehensive income for the period		1,356,662	242,547
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		1,380,514	342,676
Non-controlling interests		(23,852)	(100,129)
		1,356,662	242,547
Earnings per share ("EPS") for profit attributable to owners of the Company	10		
Basic (RMB per share)		0.13	0.17
Diluted (RMB per share)		0.13	0.17

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Section VII Interim Financial Information

Condensed Consolidated Statement of Financial Position

		As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	44,246,941	42,375,241
Right-of-use assets		99,630	98,843
Intangible assets	12	1,314,867	1,223,955
Investments in associates		525,561	549,728
Financial assets at fair value through profit or loss	14	31,730	43,662
Financial assets at fair value through other comprehensive income	15	1,555,507	501,964
Prepayments, other receivables and other assets	18	857,797	959,851
		48,632,033	45,753,244
Current assets			
Inventories	16	1,590,023	1,714,857
Trade receivables	17	1,239,611	1,187,472
Prepayments, other receivables and other assets	18	665,436	636,741
Financial assets at fair value through profit or loss	14	1,866,233	1,722,972
Financial assets at fair value through other comprehensive income	15	–	6,063
Restricted bank deposits	19	108,569	–
Cash and cash equivalents		4,680,698	2,276,620
		10,150,570	7,544,725
Current liabilities			
Trade and other payables	20	2,803,560	2,955,582
Contract liabilities	21	211,874	316,652
Borrowings	22	2,070,397	1,972,941
Bonds payable		30,408	16,256
Income tax payable		240	–
		5,116,479	5,261,431
Net current assets		5,034,091	2,283,294
Total assets less current liabilities		53,666,124	48,036,538

Section VII Interim Financial Information

Condensed Consolidated Statement of Financial Position

		As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
	Notes		
Non-current liabilities			
Trade and other payables	20	1,558	1,476
Borrowings	22	19,775,911	17,519,740
Bonds payable		2,000,000	2,000,000
Deferred income	23	749,698	427,633
Deferred tax liabilities		12,666	–
		22,539,833	19,948,849
Net assets		31,126,291	28,087,689
EQUITY			
Share capital	24	2,007,592	2,007,592
Treasury shares	24	(891,776)	(891,776)
Other reserves		20,403,999	19,210,449
Retained earnings		1,769,966	1,442,267
Equity attributable to owners of the Company		23,289,781	21,768,532
Non-controlling interests		7,836,510	6,319,157
Total equity		31,126,291	28,087,689

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Section VII Interim Financial Information

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Total equity RMB'000
	Share capital RMB'000	Treasury shares reserve RMB'000	Share premium RMB'000	Other capital reserves RMB'000	Share-based payment reserves RMB'000	Other comprehensive income reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
	Note 24	Note 24									
As at January 1, 2026	2,007,592	(891,776)	19,268,407	(669,776)	90,848	303,290	217,680	1,442,267	21,768,532	6,319,157	28,087,689
Profit/(loss) for the period	-	-	-	-	-	-	-	245,373	245,373	(23,852)	221,521
Other comprehensive income for the period:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	1,149,688	-	-	1,149,688	-	1,149,688
Exchange differences on translation of financial statements of foreign operations, net of tax	-	-	-	-	-	(14,547)	-	-	(14,547)	-	(14,547)
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,135,141	-	245,373	1,380,514	(23,852)	1,356,662
Share-based payment expenses (Note 25)	-	-	-	-	81,940	-	-	-	81,940	-	81,940
Capital contribution from a non-controlling shareholder	-	-	-	58,795	-	-	-	-	58,795	1,541,205	1,600,000
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	(91,473)	9,147	82,326	-	-	-
As at June 30, 2026 (Unaudited)	2,007,592	(891,776)	19,268,407	(610,981)	172,788	1,346,958	226,827	1,769,966	23,289,781	7,836,510	31,126,291

Section VII Interim Financial Information

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Treasury shares reserve	Share premium	Other capital reserves	Share-based payment reserves	Other comprehensive income reserve	Statutory reserve	Retained earnings	Sub-total		
	RMB'000 Note 24	RMB'000 Note 24	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	2,006,135	(891,776)	19,246,097	(731,569)	28,300	62,977	135,942	1,014,206	20,870,312	5,218,656	26,088,968
Profit/(loss) for the period	-	-	-	-	-	-	-	332,129	332,129	(100,129)	232,000
Other comprehensive income for the period:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	10,205	-	-	10,205	-	10,205
Exchange differences on translation of financial statements of foreign operations, net of tax	-	-	-	-	-	342	-	-	342	-	342
Total comprehensive income/(loss) for the period	-	-	-	-	-	10,547	-	332,129	342,676	(100,129)	242,547
Share-based payment expenses (Note 25)	-	-	-	-	6,198	-	-	-	6,198	-	6,198
Dividends declared (Note 13)	-	-	-	-	-	-	-	(194,405)	(194,405)	-	(194,405)
As at June 30, 2025 (Unaudited)	2,006,135	(891,776)	19,246,097	(731,569)	34,498	73,524	135,942	1,151,930	21,024,781	5,118,527	26,143,308

Notes:

- Other comprehensive income reserve is the reserve due to the translation of financial statements of foreign operations and the changes in fair value of financial assets at fair value through other comprehensive income.
- In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Section VII Interim Financial Information

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before income tax	235,601	232,047
Adjustments for:		
Share of results of associates, net	24,166	3,567
Depreciation of property, plant and equipment	2,078,870	1,802,901
Depreciation of right-of-use assets	1,282	2,398
Amortization of intangible assets	180,151	186,053
Investment income of structured deposits, transferable large denomination certificates of deposits, income certificates, other financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income	(39,332)	(17,142)
Fair value gains on financial assets at fair value through profit or loss	(46,924)	(9,978)
Net impairment losses (reversed)/recognized on inventories	(66,590)	37,116
Finance costs	306,919	250,833
Net impairment losses recognized on financial assets	260	138
Share-based payment expenses	74,691	6,198
Amortization of deferred government grants	(83,534)	(39,161)
Net foreign exchange (gains)/losses	(15,365)	56,955
Net gains on disposal of financial assets at fair value through profit or loss	(1,659)	–
(Increase)/decrease in trade receivables	(106,278)	36,308
Decrease/(increase) in financial assets at fair value through other comprehensive income	6,063	(2,456)
Decrease/(increase) in prepayments, other receivables and other assets	36,513	(63,000)
Decrease/(increase) in inventories	191,425	(179,342)
Increase/(decrease) in trade and other payables	126,595	(237,825)
Decrease in contract liabilities	(104,779)	(360,402)
Cash generated from operations	2,798,075	1,705,208
Income tax paid	(83)	(172)
Net cash flows generated from operating activities	2,797,992	1,705,036

Section VII Interim Financial Information

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Investing activities		
Purchase of property, plant and equipment	(3,667,604)	(3,968,516)
Purchase of intangible assets	(296,635)	(133,364)
Prepayment for right-of-use assets	–	(40,200)
Receipt from maturity of restricted bank deposits	–	863
Interest received	42,274	17,704
Investments in associates	–	(100,000)
Proceeds from disposal of fixed income certificate	–	100,000
Purchase of fixed income certificates	–	(250,000)
Proceeds from sale of financial assets at fair value through profit or loss	2,369,197	1,910,000
Purchase of financial assets at fair value through profit or loss	(2,468,183)	(2,306,569)
Purchase of financial assets at fair value through other comprehensive income	(41,721)	(30,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	143,360	–
Net cash flows used in investing activities	(3,919,312)	(4,800,082)
Financing activities		
Capital contribution from non-controlling shareholder of a subsidiary	1,600,000	–
Proceeds from borrowings	3,218,703	2,189,000
Proceeds from issuance of bonds payable	–	199,920
Payment of restrict bank deposits	(108,703)	–
Repayment of borrowings	(864,835)	(1,540,507)
Interest paid for borrowings and bonds payable	(292,874)	(281,754)
Dividends paid	–	(194,502)
Payments of listing expenses	(3,929)	(11)
Payment for principal elements and interest elements of leases	–	(768)
Net cash flows generated from financing activities	3,548,362	371,378
Net increase/(decrease) in cash and cash equivalents	2,427,042	(2,723,668)
Cash and cash equivalents at beginning of period	2,276,620	5,826,895
Effect of foreign exchange rate changes, net	(22,964)	728
Cash and cash equivalents at end of period	4,680,698	3,103,955

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section VII Interim Financial Information

Notes to the Interim Financial Information

1. GENERAL INFORMATION

Nexchip Semiconductor Corporation (the “Company”) was a limited liability company incorporated in the PRC in May, 2015 and changed to a joint stock limited company on November 25, 2020. The Company’s A Shares have been listed on Shanghai Stock Exchange since May 5, 2023, and the Company’s H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on July 10, 2026. The Company’s registered address and its principal place of business was located within Hefei Comprehensive Bonded Zone, Xinzhan District, Hefei City, Anhui Province, the PRC.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the research and development, production and sales of integrated circuit related products and complementary products.

Hefei Construction Investment Holding (Group) Co., Ltd. is the controlling shareholder of the Company. As at June 30, 2026, Hefei Construction Investment Holding (Group) Co., Ltd. directly held 23.34% and indirectly held 16.37% of the Company’s equity, totaling 39.71% of the Company’s equity. The ultimate owner of the Company is State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government.

The Interim Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

These condensed consolidated financial statements were approved and issued by the Board of Directors on August 24, 2026.

2. BASIS OF PRESENTATION AND PREPARATION

The Interim Financial Information for the six months ended June 30, 2026 of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standard Board (“IASB”).

The Interim Financial Information contains consolidated financial statements and selected explanatory notes. The selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest annual consolidated financial statements as at and for the year ended December 31, 2025. The Interim Financial Information do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards as issued by IASB (“IFRS Accounting Standards”). Accordingly, these unaudited Interim Financial Information should be read in conjunction with the Group’s historical financial information for the three years ended December 31, 2023, 2024 and 2025 (the “Historical Financial Information”) included in the accountants’ report as set out in Appendix I to the Company’s prospectus dated June 30, 2026 (the “Prospectus”).

The financial information relating to the year ended December 31, 2025 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from the Accountants’ Report as disclosed in Appendix I to the Prospectus.

Section VII Interim Financial Information

Notes to the Interim Financial Information

3. MATERIAL ACCOUNTING POLICIES

3.1 Application of IFRS accounting standards

(a) New standards and interpretations adopted by the Group

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2026 for the preparation of the Group's interim condensed consolidated financial information:

Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

(b) Impact of IFRS Accounting Standards issued but not yet applied by the Group

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements ¹
IFRS 18	Presentation and Disclosure in Financial Statements ¹
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ¹
IFRS 20	Regulatory Assets and Regulatory Liabilities ²
Amendments to IAS 28	Fair Value Option for Investments in Associates and Joint Ventures ¹
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ¹

¹ Effective for accounting periods beginning on or after January 1, 2027

² Effective for accounting periods beginning on or after January 1, 2029

³ Effective dates not yet determined

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

Other than additional accounting policies resulting from the application of amendments to IFRS Accounting Standards, the accounting policies used in the Interim Financial Information are the same as those followed in the preparation of the Historical Financial Information.

3.2 Critical accounting estimates and judgements

The preparation of the Interim Financial Information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the Historical Financial Information.

Section VII Interim Financial Information

Notes to the Interim Financial Information

4. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in Note 1 to the Interim Financial Information. The Group derives revenue from the transfer of goods at a point in time were analyzed as follows:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Type of goods sold		
– Integrated circuit wafer foundry	5,765,812	5,105,041
– Others	–	24,753
	5,765,812	5,129,794

All revenue from contracts with customers within the scope of IFRS 15 are recognized at a point in time.

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's management reviews the performance of the Group as a single operating segment based on the internal organization structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group's result and financial position as a whole, major customers and geographic information are presented.

The following table shows how much of the revenue recognised during the six months ended June 30, 2026 and 2025 respectively relates to carried-forward contract liabilities:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue recognized that was included in the contract liabilities balance at the beginning of the period	143,333	223,324

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers based on the geographical location of customers to which the goods are delivered:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from external customers		
– Chinese Mainland	3,653,755	3,059,823
– Taiwan, China	1,548,471	1,647,968
– Other countries/regions	563,586	422,003
	5,765,812	5,129,794

Section VII Interim Financial Information

Notes to the Interim Financial Information

4. REVENUE AND SEGMENT INFORMATION (continued)

The geographical location of the Group's non-current assets (excluding financial assets and investments in associates), mainly comprised of the property, plant and equipment, is based on the location of these assets. The geographical location of the Group's non-current assets are as follows:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Non-current assets (excluding financial assets and investments in associates)		
– Chinese Mainland	46,518,995	44,657,585
– Other countries/regions	240	305
	46,519,235	44,657,890

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group's revenue is as follows:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Customer A	N/A*	547,870
Customer B	N/A*	567,436
Customer C	1,411,675	1,072,707
	1,411,675	2,188,013

* The corresponding revenue for the customer didn't contribute over 10% of the total revenue of the Group during the period.

5. OTHER INCOME

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Amortization of deferred government grants	83,534	39,161
Interest income	12,497	24,307
Sales of scrap materials	12,592	11,321
Other government grants (Note)	2,947	4,782
Net rental income	10,953	–
Others	21,661	6,126
	144,184	85,697

Note:

During the six months ended June 30, 2026 and 2025, other government grants have no unfulfilled condition or contingencies.

Section VII Interim Financial Information

Notes to the Interim Financial Information

6. OTHER GAINS AND LOSSES, NET

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value gains on financial assets at fair value through profit or loss ("FVTPL")	46,924	9,978
Net gains on disposal of financial assets at FVTPL	1,659	—
Investment income of structured deposits, transferable large denomination certificates of deposits and income certificates	28,242	17,030
Net foreign exchange gains/(losses)	15,365	(56,955)
Investment income of other financial assets at FVTPL and financial assets at fair value through other comprehensive income ("FVTOCI")	11,090	112
Others	190	101
	103,470	(29,734)

7. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, general and administrative expenses and selling expenses are analyzed as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Changes in finished goods and work in progress	200,801	(51,269)
Raw materials consumed for production	1,414,833	1,332,480
Depreciation of property, plant and equipment (Note 11)	2,104,656	1,802,901
Amortization of intangible assets (Note 12)	188,931	186,053
Depreciation of right-of-use assets	1,296	2,398
Employee benefit expenses, excluding share-based payment expenses	881,353	800,857
Energy and fuel costs	247,070	199,655
Net impairment losses (reversed)/recognized on inventories	(66,590)	37,116
Maintenance costs	166,310	147,530
Research and development materials consumed	104,623	69,053
Research, testing, and development expenses	94,647	109,179
Technical authorization fee	52,230	55,481
Professional service fee	34,301	25,894
Share-based payment expenses	81,940	6,198
Environment protection costs	5,921	5,244
Auditor's remuneration	2,264	2,264
H shares listing expenses	4,466	—
Others	77,738	68,138
Less: development expenditures capitalized in intangible assets	(150,270)	—
	5,446,520	4,799,172

Section VII Interim Financial Information

Notes to the Interim Financial Information

8. FINANCE COSTS

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest expense on borrowing	289,067	279,674
Less: interest capitalized	–	(36,956)
Less: financial subsidy	–	(100,000)
Net interest expense on borrowings	289,067	142,718
Interest expense on bonds payable	17,852	8,115
	306,919	150,833

Note: During the six months ended June 30, 2025, interest capitalization rates were 1.8% per annum, representing the effective finance costs of the loans to finance the assets under construction.

9. INCOME TAX EXPENSE

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current income tax	1,398	47
Deferred income tax	12,682	–
Income tax expense	14,080	47

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC Enterprise Income Tax (“EIT”)

Under the PRC Enterprise Income Tax Law and the respective regulations, the EIT for the Company and its subsidiaries are calculated at a statutory rate of 25%, on their estimated taxable profits for the respective year based on the existing legislations, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the Company was qualified as “High and New Technology Enterprises (HNTE)” and are therefore entitled to a preferential tax rate of 15% from 2020 to 2025.

Pursuant to the relevant laws and regulations in the PRC and with the approval from the tax authorities in charge, the Company and its subsidiary Hefei Xinjing Semiconductor Co., Ltd. are entitled to an exemption from EIT for five years, commencing from the first year that the Company and Hefei Xinjing Semiconductor Co., Ltd. generate taxable profits, and a deduction of 50% on the EIT rate for the following five years. The Company and Hefei Xinjing Semiconductor Co., Ltd. started to generate taxable profits from 2022, and would be exempted from EIT from January 1, 2022 to December 31, 2026 and will enjoy a 50% deduction of EIT from January 1, 2027 to December 31, 2031.

Section VII Interim Financial Information

Notes to the Interim Financial Information

9. INCOME TAX EXPENSE (continued)

(b) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

10. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended June 30, 2026 and 2025, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	245,373	332,129
Weighted average number of ordinary shares in issue (thousand shares)	1,945,503	1,944,047
Basic EPS (RMB per share)	0.13	0.17

Section VII Interim Financial Information

Notes to the Interim Financial Information

10. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

(b) Diluted EPS

For the six months ended June 30, 2026 and 2025, the share schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	245,373	332,129
Weighted average number of ordinary shares in issue (thousand shares)	1,945,503	1,944,047
Adjustments for potential dilutive ordinary shares arising from share schemes (thousand shares)	10,973	168
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	1,956,476	1,944,215
Diluted EPS (RMB per share)	0.13	0.17

Section VII Interim Financial Information

Notes to the Interim Financial Information

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Transportation equipment RMB'000	Electronic equipment and others RMB'000	Power and infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
As at January 1, 2026							
Cost	2,374,274	36,379,542	3,292	637,212	6,206,682	11,720,239	57,321,241
Accumulated depreciation	(121,593)	(14,177,863)	(2,826)	(385,601)	(258,117)	–	(14,946,000)
Net carrying amount	2,252,681	22,201,679	466	251,611	5,948,565	11,720,239	42,375,241
Six months ended June 30, 2026 (Unaudited)							
Opening net carrying amount	2,252,681	22,201,679	466	251,611	5,948,565	11,720,239	42,375,241
Additions	–	–	–	–	–	3,976,376	3,976,376
Depreciation (Note (a))	(42,081)	(1,861,172)	(70)	(69,378)	(131,955)	–	(2,104,656)
Transfers	532	1,555,638	–	81,321	11,127	(1,648,618)	–
Exchange realignment	–	–	–	(20)	–	–	(20)
Closing net carrying amount	2,211,132	21,896,145	396	263,534	5,827,737	14,047,997	44,246,941
As at June 30, 2026 (Unaudited)							
Cost	2,374,806	37,935,180	2,710	717,230	6,217,809	14,047,997	61,295,732
Accumulated depreciation	(163,674)	(16,039,035)	(2,314)	(453,696)	(390,072)	–	(17,048,791)
Net carrying amount	2,211,132	21,896,145	396	263,534	5,827,737	14,047,997	44,246,941
As at January 1, 2025							
Cost	2,382,031	31,010,675	2,733	520,000	2,070,331	13,221,865	49,207,635
Accumulated depreciation	(37,677)	(10,744,780)	(2,733)	(264,914)	(143,494)	–	(11,193,598)
Net carrying amount	2,344,354	20,265,895	–	255,086	1,926,837	13,221,865	38,014,037
Six months ended June 30, 2025 (Unaudited)							
Opening net carrying amount	2,344,354	20,265,895	–	255,086	1,926,837	13,221,865	38,014,037
Additions	–	–	–	139	–	3,880,728	3,880,867
Cost adjustment	(32,837)	–	–	–	–	–	(32,837)
Depreciation (Note (a))	(41,841)	(1,653,650)	(23)	(58,269)	(49,118)	–	(1,802,901)
Transfers	25,079	3,217,937	559	56,232	459,399	(3,759,206)	–
Exchange realignment	–	–	–	12	–	–	12
Closing net carrying amount	2,294,755	21,830,182	536	253,200	2,337,118	13,343,387	40,059,178
As at June 30, 2025 (Unaudited)							
Cost	2,374,273	34,228,612	3,292	575,346	2,529,730	13,343,387	53,054,640
Accumulated depreciation	(79,518)	(12,398,430)	(2,756)	(322,146)	(192,612)	–	(12,995,462)
Net carrying amount	2,294,755	21,830,182	536	253,200	2,337,118	13,343,387	40,059,178

Section VII Interim Financial Information

Notes to the Interim Financial Information

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

- (a) Depreciation of the Group's property, plant and equipment has been recognized as follows:

For the six months ended June 30, 2026, the depreciation of property, plant and equipment recognized in cost of sales, research and development expenses, general and administrative expenses and selling expenses are approximately RMB1,983,569,000, RMB67,551,000, RMB53,462,000 and RMB74,000, respectively.

For the six months ended June 30, 2025, the depreciation of property, plant and equipment recognized in cost of sales, research and development expenses, general and administrative expenses and selling expenses are approximately RMB1,689,434,000, RMB70,357,000, RMB42,987,000 and RMB123,000, respectively.

- (b) The Group has pledged certain property, plant and equipment with the following carrying amounts to secure borrowings granted to the Group. Details of the Group's property, plant and equipment pledged for the Group's borrowings are disclosed as below:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Machinery and equipment	3,995,232	4,112,850

Section VII Interim Financial Information

Notes to the Interim Financial Information

12. INTANGIBLE ASSETS

	Patent rights and non patented technologies RMB'000	Software and others RMB'000	Development expenditures RMB'000	Total RMB'000
As at January 1, 2026				
Cost	2,215,409	1,166,747	–	3,382,156
Accumulated amortisation	(1,262,802)	(599,660)	–	(1,862,462)
Accumulated impairment	(295,739)	–	–	(295,739)
Net carrying amount	656,868	567,087	–	1,223,955
Six months ended June 30, 2026 (Unaudited)				
Opening net carrying amount	656,868	567,087	–	1,223,955
Additions	–	129,573	150,270	279,843
Amortisation (Note)	(76,346)	(112,585)	–	(188,931)
Closing net carrying amount	580,522	584,075	150,270	1,314,867
As at June 30, 2026 (Unaudited)				
Cost	2,215,409	1,296,320	150,270	3,661,999
Accumulated amortisation	(1,339,148)	(712,245)	–	(2,051,393)
Accumulated impairment	(295,739)	–	–	(295,739)
Net carrying amount	580,522	584,075	150,270	1,314,867
As at January 1, 2025				
Cost	2,215,409	807,945	–	3,023,354
Accumulated amortisation	(1,110,110)	(376,542)	–	(1,486,652)
Accumulated impairment	(295,739)	–	–	(295,739)
Net carrying amount	809,560	431,403	–	1,240,963
Six months ended June 30, 2025 (Unaudited)				
Opening net carrying amount	809,560	431,403	–	1,240,963
Additions	–	216,112	–	216,112
Amortisation (Note)	(76,346)	(109,707)	–	(186,053)
Closing net carrying amount	733,214	537,808	–	1,271,022
As at June 30, 2025 (Unaudited)				
Cost	2,215,409	1,024,057	–	3,239,466
Accumulated amortisation	(1,186,456)	(486,249)	–	(1,672,705)
Accumulated impairment	(295,739)	–	–	(295,739)
Net carrying amount	733,214	537,808	–	1,271,022

Note:

Amortization of the Group's intangible assets has been recognized as follows:

For the six months ended June 30, 2026, the amortization of intangible assets recognized in cost of sales, research and development expenses and general and administrative expenses are approximately RMB88,093,000, RMB94,016,000 and RMB6,822,000, respectively.

For the six months ended June 30, 2025, the amortization of intangible assets recognized in cost of sales, research and development expenses and general and administrative expenses are approximately RMB81,455,000, RMB100,008,000 and RMB4,590,000, respectively.

Section VII Interim Financial Information

Notes to the Interim Financial Information

13. DIVIDENDS

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Final dividends	–	194,405

No dividend were declared during the six months ended June 30, 2026.

The final dividends of RMB1.00 per 10 shares (tax inclusive) totaling approximately RMB194,404,665.70 in respect of the year ended December 31, 2024 were approved in 2024 Annual General Meeting of the Company on May 28, 2025. The Group had not recognised this as a liability as at December 31, 2024 but reflected as an appropriation of retained earnings for the six months ended June 30, 2025. The final dividends were paid on June 19, 2025.

14. FINANCIAL ASSETS AT FVTPL

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Non-current		
– Transferable large denomination certificates of deposits	30,030	41,962
– Unlisted equity instruments	1,700	1,700
	31,730	43,662
Current		
– Structured deposits	701,046	500,285
– Transferable large denomination certificates of deposits	569,053	833,109
– Income certificates	–	100,080
– Listed equity instruments		
Chery Automobile Co., Ltd. (Note (b))	197,613	289,498
Huaqin Co., Ltd. (Note (a))	209,574	–
SG Micro Corp	67,862	–
Circuit Fabology Microelectronics Equipment Co., Ltd. (Note (a))	111,986	–
– Others	9,099	–
	1,866,233	1,722,972

Notes:

- As at June 30, 2026 the equity investments of Huaqin Co., Ltd. and Circuit Fabology Microelectronics Equipment Co., Ltd. were restricted circulation.
- As at December 31, 2025, the equity investment of Chery Automobile Co., Ltd. was restricted circulation.

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Notes to the Interim Financial Information

15. FINANCIAL ASSETS AT FVTOCI

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Non-current		
– Listed equity instruments		
SmartSens Technology (Shanghai) Co., Ltd.	80,324	71,335
Shanghai New Vision Microelectronics Co., Ltd.	–	83,741
Beijing E-Town Semiconductor Technology Co., Ltd. (Note)	152,663	86,911
Xi'an ESWIN Material Technology Co., Ltd. (Note)	676,376	259,977
Chongqing Genori Technology Co., Ltd. (Note)	646,144	–
	1,555,507	501,964
Current		
– Notes receivables measured at FVTOCI	–	6,063

Note:

As at June 30, 2026 the equity investments of Beijing E-Town Semiconductor Technology Co., Ltd., Xi'an ESWIN Material Technology Co., Ltd. and Chongqing Genori Technology Co., Ltd. were restricted circulation for strategic allocation.

As at December 31, 2025, the equity investments of Beijing E-Town Semiconductor Technology Co., Ltd. and Xi'an ESWIN Material Technology Co., Ltd. were restricted circulation for strategic allocation.

16. INVENTORIES

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Raw materials	794,068	784,692
Work in progress	779,421	686,637
Finished goods	55,657	349,242
	1,629,146	1,820,571
Less: provision for impairment	(39,123)	(105,714)
	1,590,023	1,714,857

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Notes to the Interim Financial Information

17. TRADE RECEIVABLES

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Trade receivables	1,239,924	1,187,560
Less: allowance for impairment	(313)	(88)
	1,239,611	1,187,472

The credit period granted to customers is generally within 35–80 days during the six months ended June 30, 2026 and the year ended December 31, 2025.

The aging analysis of trade receivables based on recognition date is as follows:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Within 1 year	1,239,836	1,187,472
Over 2 years but within 3 years	–	88
Over 3 years	88	–
	1,239,924	1,187,560

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Notes to the Interim Financial Information

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Non-current		
Prepayments for acquisition of long-term assets	649,522	692,587
Prepayments for production capacity guarantee due after one year	23,903	72,883
Other non-current assets	180,036	191,902
Others	4,336	2,479
	857,797	959,851
Current		
Other receivables	27,794	30,120
Less: allowance for impairment	(1,788)	(1,753)
	26,006	28,367
VAT recoverable	474,583	460,123
Prepayments for production capacity guarantee due within one year	63,610	63,610
Prepayments for materials and others	68,602	61,141
Deferred listing expenses	32,528	23,422
Others	107	78
	665,436	636,741

19. RESTRICTED BANK DEPOSITS

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Charge over deposits for bank borrowings	108,569	—

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Notes to the Interim Financial Information

20. TRADE AND OTHER PAYABLES

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Non-current		
Payroll and welfare payables	1,558	1,476
Current		
Trade payables	886,493	805,536
Payables for acquisition of non-current assets	1,094,171	903,767
Payroll and welfare payables	182,121	154,864
Deposits received	553,396	953,440
Other tax payables	31,293	93,114
Others	56,086	44,861
	2,803,560	2,955,582

The credit period granted by suppliers is generally within 30–90 days. The aging analysis of the trade payables of the Group as at June 30, 2026 and December 31, 2025 based on recognition date is as follows:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
– Within 1 year	851,348	761,441
– Over 1 year but within 2 years	28,792	38,955
– Over 2 years but within 3 years	5,725	4,953
– Over 3 years	628	187
	886,493	805,536

21. CONTRACT LIABILITIES

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Advance payments from customers	211,874	316,652

Revenue are recognized when control of the goods delivered under integrated circuit wafer foundry services is transferred to the customers, and there is no unfulfilled obligation that could affect the customer's receipt of the goods delivered. Contract liabilities of the Group mainly consist of advance payments made by customers which will be normally settled for the goods delivered.

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Notes to the Interim Financial Information

22. BORROWINGS

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Non-current		
Non-current portion of bank borrowings – unsecured and unguaranteed	12,350,800	9,712,040
Non-current portion of bank borrowings – unsecured but guaranteed (Note)	4,425,111	4,807,700
Non-current portion of other borrowings – unsecured but guaranteed (Note)	3,000,000	3,000,000
	19,775,911	17,519,740
Current		
Short-term bank borrowings – unsecured and unguaranteed	470,234	420,190
Short-term bank borrowings – secured and unguaranteed (Note)	108,725	–
Current portion of long-term bank borrowings – unsecured and unguaranteed	741,417	825,061
Current portion of long-term bank borrowings – unsecured but guaranteed (Note)	744,953	722,115
Current portion of long-term other borrowings – unsecured but guaranteed (Note)	5,068	5,575
	2,070,397	1,972,941

As at June 30, 2026 and December 31, 2025, the borrowings bear effective interest rates range of 1.50%-6.18% per annum.

Note:

As at June 30, 2026 and December 31, 2025, the outstanding balances of bank borrowings of the subsidiary Hefei Xinjing Semiconductor Co., Ltd. guaranteed by the Company amounted to approximately RMB5,170,064,000 and RMB5,529,815,000, respectively.

As at June 30, 2026 and December 31, 2025, the other borrowings of RMB3,005,068,000 and RMB3,005,575,000 are borrowings from Huatai Asset Management Co., Ltd. and the outstanding balances of other borrowings of the Group were guaranteed by Hefei Construction Investment Holding (Group) Co., Ltd.

As at June 30, 2026 and December 31, 2025, the balances of other borrowings guaranteed by Hefei Construction Investment Holding (Group) Co., Ltd. are classified as unsecured borrowings according to the legal form since there was no security provided to the lenders. Counter-guarantee was required by Hefei Construction Investment Holding (Group) Co., Ltd. that the bank and other borrowings are pledged by the machinery and equipment of the Group to the guarantor. Details of the pledged assets for the Group's borrowings are disclosed in Note 27 to the Interim Financial Information.

As at June 30, 2026 and December 31, 2025, the short-term bank borrowings of RMB108,725,000 and nil were secured by bank deposits. Details of the pledged assets for the Group's borrowings are disclosed in Note 27 to the Interim Financial Information.

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Notes to the Interim Financial Information

22. BORROWINGS (continued)

During the six months ended June 30, 2026 and the year ended December 31, 2025, the Group did not violate any financial covenants under the agreements of borrowings. The Group's borrowings were repayable as follows:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Analysed as:		
Bank borrowings:		
– Within 1 year	2,065,329	1,967,366
– Over 1 year but within 2 years	1,763,752	1,540,669
– Over 2 years but within 5 years	7,548,118	6,406,618
– Over 5 years	7,464,041	6,572,453
	18,841,240	16,487,106
Other borrowings:		
– Within 1 year	5,068	5,575
– Over 2 years but within 5 years	3,000,000	3,000,000
	3,005,068	3,005,575
	21,846,308	19,492,681

23. DEFERRED INCOME

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Government grants	749,698	427,633

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Notes to the Interim Financial Information

24. SHARE CAPITAL AND TREASURY SHARES

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Share capital	2,007,592	2,007,592
Treasury shares reserve	(891,776)	(891,776)

The changes in the Company's authorized, issued and fully paid share capital are as follows:

	Number of shares '000	Share capital RMB'000
Ordinary shares of RMB1 each		
As at January 1, 2026 and June 30, 2026 (Unaudited)	2,007,592	2,007,592
As at January 1, 2025 and June 30, 2025 (Unaudited)	2,006,135	2,006,135

The detail of the treasury shares reserve and number of treasury shares outstanding at the end of June 30, 2026 and June 30, 2025 are as follows:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
At the beginning and end of the period	891,776	891,776
Number of treasury shares as at the end of period (in thousand)	62,089	62,089

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Notes to the Interim Financial Information

25. SHARE-BASED EMPLOYEE COMPENSATIONS

Share-based payment expenses during the six months ended June 30, 2026 and 2025 were as follows:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Equity-settled share-based compensation	81,940	6,198

(a) Restricted Stock Incentive Plans

Pursuant to the “Nexchip Semiconductor Corporation 2023 Restricted Stock Incentive Plan (Draft)” (the “Incentive Plan 2023”) approved at the 2023 Second Extraordinary General Meeting of the Company on August 31, 2023, 20,061,351 restricted stocks granted to participants will be vested in three periods after 24 months from the date of completion of the granting, and the maximum percentage of vesting for each period will be 33.33% according to the Group’s performance appraisal which including economic value added, net profit growth rate and proportion of sales revenue from new processes to revenue, and individual performance appraisal, etc. The Company completed the initial grant of 18,055,216 restricted stocks with vesting period to 396 incentive participants on October 23, 2023, at an exercise price of RMB10.07 per share. On May 31, 2024, the Company completed the grant of the reserved 2,006,135 restricted stocks with vesting period to 6 incentive participants at an exercise price of RMB10.07 per share. The Company will issue its own RMB A-shares ordinary shares to the incentive participants as the source of this incentive plan.

Pursuant to the “Nexchip Semiconductor Corporation 2025 Restricted Stock Incentive Plan (Draft)” (the “Incentive Plan 2025”) approved at the 2024 Annual General Meeting of the Company on May 28, 2025, 62,088,500 restricted stocks granted to participants will be vested in three periods after 24 months from the date of completion of the granting, and the maximum percentage of vesting for each period will be 33%, 33% and 34% according to the Group’s performance appraisal which including economic value added, growth rate of revenue and profit margin before tax, interest, depreciation and amortization, and individual performance appraisal, etc. The Company completed the initial grant of 59,388,500 restricted stocks with vesting period to 993 incentive participants on June 26, 2025, at an exercise price of RMB12.00 per share. On October 29, 2025, the Company completed the grant of the reserved 2,700,000 restricted stocks with vesting period to 60 incentive participants at an exercise price of RMB12.00 per share. The stock source is the Company’s A-shares ordinary shares repurchased from the secondary market and/or the Company’s A-shares ordinary shares issued to incentive participants.

Set out below are details of the movements of the outstanding number of restricted stock throughout the six months ended June 30, 2025 and 2026:

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
As at beginning of the period	65,397	14,422
Granted	–	59,389
Lapsed	(1,429)	(590)
As at end of the period	63,968	73,221

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Notes to the Interim Financial Information

26. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at June 30, 2026 %	As at December 31, 2025 %
Percentage of equity interest held by non-controlling interests:		
Hefei Wanxin Semiconductor Co., Ltd. (Note)	66.25	61.56

Note:

On October 17, 2025, the Company announced that its controlling shareholder, Hefei Construction Investment Holding (Group) Co., Ltd., intended to contribute RMB3,000,000,000 in cash to subscribe for approximately RMB2,840,371,000 of additional registered capital (hereinafter referred to as "this capital increase") of the Company's subsidiary Hefei Wanxin Semiconductor Co., Ltd. A total of RMB1,400,000,000 was received in November and December 2025, with the remaining RMB1,600,000,000 received in February 2026. Upon completion of this capital increase, the Company's percentage of equity interest in Hefei Wanxin Semiconductor Co., Ltd. decreased to 33.75% and the percentage of equity interest held by non-controlling interests increased to 66.25%.

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Loss for the period allocated to non-controlling interests:		
Hefei Wanxin Semiconductor Co., Ltd.	(23,852)	(100,129)

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Accumulated balances of non controlling interests:		
Hefei Wanxin Semiconductor Co., Ltd.	7,836,510	6,319,157

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Notes to the Interim Financial Information

26. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Current assets	4,170,019	2,530,409
Non-current assets	20,058,802	16,596,950
Current liabilities	6,174,617	4,342,802
Non-current liabilities	6,222,600	4,518,581
Net Assets	11,831,604	10,265,976

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	2,092,054	781,950
Loss for the period	(35,979)	(176,189)
Net cash flows generated from/(used in) operating activities	169,591	(91,455)

27. PLEDGED ASSETS

The Group's certain assets have been pledged to borrowings. The carrying amounts of the pledged assets of the Group at the end of June 30, 2026 and December 31, 2025 are as follows:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Property, plant and equipment	3,995,232	4,112,850
Restricted bank deposits	108,569	–
	4,103,801	4,112,850

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Notes to the Interim Financial Information

28. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the six months ended June 30, 2026 and 2025.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Hefei Lanke Investment Co., Ltd.	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Hefei HeRan China Resources Gas Co., Ltd. (Former name: Hefei Gas Group Co., Ltd.)	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Hefei Water Group Co., Ltd. (Former name: Hefei Water Supply Group Co., Ltd.)	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Hefei Anju Holdings Group Co., Ltd. (Former Name: Hefei Housing Leasing Development Co., Ltd.)	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Hefei Kemicrochip Testing Technology Co., Ltd.	Associate of Hefei Construction Investment Holding (Group) Co., Ltd.
Hefei Rural Revitalization Investment Co., Ltd.	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Dingxin Digital Intelligence Technology Group Co., Ltd.	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Anhui Hefei Automobile Passenger Transport Co., Ltd.	Controlled by Hefei Construction Investment Holding (Group) Co., Ltd.
Hefei Fangjing Technology Co., Ltd.	Associate of the Company
Hefei Fangjing United Semiconductor Co., Ltd.	Controlled by Hefei Fangjing Technology Co., Ltd. (From March, 2025)
Anhui Jingmei Photomasks Ltd.	Associate of the Company
Anhui Jingrui Light Mask Co., Ltd.	Subsidiary of Anhui Jingmei Photomasks Ltd.
Mr. TSAI Kuo-Chih	Executive Director and chairperson of the Board
Mr. Zhou Yiliang	Deputy General Manager of the Company

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Notes to the Interim Financial Information

28. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales transactions:		
Hefei Fangjing Technology Co., Ltd.	19,839	1,918
Hefei Fangjing United Semiconductor Co., Ltd.	–	2,673
Anhui Jingmei Photomasks Ltd.	71	–
Anhui Jingrui Light Mask Co., Ltd.	32,241	–
	52,151	4,591
Procurement transactions:		
Hefei HeRan China Resources Gas Co., Ltd.	11,898	13,113
Hefei Water Group Co., Ltd.	13,242	10,956
Hefei Lanke Investment Co., Ltd.	336	–
Hefei Anju Holdings Group Co., Ltd.	307	358
Dingxin Digital Intelligence Technology Group Co., Ltd.	–	99
Hefei Kemicomchip Testing Technology Co., Ltd.	–	68
Hefei Rural Revitalization Investment Co., Ltd.	–	30
Anhui Hefei Automobile Passenger Transport Co., Ltd.	185	–
Anhui Jingmei Photomasks Ltd.	25,201	–
	51,169	24,624
Gross rental income:		
Anhui Jingmei Photomasks Ltd.	134	–
Anhui Jingrui Light Mask Co., Ltd.	62,814	–
Hefei Fangjing Technology Co., Ltd.	285	–
	63,233	–
Leases expenses:		
Hefei Anju Holdings Group Co., Ltd.	2,745	2,017
Purchases of property, plant and equipment and land use rights:		
Hefei Lanke Investment Co., Ltd.	–	10,730

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Notes to the Interim Financial Information

28. RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Trade receivables:		
Anhui Jingmei Photomasks Ltd.	–	125,273
Hefei Fangjing Technology Co., Ltd.	6,361	2,483
Hefei Fangjing United Semiconductor Co., Ltd.	–	1,363
Anhui Jingrui Light Mask Co., Ltd.	11,505	–
	17,866	129,119
	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Prepayments, other receivables and other assets:		
Hefei HeRan China Resources Gas Co., Ltd.	1,589	1,564
Hefei Anju Holdings Group Co., Ltd.	1,443	2,178
Hefei Lanke Investment Co., Ltd.	–	2,290
	3,032	6,032
	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Other payables:		
Anhui Hefei Automobile Passenger Transport Co., Ltd.	20	20
Anhui Jingrui Light Mask Co., Ltd.	214	61
Anhui Jingmei Photomasks Ltd.	8	3
Mr. TSAI Kuo-Chih	–	1
Mr. Zhou Yiliang	–	3
	242	88

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28. RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties (continued)

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Trade payables:		
Anhui Jingmei Photomasks Ltd.	13,115	4,519
Anhui Hefei Automobile Passenger Transport Co., Ltd.	120	134
	13,235	4,653

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Contract liabilities:		
Anhui Jingmei Photomasks Ltd.	77	–
Anhui Jingrui Light Mask Co., Ltd.	–	30,365
	77	30,365

(d) Compensation of key management personnel of the Group

	Six months ended June 30, 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Fees	300	300
Salaries, allowances, bonuses and benefits in kind	7,800	8,913
Retirement scheme contributions	118	208
Share-based payment expenses	10,383	576
Other long-term employee benefits	–	44
	18,601	10,041

(e) Guarantees

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Guarantees provided by Hefei Construction Investment Holding (Group) Co., Ltd. for the Group's borrowings	3,000,000	3,000,000

The balances set out above is the outstanding principal balance of the borrowings.

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Notes to the Interim Financial Information

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by the directors. The directors provide principles for overall risk management.

The Interim Financial Information does not include all financial risks management information and disclosures required in the annual financial statements, and should be read in conjunction the Group's consolidated financial statements for the year ended December 31, 2025. There have been no changes in the risk management policies since December 31, 2025.

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyzes the Group's financial instruments carried at fair value as at June 30, 2026 and December 31, 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

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30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value hierarchy

As at June 30, 2026 and December 31, 2025, the financial assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at June 30, 2026 (Unaudited)				
Financial assets at FVTPL				
– Structured deposits, transferable large denomination certificates of deposits and other wealth management product	–	1,309,228	–	1,309,228
– Unlisted equity instruments	–	–	1,700	1,700
– Listed equity instruments	587,035	–	–	587,035
Financial assets at FVTOCI				
– Listed equity instruments	1,555,507	–	–	1,555,507
	2,142,542	1,309,228	1,700	3,453,470
As at December 31, 2025				
Financial assets at FVTPL				
– Structured deposits, transferable large denomination certificates of deposits and income certificates	–	1,475,436	–	1,475,436
– Unlisted equity instruments	–	–	1,700	1,700
– Listed equity instruments	289,498	–	–	289,498
Financial assets at FVTOCI				
– Listed equity instruments	501,964	–	–	501,964
– Notes receivables measured at FVTOCI	–	–	6,063	6,063
	791,462	1,475,436	7,763	2,274,661

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 2 fair value measurement were mainly included structured deposits, transferable large denomination certificates of deposits and income certificates at FVTPL. These assets are valued using valuation techniques to determine its fair value. The valuation model used is the market quotation or trader quotation of the same type of instrument. The input values of valuation techniques mainly include the expected rate of return agreed upon in the contract.

Assets subject to Level 3 fair value measurement were mainly included notes receivables measured at FVTOCI, equity investments in unlisted entities at FVTPL. These assets and liabilities were measured mainly using discounted cash flow approach and market approach. The judgment of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

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Notes to the Interim Financial Information

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(b) Valuation techniques used to determine fair values (continued)

During the six months ended June 30, 2026 and 2025, there was no transfer between Level 1 and Level 2 and into or out of Level 3.

The quantitative information of fair value measurements as at June 30, 2026 and December 31, 2025 for Level 2 and Level 3 is as follows:

	Fair value hierarchy	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000	Valuation technique and key input(s)	Impact of significant unobservable input(s)
Financial assets at FVTPL					
– Structured deposits	Level 2	701,046	500,285	Expected rate of return	The higher the expected rate of return, the higher the fair value
– Transferable large denomination certificates of deposits	Level 2	599,083	875,071	Expected rate of return	The higher the expected rate of return, the higher the fair value
– Income certificates	Level 2	–	100,080	Expected rate of return	The higher the expected rate of return, the higher the fair value
– Other wealth management product	Level 2	9,099	–	Expected rate of return	The higher the expected rate of return, the higher the fair value
– Unlisted equity instruments (Note (a))	Level 3	1,700	1,700	Market approach, recent transaction price	The higher the recent transaction price, the higher the fair value
Financial assets at FVTOCI					
– Notes receivables measured at FVTOCI (Note (b))	Level 3	–	6,063	Discounted rate	The higher the discounted rate, the lower the fair value
		1,310,928	1,483,199		

Notes:

- (a) As at June 30, 2026 and December 31, 2025, if the recent transaction price were increased/decreased by 10%, the fair value of unlisted equity instruments of financial assets at FVTPL would have been approximately RMB170,000 and RMB170,000 higher/lower respectively.
- (b) As at June 30, 2026 and December 31, 2025, if the discount rate had been higher/lower by 10%, the fair value of notes receivables measured at FVTOCI would have been approximately nil and RMB1,036 lower/higher respectively.

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Notes to the Interim Financial Information

31. COMMITMENTS

The Group's capital commitments contracted but not provided for in the Interim Financial Information were as follows:

	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000
Contracted, but not provided for, net of deposits paid and prepayments		
– Property, plant and equipment	10,036,246	11,352,172
– Subscribed capital contribution	100,000	100,000
	10,136,246	11,452,172

32. CONTINGENCIES

As of June 30, 2026 and December 31, 2025, there were no significant contingencies items for the Group.

33. SUBSEQUENT EVENTS

On July 10, 2026, the Company's H Shares were listed on The Stock Exchange of Hong Kong Limited, when the Company issued a total of 216,167,000 H Shares of each at HK\$32.30 (equivalent to RMB28.02) for cash by way of public offer.

On August 11, 2026, the Company issued a total of 10,886,900 H Shares of each at HK\$32.30 (equivalent to RMB27.96) on The Stock Exchange of Hong Kong Limited pursuant to the partial exercise of the over-allotment option.