

Ingenic 君正

北京君正集成电路股份有限公司

Ingenic Semiconductor Co., Ltd.

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

Stock Code : 3223

2026

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Liu Qiang (劉強博士)
Mr. Zhang Jin (張緊先生)
Mr. Xian Yonghui (冼永輝先生)
Mr. Huang Lei (黃磊先生)

Non-executive Directors

Mr. Li Jie (李杰先生)
Mr. Zheng Hao (鄭浩先生)
Ms. Zhang Yanxiang (張燕祥女士)

Independent Non-executive Directors

Mr. Ye Jinfu (葉金福先生)
Dr. Xiao Limin (肖利民博士)
Ms. Yu Ying (于瑩女士)
Mr. Xiang Zuo (向左先生)

AUDIT COMMITTEE

Mr. Ye Jinfu (葉金福先生) (*Chairperson*)
Ms. Yu Ying (于瑩女士)
Mr. Li Jie (李杰先生)

NOMINATION AND REMUNERATION COMMITTEE

Ms. Yu Ying (于瑩女士) (*Chairperson*)
Dr. Xiao Limin (肖利民博士)
Dr. Liu Qiang (劉強博士)

STRATEGY AND ESG COMMITTEE

Dr. Liu Qiang (劉強博士) (*Chairperson*)
Mr. Li Jie (李杰先生)
Dr. Xiao Limin (肖利民博士)

JOINT COMPANY SECRETARIES

Ms. Zhang Min (張敏女士)
Ms. Chu Cheuk Ting (朱卓婷女士)

AUTHORIZED REPRESENTATIVES

Dr. Liu Qiang (劉強博士)
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Management Discussion and Analysis

BUSINESS REVIEW

I. Principal Businesses of the Company During the Reporting Period

The Company is an integrated circuit design enterprise, primarily engaged in the R&D and sales of integrated circuit chip products. Its main product lines include memory ICs, computing ICs, and analog ICs. These products are widely used in fields such as automotive electronics, industrial and medical, communication equipment, and consumer electronics. During the Reporting Period, the upgrade of the Company's memory IC process technology and the new market demand brought by the rapid development of artificial intelligence (**AI**) led to a substantial increase in customer demand for the Company's products. Concurrently, driven by the major memory cycle, the prices of some of the Company's memory products increased, resulting in a significant year-on-year growth in operating revenue for the memory IC product line. The Company's computing IC business actively responded to the impact of the memory cycle on the supply chain and changes in customer demand, continuously strengthening support and services to customers, which also led to a favorable year-on-year growth in operating revenue. The Company's analog IC product line continuously launched new products, and with the ongoing market development, sales revenue achieved stable year-on-year growth.

(I) Industry Development During the Reporting Period

During the Reporting Period, driven by the continued explosive growth in AI demand, the super up-cycle of the global integrated circuit market propelled high prosperity across the industry. The accelerated iteration of cloud-based large models and the construction of computing power infrastructure led to exponential growth in demand for AI-related chips. Meanwhile, AI technology is accelerating its penetration and iteration into edge scenarios such as automotive, industrial, office equipment, mobile phones, wearable devices, smart homes, and artificial intelligence of things (**AIoT**). The continued growth in demand for local inference on edge devices is driving the demand for products such as low-power computing system-on-chip(s) (**SoC(s)**) and embedded memory ICs. According to World Semiconductor Trade Statistics (WSTS), the global semiconductor market reached approximately US\$702.0 billion in the first half of 2026, representing a year-on-year increase of 102%. According to data released by the Ministry of Industry and Information Technology, China's total revenue from integrated circuit design business reached RMB236.5 billion in the first half of 2026, representing a year-on-year increase of 20.1%, with the growth rates for AI computing and memory ICs, among others, exceeding the average level.

Amidst the wave of cloud computing power infrastructure construction, memory ICs have become one of the core engines for the current growth cycle in the global integrated circuit sector. The rigid demand for HBM from AI servers continued to siphon off the production capacity of other types of DRAM products, leading to a persistent shortage in the supply of general-purpose DRAM. Contract prices saw significant quarterly increases, pushing the memory industry into a long cycle of continuous price hikes and shortages. At the same time, demand for SRAM and Flash also saw significant growth. The Company's memory ICs include DRAM, SRAM, and Flash. During the Reporting Period, there was strong demand for all categories of the Company's memory IC products. In the Company's computing IC segment, affected by the memory cycle, the supply of KGD, a key raw material for computing ICs, was tight and experienced significant price increases. This led to a persistent shortage in the supply of computing ICs and substantial product price hikes. Meanwhile, as the prices of related integrated circuit products continued to rise, low-end applications for certain categories of electronic products were somewhat suppressed, and the downstream consumer market showed a degree of structural differentiation. With the continuous and rapid development of edge AI technology applications and innovations, sectors like automotive and industrial are poised for a comprehensive AI-driven transformation. Innovative applications such as embodied intelligence are also expected to be deployed at scale, thereby driving sustained growth in demand for the integrated circuit industry and promoting the long-term, rapid development of the global integrated circuit industry.

Management Discussion and Analysis

While global demand for integrated circuits continues to expand and the market develops, the domestic integrated circuit industry faces a relatively complex industrial environment due to various factors such as global industrial policies, trade frictions, and changes in industry development. Changes in tariff policies resulting from trade frictions have, to some extent, affected product sales in different countries and regions, bringing uncertainty to the development of the integrated circuit industry. Within the broader context of global division of labor, the global chip trade landscape is also showing a trend towards regionalized and independent supply chain development. In response to this changing environment, the state has provided continuous policy support and guidance to the integrated circuit industry in recent years. The demand from domestic customers for domestic substitution has been increasing, creating more market development opportunities for domestic integrated circuit enterprises.

(II) Company's Business Model

Since its establishment, the Company has adopted a Fabless business model, focusing its operations on the design and R&D of technology and products. The production processes, including wafer production and testing, as well as chip packaging and testing, are all outsourced to large, professional integrated circuit manufacturers. The Company's products are primarily targeted at corporate customers in the electronic information industry. After adopting the Company's chips, these customers need to conduct R&D for their end-product design solutions. In terms of sales model, the Company uses a combination of direct sales and distribution. For key customers, regardless of whether the sales are direct or through distributors, the Company provides direct technical support and services to assist them in resolving technical issues during the product development process.

(III) Product Categories and Applications

The Company's IC products cover fields including memory, processors, and analog circuits. In recent years, based on their functional characteristics, the Company's products are specifically divided into three categories: memory ICs, computing ICs, and analog ICs. Among these, the main memory IC products, including DRAM, SRAM, and Flash, feature high integration density, high performance and quality, and high economic value, and are mainly aimed at the automotive, industrial, and medical markets. Computing ICs, which mainly include Intelligent Vision SoC, Embedded MPU and AI MCU products, are mainly used in intelligent vision-related fields such as security surveillance, smart doorbells, and facial recognition devices, as well as in AIoT fields like QR code recognition, educational electronics, and smart home appliances. Analog ICs include LED driver ICs, touch sensor ICs, DC/DC ICs, automotive microprocessor ICs, and network transmission ICs such as LIN, CAN, and GreenPHY, which are mainly highly integrated mixed-signal ICs with an analog core and are used in various fields such as automotive lighting drive, power management, and in-vehicle connectivity, as well as office equipment, industrial applications, and white goods.

(IV) Company's Principal Business Operations and Key Performance Drivers

The Company focuses on the field of integrated circuit design, adhering to a product strategy of “Memory + Computing + Analog” and a market strategy of “dual-wheel drive of internal and external cycles”. It actively promotes the R&D of technology and products, and strengthens market promotion and customer development for its products. Benefiting from the impetus of the major memory cycle, demand for the Company's memory ICs was strong, and sales revenue achieved substantial year-on-year growth. In particular, due to persistent supply constraints, the selling prices of the Company's DRAM products increased significantly. Benefiting from the development in fields such as AI servers and optical modules, the sales volume of the Company's Flash products grew markedly year-on-year. The Company's computing IC business continuously optimized its product layout and actively pursued customer development. At the same time, the Company proactively addressed the impact of the memory cycle on the computing IC supply chain and timely captured market trends, resulting in strong year-on-year growth in sales revenue for computing ICs. During the Reporting Period, the Company achieved an operating revenue of approximately RMB3,957.3 million, representing a year-on-year increase of 75.9%, and achieved a profit for the period attributable to owners of the Company of approximately RMB1,197.6 million, representing a year-on-year increase of 489.6%. For the first quarter of 2026, the Company achieved an operating revenue of approximately RMB1,559.8 million and achieved a profit for the period attributable to owners of the Company of approximately RMB319.0 million. For the second quarter, it achieved an operating revenue of approximately RMB2,397.5 million, representing a year-on-year increase of 101.7% and a quarter-on-quarter increase of 53.7%, and achieved a profit for the period attributable to owners of the Company of approximately RMB878.6 million, representing a year-on-year increase of 580.0% and a quarter-on-quarter increase of 175.4%. In addition, as the Company implemented a restricted share incentive plan, the Company's equity incentive expenses during the Reporting Period amounted to approximately RMB14.53 million.

During the Reporting Period, the Company's business operations were as follows:

1. *Continuously strengthening the R&D of core technologies to enhance the Company's core competitiveness through an independent and controllable core technology system*

During the Reporting Period, the Company continuously strengthened the R&D of various core technologies. Focusing on emerging market demands and edge AI applications, it continued to promote technological innovation and iteration across its product lines, including memory ICs, computing ICs, and analog ICs, thereby enhancing its technology reserves. At the same time, the Company fully initiated the use of AI tools to improve R&D efficiency. Various R&D departments continuously explored and popularized the application of AI in technology and product R&D, significantly improving R&D efficiency by using AI tools in areas such as code generation, verification, and optimization. The Company continuously strengthened its comprehensive R&D capabilities and consistently developed new technologies, thereby continuously enhancing its overall competitiveness.

Management Discussion and Analysis

The Company possesses independent and controllable core technologies in multiple fields, including high-performance memory technology, automotive-grade IC design technology, embedded CPU technology, video codec technology, image signal processing technology, neural network processor technology, AI development platform technology, AI algorithm technology, analog technology, and connectivity technology. During the Reporting Period, in its memory business, the Company continued to enhance its technology development capabilities in high capacity, high performance, and low power consumption, and continuously upgraded its process nodes. The Company conducted R&D on memory technology and products for more advanced process technologies, continued to optimize and develop AI memory-related technologies, as well as designed the hardware and software for the RISC-V CPU security system. In response to the trend of increasing computing performance demand for edge AI, the Company enhanced its R&D of higher computing performance neural network processor technology. The performance optimization of some modules of the 4T version and the design of related software have been completed. At the same time, the Company conducted R&D on an NPU multi-core system. The Company conducted R&D in acoustic signal processing, smart voice interaction, and video encoding algorithms, and also optimized and iterated its ISP algorithms and completed the delivery of some algorithms for new products under development. The Company's AI ISP algorithm technology continued to be optimized and iterated in areas such as image and motion compensation and anti-shake. The Company also conducted R&D on an AI development platform, which supports performance verification testing and performance optimization of algorithm models for various IC products. In the analog IC business, the Company self-developed various key automotive lighting driver technologies and lighting effect driver technologies, with continuous investment in high brightness, high current, high precision, and LED lighting effects and at the same time strengthened its R&D of technology and products targeting automotive intelligence systems, including the DMS driver monitoring system and power management for domain control systems. In addition, the Company continuously updated and upgraded its technology and products in advanced in-vehicle internal connection technology to meet the latest market development needs. The Company's technical capabilities span multiple fields including memory, computing, analog, and connectivity, building a complete technology stack from underlying hardware to system integration. The Company actively plans for and strengthens its core technologies in each key product area, continuously enhancing its core competitive advantages through an independent and controllable core technology system.

2. Planning and developing new products based on market demand to continuously enrich the Company's product lines

During the Reporting Period, the Company conducted R&D and iteration of new products for each product line, continuously enriching the product layout of its various product lines. In response to the growing demand for memory and edge computing performance in various application fields brought by the rapid development of AI technology, the Company promptly initiated R&D for new product categories in memory ICs, computing ICs, and analog ICs.



Management Discussion and Analysis

The Company's memory ICs are divided into three major categories: DRAM, SRAM, and Flash, primarily targeting industry markets such as automotive, industrial, and medical, as well as the high-end consumer market. Among them, its automotive-grade memory IC products rank among the top in the global market. The Company's DRAM products mainly target professional application fields with high technical barriers. They can provide customers with products of different capacities, interfaces, and power consumption specifications, meeting the requirements for industrial, medical, backbone communication, and automotive-grade products. During the Reporting Period, the Company conducted R&D and production of multiple products based on new process technologies, including DDR3, DDR4, and LPDDR4. Some of these products have completed the production of engineering samples and are in the engineering verification stage. Some products have been mass-produced and have achieved good operating revenue. Due to tight DRAM capacity, the tape-out schedule for the Company's 3D DRAM products has been delayed. The Company is actively advancing the planning and R&D of various new products and is closely monitoring fab capacity resources. The Company has a rich portfolio of SRAM products, including Synchronous SRAM, Asynchronous SRAM, and high-speed QDR SRAM products of various capacities. During the Reporting Period, the Company provided customer samples for multiple SRAM products. The Company's Flash product line includes mainstream products globally such as NOR Flash chips, NAND Flash chips, eMMC, and UFS. During the Reporting Period, the Company defined, developed, and produced engineering samples for Flash products of different capacities and types. In response to the demand from rapidly growing fields like AI servers and optical modules, the Company further strengthened its design and R&D capabilities for NOR Flash, continuously enhancing its ability to launch products with greater competitive advantages for emerging markets. The Company continued to provide samples of products such as 1Gb SPI NOR Flash and 512Mb Octal Flash to more customers. The 512Mb SPI NOR Flash products gradually ramped up in volume, and the related business performance maintained a rapid growth trend.

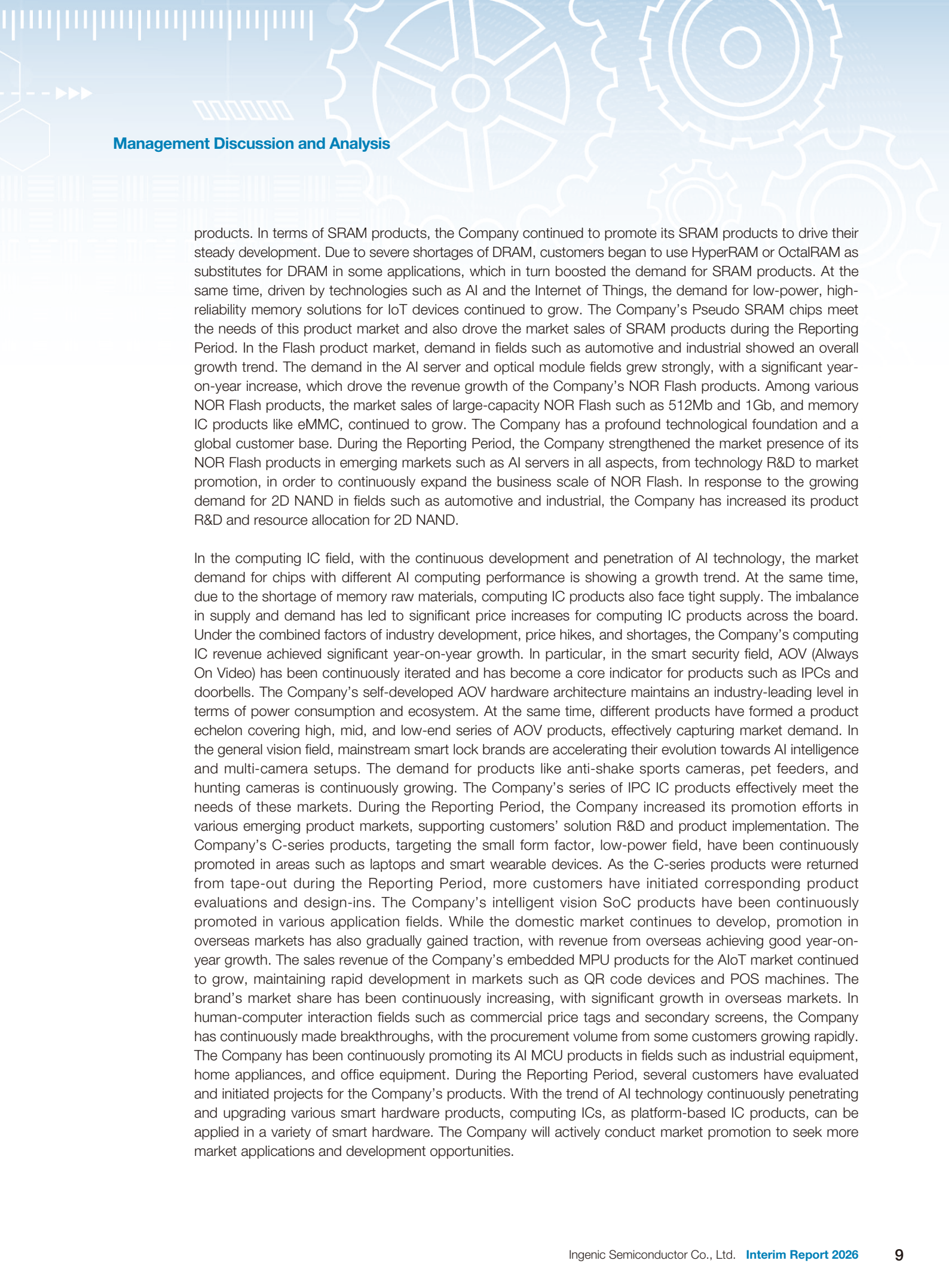
The Company's computing ICs mainly target various types of smart hardware products, including smart security, general video products, smart locks, QR code devices, and smart home appliances. During the Reporting Period, the Company taped out its C-series products for the general vision field and upgraded IC products for the mid-range IPC market. The C-series products primarily cater to the needs of the general video field, such as laptops, smart wearables, and inspection equipment, which have high requirements for small form factors and low power consumption. In response to the demand in the mid-to-high-end general video field, the Company initiated the R&D of upgraded IC products. At the same time, the Company continued to advance the R&D of IPC chips with higher computing performance, and this product is expected to be taped out in the second half of this year. The Company's first AI MCU was taped out for mass production in July. This product is a high-performance, multi-core heterogeneous MCU with AI processing capabilities, which can be widely used in application fields such as AI recognition, control, and human-computer interaction. The Company's high-end embedded MPU product, featuring a multi-core heterogeneous architecture and crossover performance, was taped out during the Reporting Period. This product further optimizes and enhances the MPU's crossover functions, and is equipped with a high-performance multi-core heterogeneous architecture, AI computing performance, and real-time control capabilities to meet the needs of various mid-to-high-end AIoT application markets. The Company's computing IC product line will continue to conduct R&D on related IC products, comprehensively focusing on the needs of high-, mid-, and low-end edge AI products.

Management Discussion and Analysis

The Company's analog product line includes LED driver ICs, touch sensor chips, DC/DC chips, automotive microprocessor chips, and connectivity chips such as LIN, CAN, and GreenPHY. It mainly targets the automotive, industrial, medical, and high-end consumer markets, providing customers with a rich variety of solutions for in-cabin and exterior automotive lighting and in-vehicle connectivity solutions, thereby building a rich and complete product ecosystem. In recent years, the Company has continuously enriched its product range of high-quality LED driver ICs, including automotive-grade and industrial-grade products, actively empowering an intelligent driving experience. By combining backlight driving, lighting driving, touch sensing, and wired communication technologies, it provides more convenient, safe, and reliable solutions for in-cabin human-computer interaction and vehicle charging communications. During the Reporting Period, the Company conducted R&D and tape-out for various LED driver ICs targeting both automotive and non-automotive market segments. Meanwhile, in response to the growing demand for automotive intelligent systems, the Company is leveraging its comprehensive technical expertise in power management, MCUs, and connectivity technology to enhance the intelligent driving experience. We are expanding our product portfolio and R&D in areas such as in-cabin human-computer interaction and vehicle charging communication. This includes smart, highly-integrated ambient lighting driver chips, a new generation of functionally safe DMS/OMS driving monitoring systems with IR LED driver ICs, steering wheel hands-off detection solutions, as well as power chips, high-side switches, eFuses, and interface chips for domain control systems. During the Reporting Period, the Company launched products such as automotive-grade OLED driver ICs, automotive-grade ISD LED driver ICs, ambient lighting LED driver ICs and automotive-grade DMS/OMS IR LED driver ICs. In terms of connectivity ICs, the Company continued to conduct R&D and testing of various network transmission products for automotive applications. The Company assisted customers in the continued development and adaptation of solutions related to LIN, CAN, and GreenPHY products, helping them with product integration and implementation.

3. *Actively conducting market promotion and customer expansion, strengthening product market positioning, and working to uncover market opportunities.*

The Company's memory ICs primarily target the automotive, industrial, and medical markets. During the Reporting Period, on one hand, the squeeze from cloud AI memory kept DRAM product capacity under high tension. On the other hand, with the continuous development of edge AI, the market demand for DRAM is expected to maintain an upward trend in the long run, creating a huge gap between the supply and demand of traditional DRAM products. As customers in fields such as automotive and industrial typically rely on long-term agreements, in the second half of 2025, constrained by these agreements, the Company's DRAM products were still sold at their original prices despite significant price hikes in the consumer market. Starting from the first quarter of 2026, domestic and overseas customers successively entered a price adjustment cycle, and the gross margin of the Company's DRAM products has been continuously increasing. At the same time, as IDM manufacturers shifted their support focus to HBM and consumer products, the Company accelerated the expansion of high-quality customer resources in fields such as automotive and industrial. During the Reporting Period, new customers successively began to enter the procurement stage. The Company seized the market development opportunities of the memory cycle and actively expanded its customer resources, laying a solid foundation for the subsequent expansion of its market share in sub-segments. In addition, the Company continued to conduct R&D and promotion of new products. Since their launch, DRAM products based on new process technology have been highly recognized by customers with strong product demand, which has also driven the revenue growth of DRAM



Management Discussion and Analysis

products. In terms of SRAM products, the Company continued to promote its SRAM products to drive their steady development. Due to severe shortages of DRAM, customers began to use HyperRAM or OctalRAM as substitutes for DRAM in some applications, which in turn boosted the demand for SRAM products. At the same time, driven by technologies such as AI and the Internet of Things, the demand for low-power, high-reliability memory solutions for IoT devices continued to grow. The Company's Pseudo SRAM chips meet the needs of this product market and also drove the market sales of SRAM products during the Reporting Period. In the Flash product market, demand in fields such as automotive and industrial showed an overall growth trend. The demand in the AI server and optical module fields grew strongly, with a significant year-on-year increase, which drove the revenue growth of the Company's NOR Flash products. Among various NOR Flash products, the market sales of large-capacity NOR Flash such as 512Mb and 1Gb, and memory IC products like eMMC, continued to grow. The Company has a profound technological foundation and a global customer base. During the Reporting Period, the Company strengthened the market presence of its NOR Flash products in emerging markets such as AI servers in all aspects, from technology R&D to market promotion, in order to continuously expand the business scale of NOR Flash. In response to the growing demand for 2D NAND in fields such as automotive and industrial, the Company has increased its product R&D and resource allocation for 2D NAND.

In the computing IC field, with the continuous development and penetration of AI technology, the market demand for chips with different AI computing performance is showing a growth trend. At the same time, due to the shortage of memory raw materials, computing IC products also face tight supply. The imbalance in supply and demand has led to significant price increases for computing IC products across the board. Under the combined factors of industry development, price hikes, and shortages, the Company's computing IC revenue achieved significant year-on-year growth. In particular, in the smart security field, AOV (Always On Video) has been continuously iterated and has become a core indicator for products such as IPCs and doorbells. The Company's self-developed AOV hardware architecture maintains an industry-leading level in terms of power consumption and ecosystem. At the same time, different products have formed a product echelon covering high, mid, and low-end series of AOV products, effectively capturing market demand. In the general vision field, mainstream smart lock brands are accelerating their evolution towards AI intelligence and multi-camera setups. The demand for products like anti-shake sports cameras, pet feeders, and hunting cameras is continuously growing. The Company's series of IPC IC products effectively meet the needs of these markets. During the Reporting Period, the Company increased its promotion efforts in various emerging product markets, supporting customers' solution R&D and product implementation. The Company's C-series products, targeting the small form factor, low-power field, have been continuously promoted in areas such as laptops and smart wearable devices. As the C-series products were returned from tape-out during the Reporting Period, more customers have initiated corresponding product evaluations and design-ins. The Company's intelligent vision SoC products have been continuously promoted in various application fields. While the domestic market continues to develop, promotion in overseas markets has also gradually gained traction, with revenue from overseas achieving good year-on-year growth. The sales revenue of the Company's embedded MPU products for the AIoT market continued to grow, maintaining rapid development in markets such as QR code devices and POS machines. The brand's market share has been continuously increasing, with significant growth in overseas markets. In human-computer interaction fields such as commercial price tags and secondary screens, the Company has continuously made breakthroughs, with the procurement volume from some customers growing rapidly. The Company has been continuously promoting its AI MCU products in fields such as industrial equipment, home appliances, and office equipment. During the Reporting Period, several customers have evaluated and initiated projects for the Company's products. With the trend of AI technology continuously penetrating and upgrading various smart hardware products, computing ICs, as platform-based IC products, can be applied in a variety of smart hardware. The Company will actively conduct market promotion to seek more market applications and development opportunities.

Management Discussion and Analysis

The main source of revenue for the Company's analog IC product line is various types of LED lighting driver chips. The products feature low power consumption, low leakage, and low electromagnetic interference, as well as high quality, high reliability, high color brightness, and an excellent price-performance ratio. With an extensive product portfolio and a clear competitive advantage, our products are widely adopted in high-quality LED driver markets such as automotive, industrial, office equipment, and home appliances. The Company has particularly deep technical expertise and a strong market presence in the automotive electronics market. The Company's self-developed automotive lighting driver technology and lighting effect driver technology, combined with its automotive-grade technology foundation and high-quality management system, provide domestic and overseas automotive customers with a variety of in-vehicle LED driver IC series with a full range of part numbers, including switch drivers, matrix drivers, and linear driver chips. During the Reporting Period, the Company continuously enriched its product lines and actively promoted various IC products related to automotive intelligent systems, with its analog products maintaining an outstanding market competitive advantage in markets such as automotive, white goods, smart IoT, and office equipment. Concurrently, the Company actively cultivated its customer base of domestic and overseas brands, leading to year-on-year growth in sales revenue from analog ICs. Due to the overall tightening of capacity in the integrated circuit industry, the cost of the Company's analog ICs has also increased to some extent. However, thanks to their high quality and strong overall market competitiveness, the Company's analog products have maintained a healthy overall gross margin. It is also anticipated that certain products may undergo price adjustments in the future. By fully leveraging its self-developed core technologies and in-depth strategic focus on automotive intelligent systems, the Company expects to unlock greater market opportunities for its analog ICs. The Company's connectivity ICs are mainly automotive-grade. During the Reporting Period, we continued to promote products such as LIN, CAN, and GreenPHY. The Company supported several Tier 1 suppliers with solution design and product implementation, and some customers have begun purchasing GreenPHY products.

4. *Strengthening inventory and supply chain management to ensure stable product supply*

Due to the increasing demand for capacity from AI development across all segments of the integrated circuit supply chain, various integrated circuit products are experiencing trends of tight capacity and rising costs in areas such as wafer, packaging, and testing. At the same time, the demand for the Company's memory ICs is strong, the supply of computing ICs is also relatively tight, and the overall delivery lead time for analog IC products has been extended. In response to the current supply chain situation, the Company has further strengthened its management of inventory and all stages of product production. To ensure long-term, continuous, and stable supply for customers, since 2026, for DRAM products facing severe market shortages, the Company has allocated quarterly sales volumes based on production plans and inventory levels. While ensuring the stable demand of existing customers, it strives to meet the needs of new customers. The Company's advance stocking of certain products in 2025 also effectively alleviated the pressure on DRAM capacity. The Company has further strengthened the expansion of upstream capacity resources for memory products such as DRAM and Flash to better support its continuously expanding business scale. In the face of shortages and price hikes of memory raw materials, the Company promptly stocked up on raw materials and carried out product production for its computing ICs. It maintained close communication with major suppliers, actively sought more supply resources, and timely adjusted its product sales strategies based on inventory and production plans, thereby striving to meet the main needs of customers when significant changes occurred in market supply. Under the current supply situation, the Company will coordinate and arrange inventory, production, and sales plans, and strengthen communication with supply chain partners to ensure the continuous and stable supply of products and meet the growing market demand.

5. *Strengthening talent team building and adopting various methods for employee incentives*

The Company places great importance on talent team building, continuously strengthening the learning and training of its management personnel, improving its incentive and restraint mechanisms, optimizing its remuneration system, and refining its performance appraisal system. To further establish and improve its long-term incentive mechanism for attracting and retaining outstanding talent, the Company, driven by confidence in its future prospects and recognition of its intrinsic value, launched the 2024 Restricted Share Incentive Plan. This plan, which aligns returns with contributions while safeguarding shareholder interests, covers certain Directors, senior management, mid-level managers, and key business (technical) personnel from its major business departments. During the Reporting Period, upon approval at the 12th meeting of the 6th Board of Directors and the 6th meeting of the 6th Nomination and Remuneration Committee on May 21, 2026, the Company processed the vesting of Class II restricted shares for eligible participants, as the vesting conditions for the second vesting period of the initial grant and the first vesting period of the reserved grant under the 2024 Restricted Share Incentive Plan had been met. The successful implementation and vesting of this equity incentive scheme helps to fully motivate the Company's management team and effectively align the interests of shareholders, the Company, and the core team. This encourages all parties to focus on the Company's long-term development, ensuring its continuous and steady growth and delivering more efficient and lasting returns to shareholders.

(V) Market position and industry competition

The Company's products include various types of chips such as memory ICs, computing ICs, and analog ICs, with applications covering multiple markets including automotive, industrial, medical, communication, and security surveillance. The Company's independently innovative core technologies and the outstanding cost-performance advantage of its products have placed its products at the forefront in various market applications. In the memory IC field, the Company's revenue from DRAM, SRAM, and NOR Flash products ranks among the top in the international market. In the security surveillance field, the Company's business has developed rapidly, and it has now become a mainstream IC supplier in the domestic consumer security surveillance market.

(VI) Company's development strategy and operating plan

The Company adheres to a product strategy of "Memory + Computing + Analog" and a market strategy of "dual-wheel drive of internal and external cycles", continuously accumulating self-developed core technologies such as memory technology, computing technology, AI-related technology, analog technology, and connectivity technology, and constantly enhancing its technical level in core areas. At the same time, the Company combines its advantages in the computing and AI fields with its strong competitiveness in the memory and analog fields, actively establishing its presence and expanding in key application areas such as automotive electronics, industrial and medical, smart security, and smart IoT. This effectively strengthens the Company's comprehensive strength, industry position, and core competitiveness, with the aim of building the Company into a domestically leading and internationally competitive integrated circuit design company.

Regarding its operating plan, the Company is actively implementing the "2026 Operating Plan" formulated in the 2025 Annual Report, continuing to advance the R&D of core technologies and enhance the Company's core competitiveness, continuing to conduct new product R&D to enrich the Company's product categories and improve the competitive advantage of its product lines, continuing to strengthen market development and timely seize market development opportunities during the upward cycle of market demand, continuing to strengthen supply chain management, maintaining close communication with upstream suppliers, and striving to meet customers' product demand, strengthening the Company's operational management and talent development, and placing importance on employee incentives. The Company adheres to a long-term development strategy, values the R&D of core technologies, and actively implements product and market strategies, laying a solid foundation for its healthy, sound, and long-term development.

Management Discussion and Analysis

(VII) Development of important new products and their potential impact on the Company

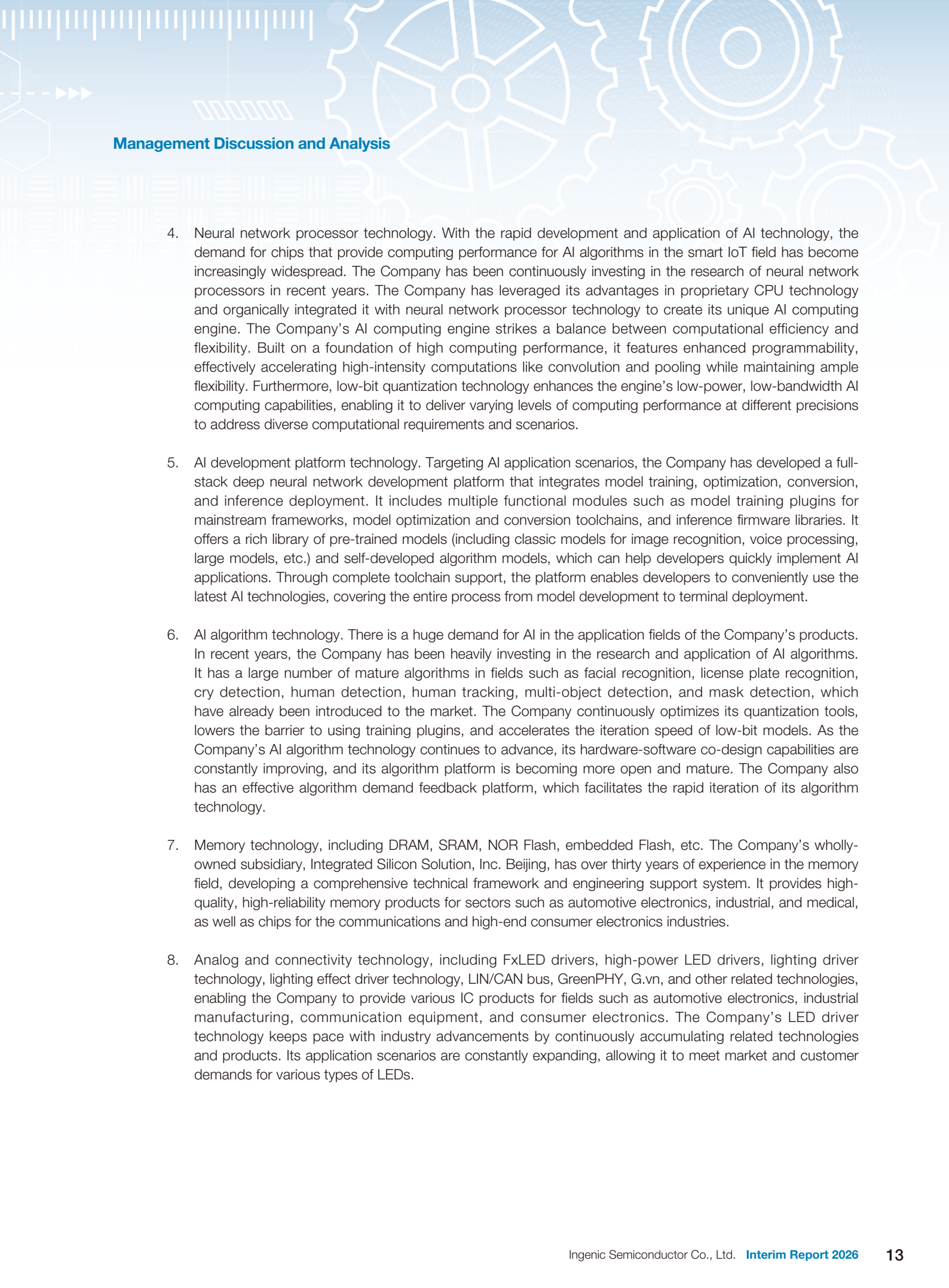
During the Reporting Period, all of the Company's product lines carried out new product R&D. Depending on the progress of different products, some new products are still in the R&D stage, some have completed tape-out and are in the process of producing engineering samples, and some have completed the production of engineering samples and have initiated mass production based on test results. The Company continues to advance the R&D and tape-out of DRAM products with new process technology, and is increasing the R&D and promotion of high-density NOR Flash products. The Company's new computing ICs targeting fields such as smart security, general security, and AIoT have all been taped out. In the analog IC field, the Company has planned and developed high-specification LED driver ICs and various IC products for in-vehicle intelligence systems. The successive launch of various new products will continuously enhance the Company's product competitiveness in various market fields, thereby supporting the sustained and stable development of the Company's business.

II. Analysis of Core Competitiveness

(I) Technological Advantages

The Company has a strong R&D DNA and has always adhered to a R&D strategy of independent innovation in core technology fields. After years of continuous investment, the Company has gradually formed its own key technologies in the following areas:

1. Embedded CPU technology. The Company's founding team has been engaged in the R&D of embedded CPU technology for many years, achieving breakthroughs in key metrics such as high performance and low power consumption. The Company designed the XBurst series CPU core based on the 32-bit MIPS instruction set architecture. This core adopts the Company's innovative microarchitecture, and its clock frequency, power consumption, and area are all ahead of existing similar 32-bit RISC microprocessor cores in the industry under the same process technology. Since 2014, the open-source RISC-V instruction set architecture has gained widespread support and rapid development in the industry. The Company has actively embraced this trend and initiated the R&D of CPU cores based on the RISC-V architecture. Currently, the Company's self-developed RISC-V CPU cores have been applied in some of its IC products.
2. Video codec technology. Video content is the core of multimedia content. The Company's self-developed video codec supports most mainstream international video formats, including decoding of various mainstream video formats and encoding of bitstreams in formats such as H.264 and H.265. The Company's video codec improves performance by combining algorithmic and hardware optimizations for the critical encoding path and reduces dynamic power consumption through finely designed switch controls, enabling its overall performance, area, and power consumption to reach advanced industry levels, which supports the Company's expansion in the smart vision field.
3. Image signal processing technology. The Company's self-developed image signal processing technology continuously surpasses the highest levels in the industry, achieving cutting-edge image signal technologies such as 2D/3D noise reduction, AI wide dynamic range, automatic anti-flicker, noise modeling, and AI image enhancement, which can meet the application needs of various complex lighting scenarios. The Company's Image Signal Processor meets customers' demands for high-quality images. It also leverages the Company's proprietary AI processor and algorithm technologies to assist with noise reduction and detail enhancement, further improving its imaging quality.



Management Discussion and Analysis

4. Neural network processor technology. With the rapid development and application of AI technology, the demand for chips that provide computing performance for AI algorithms in the smart IoT field has become increasingly widespread. The Company has been continuously investing in the research of neural network processors in recent years. The Company has leveraged its advantages in proprietary CPU technology and organically integrated it with neural network processor technology to create its unique AI computing engine. The Company's AI computing engine strikes a balance between computational efficiency and flexibility. Built on a foundation of high computing performance, it features enhanced programmability, effectively accelerating high-intensity computations like convolution and pooling while maintaining ample flexibility. Furthermore, low-bit quantization technology enhances the engine's low-power, low-bandwidth AI computing capabilities, enabling it to deliver varying levels of computing performance at different precisions to address diverse computational requirements and scenarios.
5. AI development platform technology. Targeting AI application scenarios, the Company has developed a full-stack deep neural network development platform that integrates model training, optimization, conversion, and inference deployment. It includes multiple functional modules such as model training plugins for mainstream frameworks, model optimization and conversion toolchains, and inference firmware libraries. It offers a rich library of pre-trained models (including classic models for image recognition, voice processing, large models, etc.) and self-developed algorithm models, which can help developers quickly implement AI applications. Through complete toolchain support, the platform enables developers to conveniently use the latest AI technologies, covering the entire process from model development to terminal deployment.
6. AI algorithm technology. There is a huge demand for AI in the application fields of the Company's products. In recent years, the Company has been heavily investing in the research and application of AI algorithms. It has a large number of mature algorithms in fields such as facial recognition, license plate recognition, cry detection, human detection, human tracking, multi-object detection, and mask detection, which have already been introduced to the market. The Company continuously optimizes its quantization tools, lowers the barrier to using training plugins, and accelerates the iteration speed of low-bit models. As the Company's AI algorithm technology continues to advance, its hardware-software co-design capabilities are constantly improving, and its algorithm platform is becoming more open and mature. The Company also has an effective algorithm demand feedback platform, which facilitates the rapid iteration of its algorithm technology.
7. Memory technology, including DRAM, SRAM, NOR Flash, embedded Flash, etc. The Company's wholly-owned subsidiary, Integrated Silicon Solution, Inc. Beijing, has over thirty years of experience in the memory field, developing a comprehensive technical framework and engineering support system. It provides high-quality, high-reliability memory products for sectors such as automotive electronics, industrial, and medical, as well as chips for the communications and high-end consumer electronics industries.
8. Analog and connectivity technology, including FxLED drivers, high-power LED drivers, lighting driver technology, lighting effect driver technology, LIN/CAN bus, GreenPHY, G.vn, and other related technologies, enabling the Company to provide various IC products for fields such as automotive electronics, industrial manufacturing, communication equipment, and consumer electronics. The Company's LED driver technology keeps pace with industry advancements by continuously accumulating related technologies and products. Its application scenarios are constantly expanding, allowing it to meet market and customer demands for various types of LEDs.

Management Discussion and Analysis

(II) Product Advantages

The Company's commitment to independent R&D in core technologies has brought the following advantages to its IC products:

1. Independent, controllable, and not reliant on others. As the Company develops its main core technologies in-house, its products are independent and controllable, not reliant on third-party manufacturers, and thus are not vulnerable to being "choked off". Particularly in the CPU core field, the Company has always been committed to independent R&D to ensure its technology is self-reliant and controllable. As the market and technology evolve, the Company's computing IC products will gradually shift entirely to the RISC-V architecture, further enhancing its independence and control over core technologies. In technical fields such as video, image, and AI, the Company's technology is also fully autonomous and independent.
2. Highly cost-effective. As the core technologies are independently developed, the Company's related technology licensing fees during the IC design, production, and sales stages are significantly reduced. Furthermore, during chip design, relevant modules can be tailored to the specific needs of the product, avoiding design redundancy. Combining these factors, the Company's products have a higher cost-performance ratio.
3. The Company's products generally feature high performance and low power consumption. These characteristics stem from the features of the Company's core technologies and are widely recognized in the industry.
4. Better sustainability. As the Company has full control over its core technologies, it can make timely technical adjustments and responses according to market changes, thus achieving better sustainability.
5. High quality and high reliability. The Company's memory IC product line and analog IC product line mainly target fields such as automotive electronics, industrial and medical, and communication equipment. Characterized by high quality and high reliability, they allow the Company to provide customers with chips that have an extremely low product failure rate (PPM), which in turn greatly enhances and ensures product quality, high reliability, and customer satisfaction.
6. A rich and comprehensive range of product categories for industry markets. Targeting industry markets such as automotive and industrial, the Company's memory IC and analog IC product lines offer a wide range of product categories, fully meeting the diversified needs of these markets. The Company's memory ICs include three categories: DRAM, SRAM, and FLASH. The Company's DRAM product development mainly targets professional application fields with high technical barriers, with products covering various capacity specifications from 16Mb, 32Mb, 64Mb, 128Mb to 1Gb, 2Gb, 4Gb, 8Gb, 16Gb, and 32Gb. The Company offers an extensive range of SRAM products, from traditional Synch and Asynch SRAM to industry-leading high-speed QDR SRAM, for which it holds independently developed intellectual property. The Company's Flash product line includes globally mainstream NOR Flash memory ICs with various capacity specifications from 256Kb to 2Gb, and NAND Flash memory ICs with various capacity specifications from 1Gb to 8Gb. The Company's analog products mainly consist of various types of LED driver ICs, including multi-frequency, matrix, and linear drivers. Particularly in the automotive sector, the Company has been continuously expanding its product portfolio. Its products are now widely used in various types of vehicle lighting, such as position lights, clearance lamps, ground projection lamps, brake lights, high-mount stop lamps, fog lights, tail lights, turn signals, headlights, daytime running lights, high beams, and full-width tail lights. The Company continuously expands its product range for industrial markets, providing high-quality products and technical services to its customers in the sector.

(III) Advantages in Engineering Support System for Automotive Electronics

Based on business development needs, some of the Company's subsidiaries have passed the ISO9001 quality management system certification and comply with the ISO14001 environmental protection standard. At the same time, the Company has established a supply chain management system for automotive electronics in accordance with the requirements of IATF16949. The Company has also established corresponding laboratories and processes to ensure that the automotive-grade chips provided to customers can pass the tests of the AEC-Q100 system and to provide the corresponding test reports. When customers in the automotive electronics sector encounter chip quality issues, the Company can promptly provide corresponding analysis, support, and services. In addition, the Company's relevant management system has also obtained ISO26262 quality system certification (ASIL-D level), and is capable of developing chips that meet various ASIL levels.

(IV) Team and Talent Advantages

The Company has an international integrated circuit design team, with team members located in China, the United States, Israel, South Korea, Japan, and other places. Their domain knowledge covers memory design, processor design, analog circuit design, communication circuit design, etc. As the Company continues to intensify its efforts in building its talent pool, the strength of its team and talent will be continuously enhanced. The Company continuously strengthens pre-employment and team-building training for its employees, and has established a scientific, standardized, and systematic human resources training system. At the same time, the Company actively cultivates versatile talents, forms a reasonable talent echelon, and has nurtured a group of talents with leadership spirit who lead their teams to be diligent in research, bold in innovation, and hardworking, providing effective support for the Company's further development.

(V) Globalized Resource Advantages

The Company has branches in more than twenty countries or regions, with its market and customers spread across the globe. The Company possesses globalized talent, market, customer, and sales resources, which enables it to conduct its overall business layout, market planning, product R&D, and customer promotion from a global perspective. This helps the Company promptly grasp domestic and overseas market development trends, seize opportunities for industry development and change to grow and strengthen its business, and enhance its risk resistance capabilities.

(VI) Patents

As of the end of the Reporting Period, the Company and its wholly-owned subsidiaries held 819 patent certificates, 187 software copyright registration certificates, 105 integrated circuit layout designs, and 159 trademarks.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group mainly generated revenue from sales of memory ICs, computing ICs and analog ICs. The Group offered relevant technical services to customers purchasing IC products, assisting them in developing relevant software systems and optimizing product functionality. In addition, the Group leased out portions of its self-owned properties that were temporarily not required for its business operations, and recognized rental income from these leasing activities.

The total revenue of the Group increased by 75.9% to approximately RMB3,957.3 million for the six months ended June 30, 2026 from RMB2,249.1 million for the same period of 2025, as a result of the strong demand for the Company's memory ICs driven by the memory supercycle, which led to a significant year-on-year increase in sales revenue. The Company's computing IC business continuously optimized its product layout and actively pursued customer development. At the same time, the Company proactively addressed the impact of the memory cycle on the computing IC supply chain and timely captured market trends, resulting in strong year-on-year growth in sales revenue for computing ICs.

The following table sets forth an analysis of the Group's revenue for the periods indicated.

	Six months ended June 30,	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Memory ICs	2,631,616	1,384,476
Computing ICs	1,043,405	604,297
Analog ICs	269,607	243,794
Others ⁽¹⁾	12,635	16,545
Total	3,957,263	2,249,112

Note:

(1) Mainly includes sales of other goods including development boards, provision of technical services and rental income.

Revenue generated from memory ICs increased by 90.1% to approximately RMB2,631.6 million for the six months ended June 30, 2026 from RMB1,384.5 million for the same period of 2025, mainly due to the impact of the memory cycle. The supply of the Company's DRAM products remained tight and their selling prices increased significantly, leading to strong growth in operating revenue. At the same time, the severe shortage of DRAM prompted customers to start using SRAM products as a substitute for DRAM in some applications, thereby boosting the demand for SRAM products. Benefiting from the developments in fields such as AI servers and optical modules, the Company has seen a significant year-on-year increase in sales volume of Flash products. As NOR Flash production capacity continued to be tight, the price of NOR Flash also increased. These combined factors contributed to a significant increase in revenue from Flash products.



Management Discussion and Analysis

Revenue generated from computing ICs increased by 72.7% to approximately RMB1,043.4 million for the six months ended June 30, 2026 from RMB604.3 million for the same period of 2025, mainly benefiting from the growing market demand for chips with different AI computing capabilities, driven by the continuous development and penetration of AI technology. At the same time, due to the shortage of raw materials for memory ICs, computing IC products also face tight supply. The imbalance in supply and demand has led to significant price increases for computing IC products. Under the combined effects of industry development, price hikes, and shortages, the Company achieved significant year-on-year growth in revenue from computing ICs.

Revenue generated from analog ICs increased by 10.6% to approximately RMB269.6 million for the six months ended June 30, 2026 from RMB243.8 million for the same period of 2025, mainly because during the Reporting Period, the Company continuously enriched its product lines and expanded its product portfolio across various markets such as automotive, white goods, smart IoT, and office equipment. The products have maintained a prominent competitive advantage. At the same time, the Company actively expanded its customer base of domestic and overseas brands, achieving certain year-on-year growth in sales revenue from analog ICs.

Cost of Sales

During the Reporting Period, the Group's cost of sales mainly consisted of (i) cost of wafers and (ii) packaging and testing costs. The Group also recorded write-down (reversal on write-down) of inventories as its cost of sales.

The Group's cost of sales increased by 31.7% to approximately RMB1,948.5 million for the six months ended June 30, 2026 from RMB1,479.5 million for the same period of 2025, as a result of sales growth.

Gross Profit and Gross Margin

The Group's gross profit increased by 161.0% to approximately RMB2,008.8 million for the six months ended June 30, 2026 from RMB769.6 million for the same period of 2025, because the price increases for memory IC and computing IC products were significant, while the increase in costs was lower than the increase in selling prices, which boosted the Company's gross margin. The growth in the Company's operating revenue and gross margin propelled the growth of its gross profit. For the six months ended June 30, 2026, the Group's gross margin was 50.8%, representing an increase of 16.6 percentage points from 34.2% for the same period of 2025.

Other Income and Gains, Net

During the Reporting Period, the Group's other income and gains mainly consisted of bank interest income and net exchange gains. The Group's other income and gains, net decreased by 55.6% to approximately RMB46.7 million for the six months ended June 30, 2026 from RMB105.2 million for the same period of 2025, as a result of the year-on-year decrease in gains in relation to the disposal of assets.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended June 30, 2026 were approximately RMB216.3 million, representing an increase of 26.7% compared with RMB170.7 million for the same period of 2025. This was mainly due to the growth in sales revenue, which led to a year-on-year increase in sales commissions and royalties.

Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2026 were approximately RMB117.3 million, representing a decrease of 8.1% compared with RMB127.7 million for the same period of 2025. This was mainly attributed to a year-on-year decrease in equity incentive expenses.

Management Discussion and Analysis

Research and Development Expenses

The Group's research and development expenses for the six months ended June 30, 2026 were approximately RMB382.2 million, representing an increase of 9.7% compared with RMB348.3 million for the same period of 2025. This was mainly attributed to an increase in employee remuneration.

Income Tax Expenses

The Group's income tax expenses for the six months ended June 30, 2026 were approximately RMB139.5 million, representing an increase of 431.1% compared with RMB26.3 million for the same period of 2025. This was mainly attributed to a year-on-year increase in income tax expenses resulting from profit growth.

Financial Resources, Liquidity and Capital Structure

During the Reporting Period, the Group financed its operations primarily through cash generated from operating activities.

The Group's bank balances and cash as of June 30, 2026 amounted to approximately RMB3,953.7 million (as of December 31, 2025: RMB4,087.1 million).

As of June 30, 2026, the Group had no bank or other borrowings (as of December 31, 2025: nil).

The Group has sufficient liquidity to meet its day-to-day liquidity management and capital expenditure requirements.

The Group maintained a sound financial position during the Reporting Period. The financial management department of the Group is responsible for its financial risk management, aiming to ensure that the liquidity structure of the assets, liabilities and other commitments of the Group could meet its funding needs on an ongoing basis.

Pledge of Assets

As of June 30, 2026, the net book value of the Group's pledged assets amounted to approximately RMB4.5 million (as of December 31, 2025: RMB4.5 million). Such assets comprise restricted bank deposits primarily for guarantee purposes.

Contingent Liabilities

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

Gearing Ratio

The Group's gearing ratio, defined as the proportion of total liabilities to total assets, increased from 8.0% as of December 31, 2025 to 9.2% as of June 30, 2026, which was primarily due to an increase in current liabilities related to operating activities.



Management Discussion and Analysis

FUTURE OUTLOOK

With the continuous increase in investment in AI cloud computing infrastructure in 2026, the memory IC sector has been facing extremely tight supply and demand, driving the rapid development of the entire industry chain. The global memory cycle continues its upward trend, promoting the continuous growth in demand for related IC products. It is expected that the memory cycle will persist into the next Reporting Period. AI-related technologies will continue to drive the structural upgrade and development of the integrated circuit industry. The continuous iteration and upgrading of products such as advanced memory ICs and high-performance computing ICs will provide stronger technical support for numerous application fields, including AI, cloud computing, and IoT, thereby further driving the sustained growth of the integrated circuit market. Due to the limitations of the expansion cycle of DRAM foundries and the impact of production cuts and market exits by major manufacturers, the tight supply of DRAM products is not expected to ease in the second half of 2026, which is anticipated to maintain a sustained growth trend in the Company's memory IC revenue and gross margin. Amid the trend of automotive intelligence, market demand for the Company's products, such as DDR4 and LPDDR4, will continue to increase. In the Flash segment, demand from emerging markets such as AI servers will continue to drive revenue growth for the Company's Flash product line. Demand for the Company's Flash products, particularly high-density NOR Flash products, is expected to maintain its growth.

In the second half of 2026, the computing IC sector is expected to remain affected by price increases and shortages of memory raw materials. Continuously rising production costs and product selling prices may bring certain uncertainties to the development of the consumer electronics market. On the other hand, the continuous development of edge AI will drive growth in demand for applications such as edge computing and edge AI. The Company is continuously introducing new products for its computing IC product line in the fields of smart security, pan-vision, and AIoT, thereby enriching its computing IC product portfolio and enhancing their overall competitiveness.

As production capacity across all segments of the integrated circuit industry gradually tightens, the analog IC sector has also been affected by rising costs. In the second half of 2026, there is a possibility of product price increases in the analog IC sector. The Company's analog ICs are expected to maintain a stable growth trend. Any increase in product prices could potentially drive revenue growth.

Taking the above factors into consideration, amid the rapid development of AI, continuously increasing investment in AI cloud computing infrastructure, and growing demand for edge computing and edge AI storage, the Company's overall business for the current year is expected to maintain a strong year-on-year growth trend.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As of June 30, 2026, the Group did not hold any significant investment, which refers to an investment with investment amounts in an investee company that accounted for 5% or more of the Group's total assets. During the Reporting Period, the Group did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Management Discussion and Analysis

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of June 30, 2026, save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Group did not have other plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2026, the Group had 1,278 employees (December 31, 2025: 1,234 employees). The total remuneration cost incurred by the Group for the six months ended June 30, 2026 was approximately RMB416.3 million, as compared to approximately RMB346.0 million for the same period of 2025.

The Group provides the employees with certain benefits including social insurance coverage and other employee benefits. The employees’ compensation is determined according to their job positions, technical skills, and job performance and competition. The Group has designed a series of comprehensive training programs that align with its strategic direction and talent development objectives.

FOREIGN CURRENCY RISK

As the Group operates part of its business in foreign jurisdictions, the Group is subject to risks associated with foreign currency exchange fluctuations. The Group primarily mitigates the impact of exchange rate fluctuations by reasonably matching the currencies of its income and expenditures arising from operating activities, strengthening the management of foreign currency funds, and utilizing natural hedging through operating cash flows. As of the Latest Practicable Date, the Group had not engaged in any foreign exchange derivative transactions and continuously monitors its exposure to exchange rate risks in respect of major foreign currency-denominated assets, liabilities and cash flows. Taking into account its business operations and prevailing foreign exchange market conditions, the Group may, in the future, consider adopting appropriate risk management tools at suitable times to manage any material exposure to foreign exchange risks.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The H Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. In connection with the Global Offering, 31,287,300 H Shares were issued and allotted at the offer price of HK\$100.00.

Save as disclosed above, there are no other important events affecting the Group since the end of Reporting Period and up to the date of this interim report.



Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the Listing Date fell after the Reporting Period, the Corporate Governance Code was not applicable to the Company during the Reporting Period.

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. Since the Listing Date, the Company has adopted the code provisions in Part 2 of the Corporate Governance Code as the basis for its corporate governance practices.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this provision because Dr. Liu Qiang, performs both the roles of the chairman and general manager in the Company. The Board believes that, in view of his experience, personal profile and understanding of the Group's business operations as detailed in his biography above, Dr. Liu Qiang is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and general manager to Dr. Liu Qiang can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The Board considers that the balance of power and authority will not be impaired due to this arrangement. The Board will reassess the division of the roles of chairman and the general manager from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company has complied with all applicable code provisions set out in the Corporate Governance Code throughout the period from the Listing Date to the date of this interim report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Listing Date fell after the Reporting Period, the Model Code was not applicable to the Company during the Reporting Period.

Since the Listing Date, the Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiries to all of the Directors, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code from the Listing Date to the date of this interim report.

The Company's employees and directors and employees of the subsidiaries of the Company, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code was noted by the Company from the Listing Date to the date of this interim report.

DISCLOSURE OF CHANGES IN DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The relevant information of Directors and chief executive of the Company is set out in the section headed "Directors and Senior Management" of the Prospectus.

Upon specific inquiry by the Company, there is no change in information for any of the Directors or chief executive which would require disclosure pursuant to Rule 13.51B(1) of the Listing Rules during the period from the Listing Date to the Latest Practicable Date.

Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (within the meaning of the Listing Rules)) during the Reporting Period. The Company did not have any treasury shares as of June 30, 2026.

2024 RESTRICTED SHARE INCENTIVE PLAN

The 2024 Restricted Share Incentive Plan of the Company was approved by the Shareholders on May 13, 2024. The terms of the 2024 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of restricted shares by the Company after the Listing.

(I) Summary of Principal Terms of the 2024 Restricted Share Incentive Plan

(a) Purpose

The purpose of the 2024 Restricted Share Incentive Plan is to establish and improve the Company's incentive mechanism, to attract and retain talents and to mobilise the enthusiasm of the Company's management and core business and technology backbone personnel, so as to achieve a mutual focus on the long-term development of the Company. The 2024 Restricted Share Incentive Plan is implemented to align the interests of the Shareholders with the interests of the Company and the individuals of its core teams.

(b) Participants

The participants of the 2024 Restricted Share Incentive Plan include certain Directors, senior management, mid-level and core business and technology backbone personnel of the Company.

The scope of participants of the 2024 Restricted Share Incentive Plan excludes the independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold more than 5% of the Shares and their spouse, parents and children.

(c) Source and maximum number of restricted shares

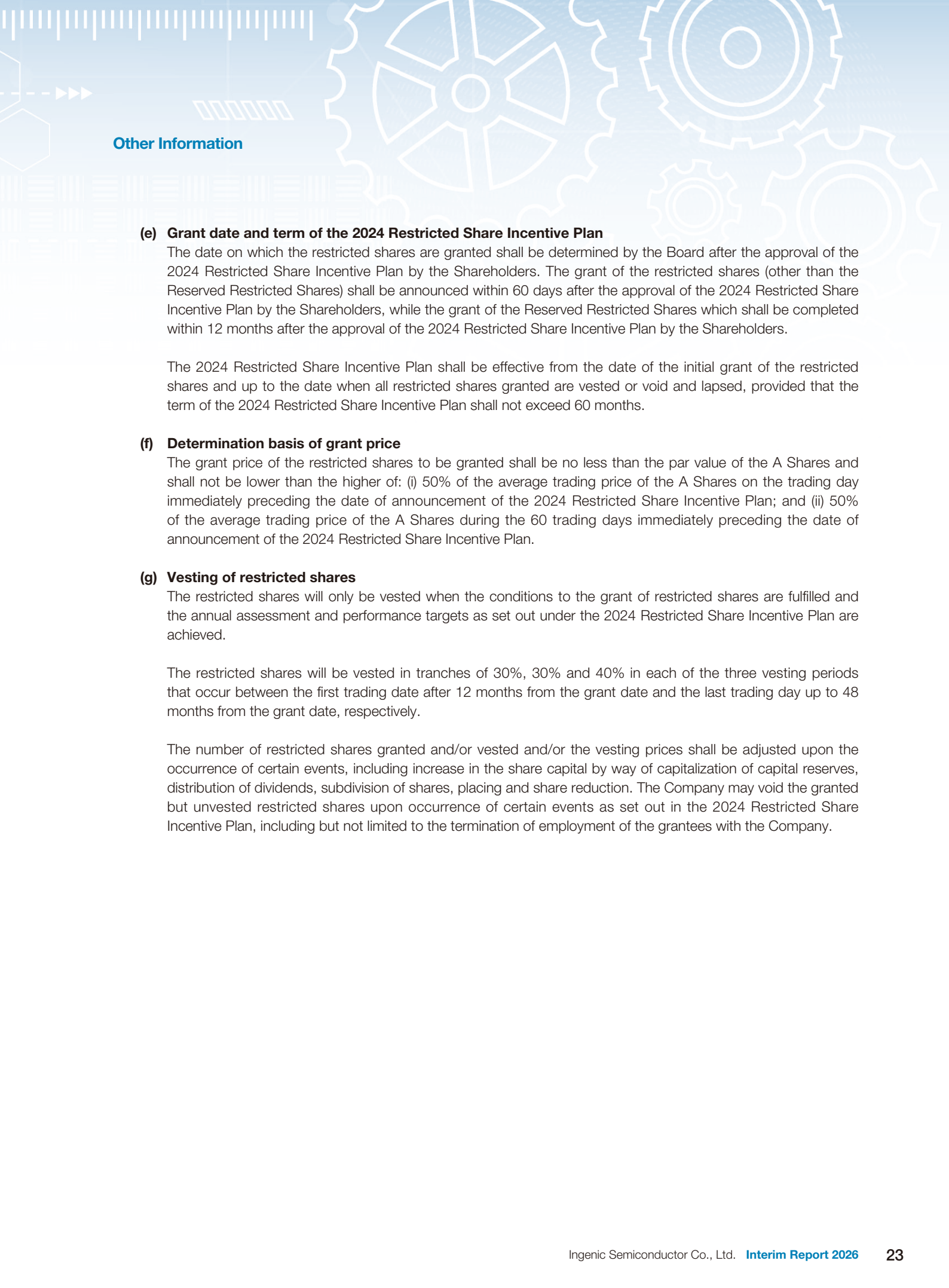
The underlying Shares of the 2024 Restricted Share Incentive Plan are the A Shares issued by the Company. Each restricted share granted represents the right to receive one A Share at the exercise price. The restricted shares are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated.

The maximum number of restricted shares that can be granted under the 2024 Restricted Share Incentive Plan is 4,323,468 restricted shares, including 400,000 reserved restricted shares (the "**Reserved Restricted Shares**"), the grantees of which shall be determined within 12 months after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders.

As of January 1, 2026 and June 30, 2026, the maximum number of restricted shares that can be granted under the 2024 Restricted Share Incentive Plan was 0.

(d) Maximum entitlement of participants

The aggregate number of underlying Shares granted to each participant through all restricted share incentive plans within the validity period shall not exceed 1% of the total share capital of the Company.



Other Information

(e) Grant date and term of the 2024 Restricted Share Incentive Plan

The date on which the restricted shares are granted shall be determined by the Board after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders. The grant of the restricted shares (other than the Reserved Restricted Shares) shall be announced within 60 days after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders, while the grant of the Reserved Restricted Shares which shall be completed within 12 months after the approval of the 2024 Restricted Share Incentive Plan by the Shareholders.

The 2024 Restricted Share Incentive Plan shall be effective from the date of the initial grant of the restricted shares and up to the date when all restricted shares granted are vested or void and lapsed, provided that the term of the 2024 Restricted Share Incentive Plan shall not exceed 60 months.

(f) Determination basis of grant price

The grant price of the restricted shares to be granted shall be no less than the par value of the A Shares and shall not be lower than the higher of: (i) 50% of the average trading price of the A Shares on the trading day immediately preceding the date of announcement of the 2024 Restricted Share Incentive Plan; and (ii) 50% of the average trading price of the A Shares during the 60 trading days immediately preceding the date of announcement of the 2024 Restricted Share Incentive Plan.

(g) Vesting of restricted shares

The restricted shares will only be vested when the conditions to the grant of restricted shares are fulfilled and the annual assessment and performance targets as set out under the 2024 Restricted Share Incentive Plan are achieved.

The restricted shares will be vested in tranches of 30%, 30% and 40% in each of the three vesting periods that occur between the first trading date after 12 months from the grant date and the last trading day up to 48 months from the grant date, respectively.

The number of restricted shares granted and/or vested and/or the vesting prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. The Company may void the granted but unvested restricted shares upon occurrence of certain events as set out in the 2024 Restricted Share Incentive Plan, including but not limited to the termination of employment of the grantees with the Company.

Other Information

(II) Changes in Restricted Share during the Reporting Period

As of the Latest Practicable Date, the number of outstanding restricted shares granted, which represents the number of A Shares available for issue, under the 2024 Restricted Share Incentive Plan is 1,792,934, representing approximately 0.35% of the total issued Shares (excluding treasury shares).

The following table sets forth the details of restricted shares granted to the Directors and other non-Director grantees of the Company under the 2024 Restricted Share Incentive Plan during the Reporting Period:

Name	Position in the Group	Grant date	Vesting period	Exercise price (per Share)	Outstanding as of January 1, 2026	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as of June 30, 2026	Weighted average closing price of the A Shares immediately before the vesting date
Mr. Huang Lei	Executive Director and deputy general manager	May 14, 2024	Note 1	RMB30.6402 ⁽²⁾	35,000	0	15,000	0	0	20,000	RMB139.36
Other non-Director grantees	/	May 14, 2024 and Note 1 April 18, 2025		RMB30.6402 ⁽²⁾	3,076,874	0	1,108,644	131,058	64,238	1,772,934	RMB139.36

Notes:

- (1) 30%, 30% and 40% of the restricted shares are vested in each of the three vesting periods that occur between the first trading date after 12 months from the grant date and the last trading day up to 48 months from the grant date, respectively.
- (2) The exercise price has taken into account the adjustment due to (i) the Company's distribution of cash dividends of RMB2.00 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on May 28, 2024; (ii) the Company's distribution of cash dividends of RMB0.997988 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 24, 2025; and (iii) the Company's distribution of cash dividends of RMB1.50 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on May 20, 2026.

Other Information

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

As the Company was 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 executive of the Company as of June 30, 2026.

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or the interests or short positions were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company

Name of Director or chief executive	Nature of interest	Number and description of Shares or underlying Shares held	Approximate percentage of shareholding in A Shares ⁽¹⁾	Approximate percentage of shareholding in total issued share capital ⁽¹⁾
Dr. Liu Qiang ⁽²⁾⁽³⁾	Beneficial owner Interest in controlled corporation Interest in a section 317 concert party agreement	58,411,378 A Shares	12.08%	11.34%
Mr. Zhang Jin	Beneficial owner	8,725,685 A Shares	1.80%	1.69%
Mr. Xian Yonghui	Beneficial owner	9,928,659 A Shares	2.05%	1.93%
Mr. Huang Lei ⁽⁴⁾	Beneficial owner	50,480 A Shares	0.01%	0.01%
Mr. Li Jie ⁽³⁾	Beneficial owner Interest in a section 317 concert party agreement	58,411,378 A Shares	12.08%	11.34%
Ms. Zhang Yanxiang	Beneficial owner	567,331 A Shares	0.12%	0.11%

Other Information

Notes:

- (1) The calculation is based on the total number of 514,951,667 issued Shares of the Company (including 483,664,367 A Shares and 31,287,300 H Shares) as of the Latest Practicable Date.
- (2) As of the Latest Practicable Date, Dr. Liu Qiang directly held 40,475,544 A Shares. In addition, Sihai Junxin was controlled by Dr. Liu Qiang. By virtue of the SFO, Dr. Liu Qiang is deemed to be interested in the 2,018,049 A Shares held by Sihai Junxin.
- (3) As of the Latest Practicable Date, Mr. Li Jie directly held 15,917,785 A Shares. In addition, Dr. Liu Qiang and Mr. Li Jie have entered into the Acting-in-Concert Agreement, to which section 317(1) of the SFO applies. As such, Dr. Liu Qiang and Mr. Li Jie have aggregated their respective interests with each other.
- (4) As of the Latest Practicable Date, Mr. Huang Lei was interested in (i) 30,480 A Shares held by him; and (ii) 20,000 restricted shares granted to him under the 2024 Restricted Share Incentive Plan entitling him to receive 20,000 A Shares subject to vesting.
- (5) All interests are long positions.

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

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

As the Company was not listed on the Stock Exchange as of June 30, 2026, 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 of June 30, 2026.

Other Information

As of the Latest Practicable Date, to the best of the Company's knowledge after making reasonable enquiries, the following persons (who are not the Directors or chief executive of the Company as disclosed above) have interests or short positions in the Shares or underlying Shares of the Company that are required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number and description of Shares or underlying Shares held ⁽⁵⁾	Approximate percentage of shareholding in H Shares ⁽¹⁾	Approximate percentage of shareholding in total issued share capital ⁽¹⁾
Guotai Junan International Holdings Limited ⁽²⁾	Interest in controlled corporation	(L) 9,386,000 (S) 4,693,000 H Shares	30.00% 14.99%	1.82% 0.91%
Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) ⁽²⁾	Interest in controlled corporation	(L) 9,386,000 (S) 4,693,000 H Shares	30.00% 14.99%	1.82% 0.91%
Emerald Prime Group Limited ⁽³⁾	Beneficial owner	(L) 4,706,800 H Shares	15.04%	0.91%
ZENG Yue (曾玉娥) ⁽³⁾	Interest in controlled corporation	(L) 4,706,800 H Shares	15.04%	0.91%
Shanghai Chuangke Tiandi Enterprise Management Co., Ltd. (上海創客天地企業管理有限公司) ⁽³⁾	Interest in controlled corporation	(L) 4,706,800 H Shares	15.04%	0.91%
Shanghai Innovital Technology Capital (Limited Partnership) (上海雙創科技投資中心(有限合夥)) ⁽³⁾	Interest in controlled corporation	(L) 4,706,800 H Shares	15.04%	0.91%
GF Fund Management Co., Ltd. (廣發基金管理有限公司)	Investment manager	(L) 3,686,800 H Shares	11.78%	0.72%
CHI Yun-an (季耘安) ⁽⁴⁾	Interest in controlled corporation	(L) 2,406,400 H Shares	7.69%	0.47%

Other Information

Notes:

1. The calculation is based on the total number of 514,951,667 issued Shares of the Company (including 483,664,367 A Shares and 31,287,300 H Shares) as of the Latest Practicable Date.
2. Guotai Junan Securities (Hong Kong) Limited, the stabilizing manager for the Listing of the Company, held 9,386,000 H Shares in long position and 4,693,000 H Shares in short position. Guotai Junan Securities (Hong Kong) Limited is wholly owned by Guotai Junan International Holdings Limited, a subsidiary of Guotai Haitong Securities Co., Ltd. By virtue of the SFO, Guotai Junan International Holdings Limited and Guotai Haitong Securities Co., Ltd. are deemed to be interested in the 9,386,000 H Shares in long position and 4,693,000 H Shares in short position held by Guotai Junan Securities (Hong Kong) Limited.
3. Emerald Prime Group Limited directly held 4,706,800 H Shares. Emerald Prime Group Limited is wholly owned by Shanghai Chuangke Tiandi Yihao Enterprise Development Center (Limited Partnership) (上海創客天地伊號企業發展中心(有限合夥)) (“**Chuangke Tiandi Yihao**”). Chuangke Tiandi Yihao is managed by its general partner, Shanghai Chuangke Tiandi Enterprise Management Co., Ltd. (上海創客天地企業管理有限公司), which is ultimately controlled by ZENG Yue (曾玉娥). Shanghai Innovital Technology Capital (Limited Partnership) (上海雙創科技投資中心(有限合夥)) holds approximately 99.8% of the partnership interests in Chuangke Tiandi Yihao. By virtue of the SFO, Shanghai Innovital Technology Capital (Limited Partnership), Shanghai Chuangke Tiandi Enterprise Management Co., Ltd. and ZENG Yue (曾玉娥) are deemed to be interested in the 4,706,800 H Shares held by Emerald Prime Group Limited.
4. Vista Peak Group Limited directly held 2,406,400 H Shares. CHI Yun-an (季耘安) is interested in 100% of Vista Peak Group Limited and is deemed to be interested in the 2,406,400 H Shares held by Vista Peak Group Limited by virtue of the SFO.
5. (L) represents long positions and (S) represents short positions.
6. The information above is based on the disclosures in the Disclosure of Interests System of the HKEXnews website of the Stock Exchange. Pursuant to Part XV of the SFO, the Shareholders are required to file disclosure of interests forms to the Hong Kong Stock Exchange when certain criteria are fulfilled. When shareholding of a Shareholder in the Company changes, it is not necessary to notify the Company or the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the shareholdings filed with the Hong Kong Stock Exchange may be different from the latest shareholding of the Shareholders.

Save as disclosed above, as of the Latest Practicable Date, to the best of the Company's knowledge, there is no other person (other than the Directors or chief executive of the Company) who has interests or short positions in the Shares or underlying Shares of the Company that are required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

31,287,300 H Shares were issued and allotted at the offer price of HK\$100.00 by way of Global Offering, and were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the Global Offering (the “**Net Proceeds**”) (after deducting underwriting fees and related expenses) amounted to approximately HK\$3,056.03 million.

No adjustment has been made to the intended use of the Net Proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The use of Net Proceeds is as follows:

Unit: HK\$ million

Intended use of Net Proceeds	Approximate % of Net Proceeds	Net Proceeds from the Global Offering	Amount utilized from the Listing Date to the Latest Practicable Date	Amount unutilized as of the Latest Practicable Date	Expected timeline of full utilization
Enhance technological innovation and product development across our three core product lines	50.0	1,528.02	0	1,528.02	December 31, 2031
Strategic investments and/or acquisitions to capture growth opportunities	25.0	764.01	0	764.01	December 31, 2031
Expand our sales network and promote our products	15.0	458.40	0	458.40	December 31, 2031
Working capital and other general corporate purposes	10.0	305.60	0.62	304.98	December 31, 2026
Total	100.0	3,056.03	0.62	3,055.41	–

The Company will use the unutilized Net Proceeds for the intended purposes disclosed in the Prospectus. The expected timetable for the unutilized Net Proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

Other Information

USE OF NET PROCEEDS FROM THE PRIVATE PLACEMENT OF A SHARES

(I) Use of Net Proceeds from the 2020 A Share Placement

As approved by the Shareholders in September 2019 and April 2020 and the CSRC in December 2019, the Company conducted a private placement of its A Shares (the “**2020 A Share Placement**”) to raise funds for the payment of the cash consideration for the acquisition of the equity interest in Beijing Integrated Silicon Solution Inc. (the “**Beijing ISSI**”) and the investment in the IC research and development projects of Beijing ISSI. Pursuant to the 2020 A Share Placement, an aggregate of 18,181,818 A Shares were issued. A total of RMB1,500 million was raised.

During the Reporting Period, the Company used the net proceeds from the 2020 A Share Placement in accordance with the intended purposes, and the details of the use of net proceeds from the 2020 A Share Placement are as follows:

Unit: RMB thousand

Intended use of net proceeds	Total proceeds planned to be used	Amount unutilized as of January 1, 2026	Amount utilized during the Reporting Period	Aggregate utilized amount as of June 30, 2026	Balance as of June 30, 2026	Expected timeline of full utilization
Payment of the cash consideration for the acquisition of the equity interest in Beijing ISSI	1,159,490.0	0	0	1,159,490.0	0	Not applicable
R&D project for networking chips for smart vehicles and smart cities	179,000.0	130,784.3	3,653.4	51,869.0	127,131.0	January 1, 2029
R&D project for next-generation high-speed memory chips for smart vehicles	161,510.0	45,809.3	6,202.6	121,903.3	39,606.7	June 30, 2030
Total	1,500,000.0	176,593.6	9,856.0	1,333,262.3	166,737.7	-

Other Information

(II) Use of Net Proceeds from the 2021 A Share Placement

As approved by the Shareholders in May 2021 and the CSRC in August 2021, the Company conducted a private placement of its A Shares to raise funds for the research and development and industrialization projects of the Group's ICs and the supplementation of the Group's working capital (the "2021 A Share Placement"). Pursuant to the 2021 A Share Placement, a total of 12,592,518 A Shares were issued. The 2021 A Share Placement raised net proceeds of approximately RMB1,280.7 million.

During the Reporting Period, the Company used the net proceeds from the 2021 A Share Placement in accordance with the intended purposes, and the details of the use of net proceeds from the 2021 A Share Placement are as follows:

Unit: RMB thousand

Intended use of net proceeds	Net proceeds planned to be used during the Reporting Period	Amount unutilized as of January 1, 2026	Amount utilized during the Reporting Period	Aggregate utilized amount as of June 30, 2026	Balance as of June 30, 2026	Expected timeline of full utilization
Embedded MPU series chip R&D and industrialization project	211,553.0	167,904.4	0	43,648.6	167,904.4	September 1, 2029
Intelligent video series chip R&D and industrialization project	362,391.6	227,391.1	7,017.8	142,018.4	220,373.2	September 1, 2029
Automotive LED lighting series chip R&D and industrialization project	65,873.9	0	0	65,769.0 ⁽¹⁾	0	Not applicable ⁽²⁾
Automotive ISP series chip R&D and industrialization project	16,710.6	0	0	16,710.6	0	Not applicable ⁽³⁾
Supplementation of working capital	292,548.3	0	0	293,553.6 ⁽⁴⁾	0	Not applicable
Hefei Ingenic R&D center project	113,326.4	18,854.0	6,770.4	101,242.8	12,083.6 ⁽⁵⁾	Not applicable ⁽⁵⁾
3D DRAM chip R&D and industrialization project	235,602.8	235,602.8	125.7	125.7	235,477.1	May 12, 2030
Total	1,298,006.6⁽⁶⁾	649,752.3	13,914.0	663,068.6	635,838.3	-

Notes:

- (1) The difference between aggregate utilized amount as of June 30, 2026 and net proceeds planned to be used during the Reporting Period was primarily due to certain expenditures under the relevant contracts for the project ultimately not being incurred.
- (2) The automotive LED lighting series chip R&D and industrialization project has been changed to the Hefei Ingenic R&D center project.
- (3) The automotive ISP series chip R&D and industrialization project has been changed to the 3D DRAM chip R&D and industrialization project.
- (4) The difference between aggregate utilized amount as of June 30, 2026 and net proceeds planned to be used during the Reporting Period was attributable to the use of interest income generated from the net proceeds.

Other Information

- (5) On May 21, 2026, as the Hefei Ingenic R&D center project had been completed, the Board resolved that, in order to improve the efficiency of fund utilisation, the project be completed and the surplus proceeds of RMB14.9799 million (including interest income, with the final amount subject to the bank balance on the date of transfer) be used to permanently supplement the working capital required for the Company's daily operations. The resolution was subsequently approved by the Shareholders by way of an ordinary resolution at the extraordinary general meeting held on September 22, 2026.
- (6) Following the changes to the project, the total amount of actual proceeds available for utilization amounted to approximately RMB1,298.0 million.

The Company will use the unutilized net proceeds from the private placements of A Shares for the intended purposes. The expected timetable for the unutilized net proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

INTERIM DIVIDEND

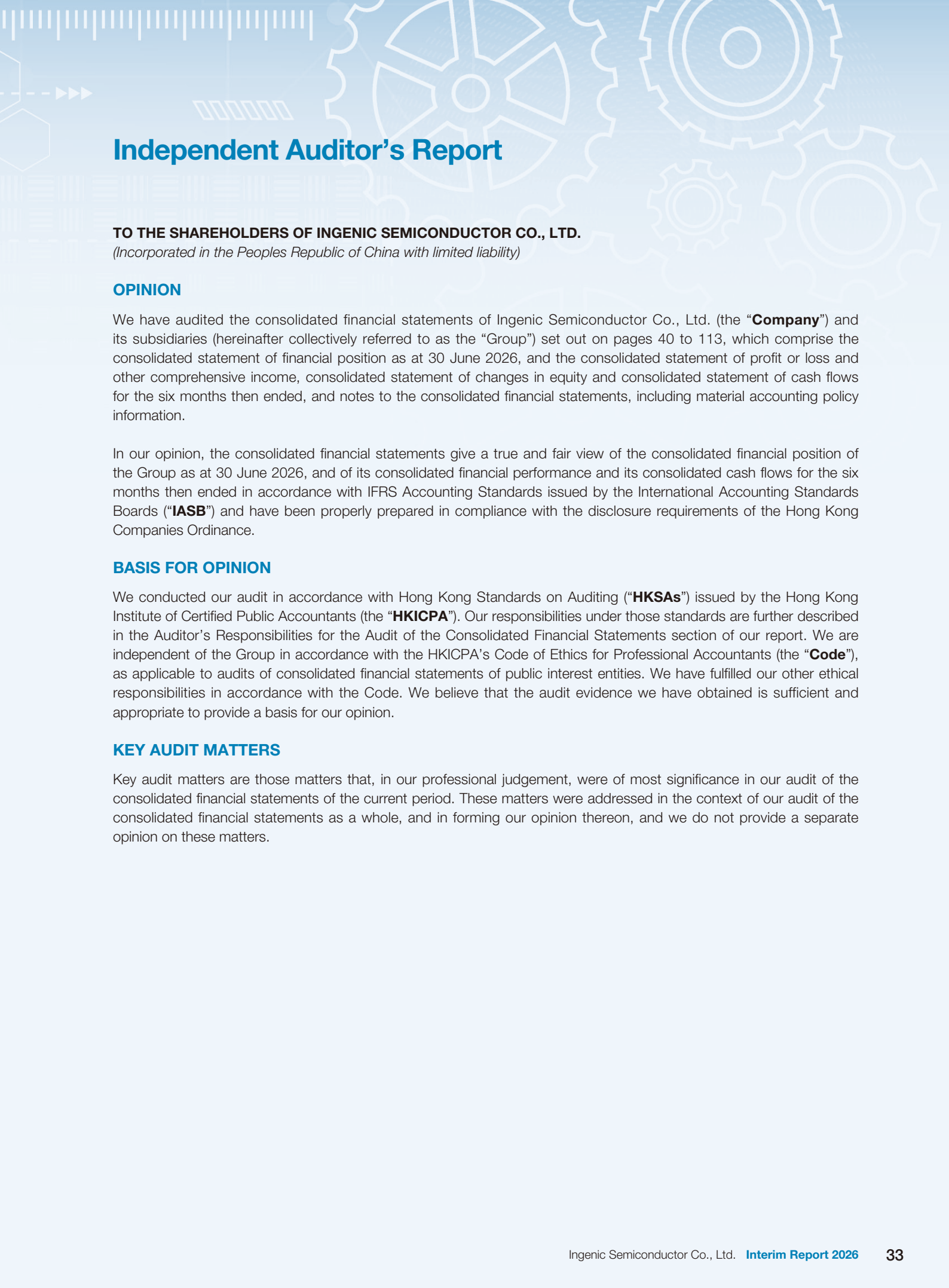
The Board did not recommend the distribution of an interim dividend for the six months ended June 30, 2026.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements and the interim report of the Group for the six months ended June 30, 2026, and is of the opinion that the results complied with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

AUDITOR

In addition, the Company has engaged SHINEWING (HK) CPA Limited, Certified Public Accountants, as the independent auditor for the Company's interim results for the six months ended June 30, 2026. These interim results have been audited by the independent auditor.



Independent Auditor's Report

TO THE SHAREHOLDERS OF INGENIC SEMICONDUCTOR CO., LTD.

(Incorporated in the Peoples Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Ingenic Semiconductor Co., Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 40 to 113, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Boards (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition

Refer to note 6 to the consolidated financial statements and the accounting policies on pages 50 and 51.

The key audit matter

The revenue from sales of goods is recognised when the customer obtains control of the promised goods in the contract.

During the six months ended 30 June 2026, the Group recognised revenue amounted to approximately RMB3,957,263,000.

We identified the recognition of revenue as a key audit matter because the revenue is quantitatively significant to the consolidated financial statements as a whole, and being one of the key performance indicators of the Group. Therefore, there is inherent risk of material misstatement in revenue recognition.

How the matter was addressed in our audit

We performed the following audit procedures on the revenue recognition:

- obtained an understanding of and assessed the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
 - assessed the appropriateness of the Group's revenue recognition policy under the requirement of IFRS 15;
 - conducted analytical review procedures to compare the movements of various revenues, cost of sales and gross profit margins and analysed the reasonableness of the movements;
 - inspected supporting documents such as revenue contracts, delivery notes, goods acceptance and bank statements on a sample basis;
 - confirmed on a sample basis the current sales with major customers in line with confirmation of accounts receivable; and
 - reviewed the disclosures of revenue in the notes to the consolidated financial statements.
-

KEY AUDIT MATTERS (CONTINUED)

Allowance for inventories

Refer to note 23 to the consolidated financial statements and the accounting policies on page 58.

The key audit matter	How the matter was addressed in our audit
As at 30 June 2026, the carrying amount of the Group's inventories is approximately RMB3,144,809,000, net of allowance for inventories of approximately RMB206,660,000. The net allowance for inventories of approximately RMB10,095,000 was recognised for the six months ended 30 June 2026. We have identified the allowance for inventories as a key audit matter because the carrying amount of the Group's inventories is significant to the consolidated financial statements as a whole and there is involvement of significant judgements and estimates made by the management of the Group when identifying obsolete and slow-moving inventories and determining the net realisable value ("NRV"), which are based on conditions and the marketability of the inventories.	We performed the following audit procedures on the allowance for inventories: • obtained an understanding of and assessed the design, implementation and operating effectiveness of management's key internal controls in relation to allowance for inventories; • assessed the appropriateness of the Group's policy on allowance for inventories under the requirement of IAS 2; • conducted analytical review procedures on the raw materials, work-in-progress and finished goods; • performed stocktaking to inspect the quantity and condition of inventories; • performed a retrospective review on the prior year's allowance for inventories; • assessed the reasonableness of the basis adopted by the management of the Group on determining the NRV of inventories and evaluating the conditions and marketability of the inventories; and • reviewed the disclosures of allowance for inventories in the notes to the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Impairment of goodwill

Refer to note 18 to the consolidated financial statements and the accounting policies on page 49.

The key audit matter	How the matter was addressed in our audit
As at 30 June 2026, the carrying amount of the Group's goodwill is approximately RMB3,007,784,000. The management of the Group performed impairment assessment on the goodwill based on value-in-use calculations of the cash-generating unit. No impairment loss was recognised for the six months ended 30 June 2026. We have identified the impairment of goodwill as a key audit matter because the carrying amounts of goodwill are significant to the consolidated financial statements as a whole and there is involvement of a significant degree of judgements and estimates made by the management of the Group when performing the impairment assessment.	We performed the following audit procedures on the impairment of goodwill: • obtained an understanding of and assessed the design, implementation and operating effectiveness of management's key internal controls in relation to impairment of goodwill; • assessed the appropriateness of the Group's policy on impairment of goodwill under the requirement of IAS 36; • assessed the reasonableness of the identification of the cash-generating unit and the allocation of goodwill to the cash-generating unit for impairment assessment; • evaluated the independence and competence of the Group's independent valuer; • challenged the reasonableness of the management's judgements and estimates used in the profit forecasts and cash flow projections, including the forecasted sales and growth rate, against latest available information; • assessed the impairment testing performed by the management of the Group, including tested the underlying data and assumptions used in the profit forecasts and cash flow projections by agreeing the budgets approved by the management of the Group and compared with actual results available up to the report date; • challenged the discount rate adopted by the management of the Group and the independent valuer in the value-in-use calculations by reviewing its basis of calculation and comparing the input data to market sources; and • reviewed the disclosures of impairment of goodwill in the notes to the consolidated financial statements.



Independent Auditor's Report

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

The directors of the Company are responsible for the other information. The other information comprises all of the information included in interim report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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



Independent Auditor's Report

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

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

OTHER MATTER

The comparative consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow of the Group for the six months ended 30 June 2025 and the relevant explanatory notes included in these consolidated financial statements have not been audited.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Chuen Fai.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

Hong Kong

28 September 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
		(Audited)	(Unaudited)
	Notes		
Revenue	6	3,957,263	2,249,112
Cost of sales		(1,948,462)	(1,479,522)
Gross profit		2,008,801	769,590
Other income, gains and losses, net	8	46,684	105,160
Selling and distribution expenses		(216,250)	(170,680)
Administrative expenses		(117,254)	(127,653)
Research and development expenses		(382,150)	(348,277)
Finance costs	9	(358)	(492)
Share of results of associates		(51)	394
Profit before tax		1,339,422	228,042
Income tax expense	10	(139,484)	(26,264)
Profit for the period	11	1,199,938	201,778
Attributable to:			
– Owners of the Company		1,197,564	203,115
– Non-controlling interests		2,374	(1,337)
		1,199,938	201,778
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value change on equity investments designated at FVTOCI		225,745	(15,964)
Income tax relating to items that will not be reclassified subsequently to profit or loss		(19,657)	3,042
		206,088	(12,922)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(225,627)	170,933
		(225,627)	170,933
Other comprehensive (expense) income for the period		(19,539)	158,011
Total comprehensive income for the period		1,180,399	359,789
Attributable to:			
– Owners of the Company		1,178,747	359,476
– Non-controlling interests		1,652	313
		1,180,399	359,789
Earnings per share for profit attributable to owners of the Company (RMB per share)	14		
– Basic		2.4808	0.4216
– Diluted		2.4742	0.4214

Consolidated Statement of Financial Position

As at 30 June 2026

		As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	15	498,598	471,951
Right-of-use assets	16	46,962	49,399
Investment properties	17	82,484	83,174
Goodwill	18	3,007,784	3,007,784
Intangible assets	19	401,884	471,955
Interests in associates	20	792	843
Equity instruments designated at fair value through other comprehensive income ("FVTOCI")	21	1,094,547	648,167
Deferred tax assets	22	150,633	132,530
Other receivables	25	14,042	14,044
Total non-current assets		5,297,726	4,879,847
Current assets			
Inventories	23	3,144,809	2,974,647
Trade and bills receivables	24	934,896	470,781
Other receivables, deposits and prepayments	25	218,718	252,278
Tax recoverable		7,178	4,302
Financial assets at fair value through profit or loss ("FVTPL")	26	1,463,126	899,705
Restricted bank deposits	27	4,465	4,496
Bank balances and cash	27	3,953,712	4,087,149
Total current assets		9,726,904	8,693,358
Current liabilities			
Trade and other payables	28	1,053,957	844,164
Contract liabilities	29	68,644	117,826
Tax liabilities		152,818	29,574
Lease liabilities	30	8,439	8,414
Total current liabilities		1,283,858	999,978
Net current assets		8,443,046	7,693,380
Total assets less current liabilities		13,740,772	12,573,227

Consolidated Statement of Financial Position

As at 30 June 2026

		As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
	Notes		
Non-current liabilities			
Deferred tax liabilities	22	75,470	62,389
Lease liabilities	30	7,416	9,343
Other payables	28	8,956	9,256
Deferred income	31	3,039	3,323
Total non-current liabilities		94,881	84,311
Net assets		13,645,891	12,488,916
Capital and reserves			
Share capital	32	483,664	482,541
Reserves	34	13,117,708	11,966,317
Equity attributable to owners of the Company		13,601,372	12,448,858
Non-controlling interests		44,519	40,058
Total equity		13,645,891	12,488,916

The consolidated financial statements on pages 40 to 113 were approved and authorised for issue by the board of directors on 28 September 2026 and are signed on its behalf by:

Mr. Liu Qiang
Director

Ms. Zhang Yanxiang
Director

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 34(a))	Capital reserve RMB'000 (Note 34(b))	Other reserve RMB'000 (Note 34(b))	Fair value reserve (non-recycling) RMB'000	Translation reserve RMB'000 (Note 34(c))	Statutory reserve RMB'000 (Note 34(d))	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2025 (Audited)	481,570	8,896,578	(9,805)	(3)	(42,753)	77,415	2,650,923	12,053,925	28,988	12,082,913
Profit (loss) for the period	-	-	-	-	-	-	203,115	203,115	(1,337)	201,778
Other comprehensive (expense) income for the period	-	-	-	(12,922)	169,283	-	-	156,361	1,650	158,011
Total comprehensive (expense) income for the period	-	-	-	(12,922)	169,283	-	203,115	359,476	313	359,789
Equity-settled share-based compensation expense (Note 33)	-	27,545	-	-	-	-	-	27,545	-	27,545
Shares issued (Note 32)	971	29,018	-	-	-	-	-	29,989	-	29,989
Appropriation on statutory reserve	-	-	-	-	-	-	-	-	-	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	(48,156)	(48,156)	-	(48,156)
At 30 June 2025 (Unaudited)	482,541	8,953,141	(9,805)	(12,925)	126,530	77,415	2,805,882	12,422,779	29,301	12,452,080

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 34(a))	Capital reserve RMB'000 (Note 34(b))	Other reserve RMB'000 (Note 34(b))	Fair value reserve (non-recycling) RMB'000	Translation reserve RMB'000 (Note 34(c))	Statutory reserve RMB'000 (Note 34(d))	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2026 (Audited)	482,541	9,008,271	(1,817)	285	(97,175)	100,668	2,956,085	12,448,858	40,058	12,488,916
Profit for the period	-	-	-	-	-	-	1,197,564	1,197,564	2,374	1,199,938
Other comprehensive income (expense) for the period	-	-	-	206,088	(224,905)	-	-	(18,817)	(722)	(19,539)
Total comprehensive income (expense) for the period	-	-	-	206,088	(224,905)	-	1,197,564	1,178,747	1,652	1,180,399
Equity-settled share-based compensation expense (Note 33)	-	14,529	-	-	-	-	-	14,529	-	14,529
Shares issued (Note 32)	1,123	33,305	-	-	-	-	-	34,428	-	34,428
Changes in ownership interests in a subsidiary	-	(2,809)	-	-	-	-	-	(2,809)	2,809	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	(72,381)	(72,381)	-	(72,381)
At 30 June 2026 (Audited)	483,664	9,053,296	(1,817)	206,373	(322,080)	100,668	4,081,268	13,601,372	44,519	13,645,891

Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Profit before tax	1,339,422	228,042
Adjustments for:		
Depreciation of property, plant and equipment	35,238	33,864
Depreciation of right-of-use assets	6,434	5,816
Depreciation of investment properties	942	932
Amortisation of intangible assets	44,748	50,431
Finance costs	358	492
Share of results of associates	51	(394)
Loss on disposal of property, plant and equipment	109	35
Gain on changes in fair value of financial assets at FVTPL	(16,297)	(2,523)
Gain on disposal of financial assets at FVTPL	(16,486)	(13,913)
Gain on disposal of intangible assets	–	(24,207)
Share-based payment expenses	14,529	27,545
Impairment loss on intangible assets	22,772	12,065
Write-down (reversal of write-down) of inventories	10,095	(357)
Interest income on finance lease	–	(203)
Bank interest income	(39,271)	(43,230)
Operating cash flows before movements in working capital	1,402,644	274,395
Increase in inventories	(172,798)	(116,610)
Increase in trade and bills receivables	(464,115)	(76,213)
Decrease in other receivables, deposits and prepayments	33,798	226,459
Increase in trade and other payables	224,534	95,978
Decrease in contract liabilities	(49,182)	(222)
Decrease (increase) in restricted bank deposits	31	(410)
(Decrease) increase in deferred income	(284)	95
Cash generated from operations	974,628	403,472
Interest received	39,271	43,230
Income tax paid	(54,946)	(14,218)
NET CASH FROM OPERATING ACTIVITIES	958,953	432,484

Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at FVTPL	2,323,161	1,617,518
Proceeds from disposal of intangible assets	–	28,634
Proceeds from settlement on finance lease receivables	–	44,004
Purchases of equity instruments designated at FVTOCI	(224,349)	(74,672)
Purchases of property, plant and equipment	(69,769)	(31,852)
Purchase of intangible assets	(14,270)	(11,312)
Purchases of financial assets at FVTPL	(2,865,022)	(2,101,611)
NET CASH USED IN INVESTING ACTIVITIES	(850,249)	(529,291)
FINANCING ACTIVITIES		
Proceeds from issue of shares	34,428	29,989
Dividend paid	(72,381)	(48,068)
Payment of listing expenses	(2,556)	–
Interest paid on lease liabilities	(358)	(492)
Principal portion of lease payments	(6,328)	(4,003)
NET CASH USED IN FINANCING ACTIVITIES	(47,195)	(22,574)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61,509	(119,381)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,087,149	3,711,868
Effect of foreign exchange rates changes	(194,946)	192,467
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	3,953,712	3,784,954

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

1. GENERAL INFORMATION

Ingenic Semiconductor Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) as a joint stock company with limited liability. The Company’s A shares have been listed on Shenzhen Stock Exchange since 31 May 2011.

The addresses of the registered office of the Company and principal places of business of the Company are the same as the registered office in the PRC and the headquarters in the PRC.

In the opinion of the directors of the Company, the Company is ultimately controlled by Mr. Liu Qiang and Mr. Li Jie who signed an acting in concert agreement.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in sales of integrated circuit.

The functional currency of the Company and its subsidiaries incorporated in the PRC is Renminbi (“RMB”).

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards are effective for the accounting period beginning on 1 January 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the consolidated financial statements.

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized in Note 4.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets, which are measured at fair value.

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2025 except as described below.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB, which are effective for the Group’s financial year beginning on 1 January 2026:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

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

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the condensed consolidated financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective:

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ¹
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosure</i> ¹
IFRS 20	<i>Regulatory Assets and Regulatory Liabilities</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2027

² Effective for annual periods beginning on or after 1 January 2029

³ Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the impact of the above new and revised IFRS Accounting Standards upon initial application. So far, it has concluded that, except as described below, the adoption of other new and revised IFRS Accounting Standards will not have a material impact on the Group's financial position and financial performance.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on the historical cost basis except for equity instruments designated at FVTOCI and financial assets at FVTPL that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The material accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non – controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in capital reserve and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

The requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue from contracts with customers (continued)

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The Group recognised revenue from the following major sources:

- Sales of computing Integrated Circuits ("ICs")
- Sales of memory ICs
- Sales of analog ICs
- Others

Sales of goods

Revenue from the sale of ICs is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the ICs. The Group recognises revenue from the sale of ICs on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Others

Revenue from technical services rendered is recognised upon the delivery or performance of the services.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Leasing

Definition of lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (continued)

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liabilities are presented as a separate line in the consolidated statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statements of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leasing (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight – line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Retirement benefits costs and termination benefits

Payments to defined contribution plans, state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statements of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment loss in the statement of financial position of the Company.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTOCI (debt instruments)

The Group's debt instruments are classified and measured subsequently at FVTOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument – by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income, gains and losses, net' line item in profit or loss.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 Financial Instruments

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets and other items are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 Financial Instruments (continued)

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken in to account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 Financial Instruments (continued)

Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 Financial Instruments (continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities and equity instruments (continued)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement

When measuring fair value except for the Group's leasing transactions, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets, intangible assets and goodwill for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (capital reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital reserve.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make estimates about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable pre-tax discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2026, the carrying amounts of goodwill were approximately RMB3,007,784,000 (As at 31 December 2025: RMB3,007,783,000). No impairment loss in respect of goodwill has been recognised for the six months ended 30 June 2026 and 2025. Details of the value-in-use calculations are disclosed in note 18.

Impairment of intangible assets

The Group performs assessments on whether there is impairment of intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of intangible assets is based on value-in-use calculation. The calculation requires the Group to estimate the future cash flows expected to arise from the intangible assets and a suitable pre-tax discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2026, the carrying amounts of intangible assets were approximately RMB401,884,000 (As at 31 December 2025: RMB471,955,000). Impairment loss on development expenditure of approximately RMB22,772,000 (six months ended 30 June 2025: RMB12,065,000) was individually made during the six months ended 30 June 2026. Details of the value-in-use calculations are disclosed in note 18.

Write-down of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each financial year end.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

6. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Types of goods or services		
Sales of goods		
Computing ICs	1,043,405	604,297
Memory ICs	2,631,616	1,384,476
Analog ICs	269,607	243,794
Others	9,329	11,891
Revenue from contracts with customers	3,953,957	2,244,458
Property investment-rental income	3,306	4,654
Total	3,957,263	2,249,112
Timing of revenue recognition		
At a point of time	3,953,957	2,244,458
Total revenue from contracts with customers	3,953,957	2,244,458

Transaction price allocated to the remaining performance obligation for contracts with customers

The sales contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

7. SEGMENT INFORMATION

The directors of the Company, being the chief operating decision makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group is principally engaged in the sales of ICs and provision of technical services. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations and location of non-current assets are in the PRC and overseas. Information about the Group's revenue from external customers is presented based on destination to which the products are delivered to its customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Revenue from the external customers, based on the destination to which the products are delivered to its customers, are as follows:

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Geographical region		
The PRC	637,950	372,720
Overseas	3,319,313	1,876,392
Total	3,957,263	2,249,112

Non-current assets based on their locations are as follows:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Geographical region		
The PRC	3,307,698	3,305,212
Overseas	730,806	779,894
Total	4,038,504	4,085,106

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the six months ended 30 June 2026 and 2025 are as follows:

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Customer A	623,393	388,090
Customer B	471,205	266,601
Customer C	456,746	250,410

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For the six months ended 30 June 2026

8. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Exchange (losses) gains, net	(8,093)	28,207
Interest income on finance lease	–	203
Bank interest income	39,271	43,230
Government grants*	1,131	3,384
Additional value added tax deductions	2,656	1,184
Investment return from financial assets at FVTPL:		
– Gain on derecognition of financial assets at FVTPL	16,486	13,913
– Gain on changes in fair value of financial assets at FVTPL	16,297	2,523
Loss on disposal of property, plant and equipment	(109)	(35)
Gain on disposal of intangible assets	–	24,207
Impairment loss on intangible assets	(22,772)	(12,065)
Others	1,817	409
Total	46,684	105,160

* During the six months ended 30 June 2026 and 2025, government grants of approximately RMB848,000 and RMB3,149,000 respectively represented unconditional cash payments granted by government authorities. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies. The remaining government grants are released from deferred income.

9. FINANCE COSTS

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Interest on lease liabilities	358	492

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For the six months ended 30 June 2026

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Current tax – The PRC and other jurisdictions		
Charge for the period	164,162	41,267
Deferred tax (note 22)	(24,678)	(15,003)
Total	139,484	26,264

The PRC

The income tax provision of certain PRC entities of the Group has been calculated at the statutory tax rate of 25% on the estimated assessable profits during the six months ended 30 June 2026 and 2025, based on the existing legislation, interpretations and practices in respect thereof.

The Company and certain of its subsidiaries were eligible for a preferential income tax rate of 15% for a qualification of “High and New Technology Enterprise” during the six months ended 30 June 2026 and 2025.

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“**Additional Deduction**”). The State Taxation Administration of The People's Republic of China (“**STA**”) further announced in March 2023 that eligible enterprises would entitle to claim 200% of their research and development expenses as Additional Deduction since 1 January 2023. The Group has made its best estimate for the Additional Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the six months ended 30 June 2026 and 2025.

Overseas subsidiaries

For ISSI Japan Godo Kaisha, the portion of the annual taxable income exceeding JPY8,000,000 will be paid at the rate of 23.2% but the portion not exceeding JPY8,000,000 will be paid at the rate of 15% during the six months ended 30 June 2026 and 2025.

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2026 and 2025.

The subsidiary incorporated in Taiwan is subject to income tax at the prevailing rate of 20% during the six months ended 30 June 2026 and 2025.

Pursuant to the applicable U.S. federal and state income tax laws, the U.S. subsidiaries have provided income taxes on their federal and state taxable income at the 21% U.S. federal statutory corporate income tax rate and states statutory corporate tax rates of up to 8.84% throughout the six months ended 30 June 2026 and 2025.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

10. INCOME TAX EXPENSES (CONTINUED)

Overseas subsidiaries (continued)

The income tax expense for the six months ended 30 June 2026 and 2025 can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
		(Unaudited)
Profit before tax	1,339,422	228,042
Tax at the domestic income tax rate of 15%	200,913	34,206
Tax effect of different tax rates of subsidiaries	(102,076)	(52,751)
Losses (profits) attributable to associates	8	(59)
Tax effect of non-deductible expenses	34	20
Deductible temporary differences and tax losses not recognised	52,134	48,387
Additional deduction for qualified research and development expenses	(11,529)	(3,539)
Income tax expense	139,484	26,264

11. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Profit before tax has been arrived at after charging (crediting):		
Directors' and supervisors' emoluments (Note 12)	1,793	2,148
Other staffs' salaries	369,811	289,458
Other staffs' retirement benefit scheme contributions	30,312	27,137
Equity-settled share-based compensation expense	14,373	27,227
Total staff costs	416,289	345,970
Listing expenses	614	–
Cost of inventories sold	1,907,068	1,448,949
Auditor's remuneration	–	–
Depreciation of property, plant and equipment	35,238	33,864
Depreciation of right-of-use assets	6,434	5,816
Depreciation of investment properties	942	932
Amortisation of intangible assets	44,748	50,431
Write-down (reversal of write-down) on inventories (included in cost of sales)	10,095	(357)

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

12. DIRECTORS' AND SUPERVISORS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and supervisors' emoluments

Details of the emoluments paid to the directors and supervisors of the Company during the Six months ended 30 June 2026 and 2025 disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows:

	Fees RMB'000 (Unaudited)	Salaries and allowances RMB'000 (Unaudited)	Share- based payment RMB'000 (Unaudited)	Performance related bonus RMB'000 (Unaudited)	Retirement benefits scheme contribution RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2026						
Executive directors:						
Liu Qiang (<i>Chief executive</i>)	-	318	-	168	17	503
Li Jie	-	-	-	-	-	-
Zhang Jin	-	150	-	75	-	225
Xian Yonghui	-	157	-	87	17	261
Yu Renrong (Note (i))	-	-	-	-	-	-
Huang Lei	-	164	156	87	10	417
Zheng Hao	-	-	-	-	-	-
Zhang Yanxiang (Note (ii))	-	130	-	65	-	195
Independent non-executive directors						
Ye Jinfu	-	48	-	-	-	48
Xiao Limin	-	48	-	-	-	48
Yu Ying	-	48	-	-	-	48
Xiang Zuo (Note (iii))	-	48	-	-	-	48
	-	1,111	156	482	44	1,793

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

12. DIRECTORS' AND SUPERVISORS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

	Fees RMB'000 (Unaudited)	Salaries and allowances RMB'000 (Unaudited)	Share-based payment RMB'000 (Unaudited)	Performance related bonus RMB'000 (Unaudited)	Retirement benefit scheme contribution RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2025						
Executive directors:						
Liu Qiang	–	253	–	–	17	270
Li Jie	–	–	–	–	–	–
Zhang Jin	–	252	–	–	–	252
Xian Yonghui	–	235	–	–	17	252
Yu Renrong (Note (i))	–	–	–	–	–	–
Huang Lei	–	338	318	–	10	666
Zheng Hao	–	–	–	–	–	–
Zhang Yanxiang (Note (ii))	–	–	–	–	–	–
Independent non-executive directors:						
Ye Jinfu	48	–	–	–	–	48
Xiao Limin	48	–	–	–	–	48
Liu Yue (Note (v))	48	–	–	–	–	48
Yu Ying	48	–	–	–	–	48
Supervisors: (Note (iv))						
Zhang Yanxiang (Note (ii))	–	252	–	–	–	252
Wang Kun (Note (ii))	–	164	–	–	16	180
Zhou Yue (Note (ii))	–	78	–	–	6	84
	192	1,572	318	–	66	2,148

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

12. DIRECTORS' AND SUPERVISORS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

Notes:

- (i) Yu Renrong resigned as an executive director of the Company on 26 March 2026.
- (ii) Zhang Yanxiang, Wang Kun and Zhou Yue resigned as an supervisor of the Company on 12 May 2025 and Zhang Yanxiang was appointed as an executive director of the Company on that day.
- (iii) Xiang Zuo was appointed as an independent non-executive director on 11 September 2025.
- (iv) The supervisory committee of the Company was abolished with effect from the annual general meeting held on 7 May 2026.
- (v) Liu Yue resigned as an independent non-executive director of the Company on 11 September 2025.

Performance related bonuses are determined based on the Group's performance and performance of the relevant individual within the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as independent non-executive directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the six months ended 30 June 2026 and 2025.

(b) Five highest paid employees

For the five highest paid individuals of the Group, no directors' emoluments for the six months ended 30 June 2026 and 2025 were included in the disclosure below. The remuneration of the 5 individuals during the six months ended 30 June 2026 and 2025, respectively were as follows:

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Salaries and other allowances	4,761	5,805
Performance related bonuses	24,322	7,968
Share-based payment	808	859
Retirement benefit scheme contributions	—	—
	29,891	14,632

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For the six months ended 30 June 2026

12. DIRECTORS' AND SUPERVISORS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

(b) Five highest paid employees (continued)

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Six months ended 30 June	
	2026 No. of employees (Audited)	2025 No. of employees (Unaudited)
HKD1,000,001 to HKD1,500,000	–	2
HKD1,500,001 to HKD2,000,000	–	1
HKD2,500,001 to HKD3,000,000	–	2
HKD4,000,001 to HKD4,500,000	1	–
HKD7,000,001 to HKD7,500,000	2	–
HKD7,500,001 to HKD8,000,000	2	–
	5	5

During the six months ended 30 June 2026 and 2025, no emolument was paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

On 7 May 2026, the Company's shareholders approved the 2025 profit distribution plan at an annual general meeting, pursuant to which an aggregate amount of RMB72,381,000 (inclusive of tax) were subsequently paid in May 2026 to the shareholders of the Company on the record date for determining the shareholders' entitlement to the 2025 profit distribution plan, which amounted to a dividend of RMB1.5 (inclusive of tax) for every 10 shares of the Company.

On 12 May 2025, the Company's shareholders approved the 2024 profit distribution plan at an annual general meeting, pursuant to which an aggregate amount of RMB48,156,000 (inclusive of tax) were subsequently paid in June 2025 to the shareholders of the Company on the record date for determining the shareholders' entitlement to the 2024 profit distribution plan, which amounted to a dividend of RMB1.0 (inclusive of tax) for every 10 shares of the Company.

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14. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	1,197,564	203,115
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	483,664	481,732
Effect of dilutive potential ordinary shares	1,286	317
Weighted average number of ordinary shares for the purposes of diluted earnings per share	484,950	482,049

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025.

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15. PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2026 (Audited)	431,692	880,093	37,364	3,933	9,681	1,362,763
Additions	1,335	60,338	2,194	1,224	4,678	69,769
Transfer in (out)	609	8,974	-	-	(9,583)	-
Disposals	-	(4,364)	(310)	(282)	-	(4,956)
Transfer to investment properties	-	-	-	-	(252)	(252)
Exchange adjustment	(4,257)	(27,685)	(1,344)	(65)	(259)	(33,610)
At 30 June 2026 (Audited)	429,379	917,356	37,904	4,810	4,265	1,393,714
At 1 January 2025 (Audited)	426,045	848,853	37,640	3,906	1,327	1,317,771
Additions	5,279	23,934	1,151	-	524	30,888
Transfer in (out)	-	962	315	-	(1,277)	-
Disposals	(2,839)	(2,613)	(1,424)	-	-	(6,876)
Exchange adjustment	2,289	44,406	1,137	70	41	47,943
At 30 June 2025 (Unaudited)	430,774	915,542	38,819	3,976	615	1,389,726
DEPRECIATION						
At 1 January 2026 (Audited)	102,071	752,634	32,809	3,298	-	890,812
Provided for the period	6,078	28,069	955	136	-	35,238
Eliminated on disposals	-	(4,361)	(204)	(282)	-	(4,847)
Exchange adjustment	(1,697)	(23,197)	(1,157)	(36)	-	(26,087)
At 30 June 2026 (Audited)	106,452	753,145	32,403	3,116	-	895,116
At 1 January 2025 (Audited)	93,358	719,313	33,325	3,013	-	849,009
Provided for the period	6,089	26,723	917	135	-	33,864
Written-off upon disposals	(2,839)	(2,449)	(1,424)	-	-	(6,712)
Exchange adjustment	972	39,941	908	69	-	41,890
At 30 June 2025 (Unaudited)	97,580	783,528	33,726	3,217	-	918,051
CARRYING VALUES						
At 30 June 2026 (Audited)	322,927	164,211	5,501	1,694	4,265	498,598
At 30 June 2025 (Unaudited)	333,194	132,014	5,093	759	615	471,675
At 30 June 2026						
COST	429,379	917,356	37,904	4,810	4,265	1,393,714
ACCUMULATED DEPRECIATION	(106,452)	(753,145)	(32,403)	(3,116)	-	(895,116)
CARRYING VALUES	322,927	164,211	5,501	1,694	4,265	498,598
At 31 December 2025						
COST	431,692	880,093	37,364	3,933	9,681	1,362,763
ACCUMULATED DEPRECIATION	(102,071)	(752,634)	(32,809)	(3,298)	-	(890,812)
CARRYING VALUES	329,621	127,459	4,555	635	9,681	471,951

The estimated useful lives of items of property, plant and equipment are as follows:

	Useful lives
Plant and buildings	25–50 years
Machinery and equipment	5–12 years
Furniture and fixtures	3–5 years
Motor vehicles	5–10 years

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16. RIGHT-OF-USE ASSETS

The Group as a lessee

The Group has lease contracts for various items of properties. Leases of properties generally have lease terms from 24 months to 72 months.

Land use rights are all located in the PRC with a lease period of 30 to 50 years when granted.

	Land use right RMB'000	Buildings RMB'000	Total RMB'000
COST			
At 1 January 2026 (Audited)	43,501	42,987	86,488
Additions	–	4,458	4,458
Disposals	–	(5,534)	(5,534)
Exchange adjustment	–	(614)	(614)
At 30 June 2026 (Audited)	43,501	41,297	84,798
At 1 January 2025 (Audited)	43,501	65,401	108,902
Additions	–	4,613	4,613
Exchange adjustment	–	2,438	2,438
At 30 June 2025 (Unaudited)	43,501	72,452	115,953
DEPRECIATION			
At 1 January 2026 (Audited)	11,040	26,049	37,089
Provided for the period	435	5,999	6,434
Eliminated on write-off	–	(5,534)	(5,534)
Exchange adjustment	–	(153)	(153)
At 30 June 2026 (Audited)	11,475	26,361	37,836
At 1 January 2025 (Audited)	10,170	42,534	52,704
Provided for the period	435	5,381	5,816
Exchange adjustment	–	1,468	1,468
At 30 June 2025 (Unaudited)	10,605	49,383	59,988
CARRYING VALUES			
At 30 June 2026 (Audited)	32,026	14,936	46,962
At 30 June 2025 (Unaudited)	32,896	23,069	55,965
At 30 June 2026			
COST	43,501	41,297	84,798
ACCUMULATED DEPRECIATION	(11,475)	(26,361)	(37,836)
CARRYING VALUES	32,026	14,936	46,962
At 31 December 2025			
COST	43,501	42,987	86,488
ACCUMULATED DEPRECIATION	(11,040)	(26,049)	(37,089)
CARRYING VALUES	32,461	16,938	49,399

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17. INVESTMENT PROPERTIES

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
COST		
At the beginning of the period/year	94,704	93,120
Transfer from property, plant and equipment (Note 15)	252	1,584
At the end of the period/year	94,956	94,704
DEPRECIATION		
At the beginning of the period/year	11,530	9,632
Provided for the period/year	942	1,898
At the end of the period/year	12,472	11,530
CARRYING VALUES		
At the beginning of the period/year	83,174	83,488
At the end of the period/year	82,484	83,174

The fair value of the Group's investment properties as at 30 June 2026 and 31 December 2025 was RMB135,143,000 and RMB158,080,000 respectively. The fair value has been arrived at based on a valuation carried out by the directors of the Company. The valuation was determined by establishing the market value of the properties by using income method. For income method, it estimates the value of the properties on an open market basis by taking into account of the current rent receivables from the existing tenancy agreements and the vacancy rate on potential leasable areas of the investment properties. The fair value of the investment properties measured at the end of the reporting period was categorised into Level 3 valuation, where fair value was measured using significant unobservable inputs, as defined in IFRS 13 Fair Value Measurement. There were no transfers between levels of fair value hierarchy during the six months ended 30 June 2026 and 2025.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The investment properties are depreciated on a straight-line basis over the shorter of the term of the lease and 45–50 years.

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18. GOODWILL

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
COST AND CARRYING VALUES		
At the beginning and the end of the period/year	3,007,784	3,007,784

For the purposes of impairment testing, goodwill and trademarks with indefinite useful lives acquired through business combination of Integrated Silicon Solution, Inc. Beijing 北京矽成半導體有限公司 and its subsidiaries (the "Beijing ISSI Group") is allocated to the cash-generating unit (the "CGU"). Property, plant and equipment, right-of-use assets, intangible assets (including development expenditures) and allocation of corporate assets that generate cash flows together with the related goodwill and trademarks are also included in the CGU.

The calculation of recoverable amounts of the CGU as at 30 June 2026 and 31 December 2025 have been determined by JZ (Shanghai) Assets Appraisal Co., Ltd.* 金證(上海)資產評估有限公司.

The basis of the recoverable amounts of the above CGU and their major underlying assumptions are summarised below:

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period. The CGU's cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development and the uncertain economic environment, which are subject to higher degree to estimation uncertainties.

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For the six months ended 30 June 2026

18. GOODWILL (CONTINUED)

The key parameters for the value-in-use calculations, which are based on either the past experience or management's expectation for the market development, are as follows:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Revenue annual growth rate within 5 years	3.89%-123.77%	5.10%-40.74%
Gross margin within 5 years	36.19%-54.52%	36.48%-39.45%
Pre-tax discount rate	17.44%	13.73%

As at 30 June 2026 and 31 December 2025, management of the Group determines that there are no impairments of any of its CGU containing goodwill or trademarks with indefinite useful lives.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

Based on our assessment on the recoverable amounts, the headroom of Beijing ISSI Group was as follows:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Beijing ISSI Group	2,521,604	481,554

For the sensitivity analysis of Beijing Sicheng Group conducted during the impairment review, had there been reasonably possible changes with reduction of the revenue annual growth rate of each year during the forecast period by 1%, or a reduction of the gross margin of each year during the forecast period by 1%, or an increase in pre-tax discount rate by 1%, it would cause the reduction of the recoverable amount of Beijing Sicheng Group as follows, if one of the key assumptions was to change while other variable held constant: As at 31 December 2025, the recoverable amount would decrease by RMB302,238,000, RMB196,806,000 and RMB91,374,000 respectively. As at 30 June 2026, the recoverable amount would decrease by RMB367,789,000, RMB204,327,000 and RMB88,542,000 respectively

* English name for identification purpose only.

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19. INTANGIBLE ASSETS

	Trademark RMB'000	Software RMB'000	Non-patent technology RMB'000	Technology licensing RMB'000	Development Expenditure RMB'000	Total RMB'000
COST						
At 1 January 2026 (Audited)	216,227	129,866	1,092,332	225,083	49,252	1,712,760
Additions	-	987	-	810	6,582	8,379
Transfer in (out)	-	-	1,916	-	(1,916)	-
Exchange adjustment	(5,665)	(2,765)	(25,876)	(6,683)	(1,119)	(42,108)
At 30 June 2026 (Audited)	210,562	128,088	1,068,372	219,210	52,799	1,679,031
At 1 January 2025 (Audited)	222,556	116,570	1,105,440	229,978	55,854	1,730,398
Additions	-	6,818	-	-	4,494	11,312
Transfer in (out)	-	-	5,048	-	(5,048)	-
Disposals	(2,219)	-	(8,018)	-	-	(10,237)
Exchange adjustment	(775)	(372)	(3,493)	(914)	(195)	(5,749)
At 30 June 2025 (Unaudited)	219,562	123,016	1,098,977	229,064	55,105	1,725,724
AMORTISATION AND IMPAIRMENT						
At 1 January 2026 (Audited)	-	109,398	927,261	192,149	11,997	1,240,805
Provided for the period	-	2,582	38,650	3,516	-	44,748
Impairment loss recognised	-	-	-	-	22,772	22,772
Disposals	-	-	-	-	-	-
Exchange adjustment	-	(2,636)	(22,624)	(5,709)	(209)	(31,178)
At 30 June 2026 (Audited)	-	109,344	943,287	189,956	34,560	1,277,147
At 1 January 2025 (Audited)	-	105,870	861,887	185,878	-	1,153,635
Provided for the period	-	2,541	44,638	3,252	-	50,431
Impairment loss recognised	-	-	-	-	12,065	12,065
Disposals	-	-	(5,727)	-	-	(5,727)
Exchange adjustment	-	(354)	(2,924)	(755)	-	(4,033)
At 30 June 2025 (Unaudited)	-	108,057	897,874	188,375	12,065	1,206,371
CARRYING VALUES						
At 30 June 2026 (Audited)	210,562	18,744	125,085	29,254	18,239	401,884
At 30 June 2025 (Unaudited)	219,562	14,959	201,103	40,689	43,040	519,353
At 30 June 2026						
COST	210,562	128,088	1,068,372	219,210	52,799	1,679,031
ACCUMULATED AMORTISATION AND IMPAIRMENT	-	(109,344)	(943,287)	(189,956)	(34,560)	(1,277,147)
CARRYING VALUES	210,562	18,744	125,085	29,254	18,239	401,884
At 31 December 2025						
COST	216,227	129,866	1,092,332	225,083	49,252	1,712,760
ACCUMULATED AMORTISATION AND IMPAIRMENT	-	(109,398)	(927,261)	(192,149)	(11,997)	(1,240,805)
CARRYING VALUES	216,227	20,468	165,071	32,934	37,255	471,955

The useful lives are as follows:

Non-patented technology	7 to 8 years
Technology licensing	5 to 15 years
Software	2 to 6 years
Trademark	Indefinite life

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19. INTANGIBLE ASSETS (CONTINUED)

The trademarks have a legal life of 10 to 20 years but can be renewed every at a minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Both trademark with an indefinite useful life and development expenditure will be tested for impairment annually, irrespective of whenever there is an indication that it may be impaired. Particulars of the impairment testing on trademark and development expenditure are disclosed in Note 18.

As at 30 June 2026, the management of the Company concluded that certain projects were not expected to generate future economic benefits, giving rise to impairment indicators due to (i) persistent yield issues during product validation and production testing, which adversely affected the technical feasibility and commercial viability of the relevant projects; and (ii) unfavourable market prospects, since the expected commercialisation could no longer be achieved and no viable alternative commercial opportunities were identified. Accordingly, the Group recognised an impairment loss of approximately RMB22,772,000 (six months ended 30 June 2025: RMB12,065,000) in respect of development expenditure that was individually assessed as fully impaired during the six months ended 30 June 2026.

20. INTERESTS IN ASSOCIATES

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Share of net assets	792	843

Particulars of the Group's associates, which were established and operate in the PRC, are as follows:

Name of entity	Proportion of registered capital/ voting rights held by the Group	Registered capital RMB'000	Principal activities
Beijing Juncheng Yiheng Technology Co., Ltd.* 北京君誠易恒科技有限公司	40.00%	4,000	Technical services
Beijing Yiming Intelligent Technology Co., Ltd* 北京益鳴智能科技有限公司	25.00%	2,000	Technical services

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For the six months ended 30 June 2026

20. INTERESTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Share of the associates' (losses) profit for the period/year	(51)	258
Share of the associates' total comprehensive (expense) income	(51)	258

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Carrying amount of the Group's investments in the associates	792	843

* English name for identification purpose only.

21. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Unlisted equity instruments	1,094,547	648,167

Equity instruments designated at FVTOCI represent the Group's equity interest in unlisted entities established in the PRC. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. For the details of fair value measurement of the above equity instruments, please refer to note 36(b).

22. DEFERRED TAXATION

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Deferred tax assets	150,633	132,530
Deferred tax liabilities	(75,470)	(62,389)
	75,163	70,141

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For the six months ended 30 June 2026

22. DEFERRED TAXATION (CONTINUED)

The deferred tax assets/(liabilities) recognised by the Group and movements thereon during the six months ended 30 June 2026 and 2025 are as follows:

	Tax losses	Impairment on assets	Fair value change	Research and development expenses	Accruals	Fair value adjustments on intangible assets	Distributable profits of subsidiaries	Share- based payment	Right- of-use assets	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	2,031	26,218	1,848	44,745	44,173	(22,993)	(36,465)	10,461	(2,541)	2,664	-	70,141
(Charge)/credit to profit or loss for the period	(63)	2,042	-	(4,161)	(2,230)	1,768	2,269	24,798	300	(285)	240	24,678
Charge to reserves	-	-	(19,657)	-	-	-	-	-	-	-	-	(19,657)
Exchange realignment	-	-	1	-	-	-	-	-	-	-	-	1
At 30 June 2026	1,968	28,260	(17,808)	40,584	41,943	(21,225)	(34,196)	35,259	(2,241)	2,379	240	75,163
At 1 January 2025	1,864	33,700	2,198	57,122	26,810	(28,114)	(36,093)	3,839	(3,430)	3,553	(1,008)	60,441
(Charge) credit to profit or loss for the period	(685)	12,120	-	45	(2,681)	2,723	1,000	1,466	(30)	37	1,008	15,003
Charge to reserves	-	-	2,395	-	-	-	-	-	-	-	-	2,395
At 30 June 2025	1,179	45,820	4,593	57,167	24,129	(25,391)	(35,093)	5,305	(3,460)	3,590	-	77,839

At the end of the reporting period, the Group has unused tax losses available for offset against future profits and deductible temporary differences. No deferred tax asset has been recognised due to the unpredictability of future profit streams as below:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Deductible temporary difference	89,442	131,461
Deductible tax loss	267,543	225,737
	356,985	357,198

The unrecognised tax losses will expire in the follow years:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
2026	18,857	18,857
2027	26,485	26,485
2028	54,800	54,800
2029	68,277	68,277
2030	57,318	57,318
2031	41,806	-
	267,543	225,737

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23. INVENTORIES

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Raw material	1,142,217	1,454,993
Work in progress	1,353,211	960,795
Finished goods	856,041	762,883
	3,351,469	3,178,671
Write-down	(206,660)	(204,024)
	3,144,809	2,974,647

During the six months ended 30 June 2026, the write-down of inventories amounted to approximately RMB10,095,000 (six months ended 30 June 2025: reversal of write-down of RMB357,000) was recognised.

24. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Trade receivables	933,786	466,860
Less: Expected credit losses	(234)	(328)
	933,552	466,532
Bill receivables	1,344	4,249
	934,896	470,781

As at 30 June 2026 and 31 December 2025, the gross amount of trade receivables arising from contracts with customers amounted to approximately RMB933,786,000 and RMB466,860,000 respectively.

The Group generally allows credit period ranging from 30 to 90 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

24. TRADE AND BILLS RECEIVABLES (CONTINUED)

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as at 30 June 2026 and 31 December 2025:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Within 1 year	933,552	466,532

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the six months ended 30 June 2026 and 2025.

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the ageing of customers collectively that are not individually significant as follows:

	Weighted average expected loss rate RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000
As at 30 June 2026 (Audited)			
Within 1 year (Note)	–	933,552	–
More than 3 years	100.00%	234	234
	0.03%	933,786	234

	Weighted average expected loss rate RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000
As at 31 December 2025 (Audited)			
Within 1 year (Note)	–	466,532	–
More than 3 years	100.00%	328	328
	0.08%	466,860	328

Note:

The management of the Group considered that there is no significant credit risk associated with trade receivables aged within one year as most of them will be settled within credit period. The management of the Group believes that the expected credit loss of trade receivables aged within one year is considered as immaterial.

Notes to the Consolidated Financial Statements

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24. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in the allowance for impairment of trade receivables are set out below:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
At the beginning of the period/year	328	331
Write-off	(84)	–
Exchange realignment	(10)	(3)
At the end of the period/year	234	328

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Prepayments to suppliers	105,047	139,946
Prepaid listing expenses	20,146	17,590
Prepayment to acquisition of property, plant and equipment	5,861	5,861
Deposits	8,651	8,642
Value-added tax recoverable	81,309	82,475
Others	11,746	11,808
	232,760	266,322
Analysed for reporting purposes as:		
– Non-current assets	14,042	14,044
– Current assets	218,718	252,278
	232,760	266,322

Details of impairment assessment are set out in Note 36(b).

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

26. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Wealth management product	644,300	549,705
Structured deposits	735,000	350,000
Listed equity securities	83,826	—
	1,463,126	899,705

The structured deposits are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

Details of the fair value hierarchy and major assumptions used in valuation for the financial assets are set out in Note 36(b).

27. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

The bank balances and cash and restricted bank deposits are denominated in the following currencies:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Denominated in RMB	1,111,440	1,437,512
Denominated in United States Dollar ("USD")	2,612,685	2,465,040
Denominated in New Taiwan Dollar ("TWD")	222,855	175,095
Denominated in Hong Kong Dollar ("HKD")	1,419	1,469
Denominated in Japanese Yen ("JPY")	1,800	2,036
Denominated in British Pound Sterling ("GBP")	612	234
Denominated in Israeli New Shekel ("ILS")	5,160	6,339
Denominated in Singapore Dollar ("SGD")	122	126
Denominated in South Korean Won ("KRW")	2,084	3,751
Denominated in Euro ("EUR")	—	43
	3,958,177	4,091,645

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27. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH (CONTINUED)

The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at the end of each of the reporting period, the internal credit rating of restricted deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted deposits and cash and cash equivalents and considered its credit risks have not increased significantly since initial recognition. The Group has measured the impairment based on the 12 – month ECL, and has assessed that the expected credit losses are immaterial.

28. TRADE AND OTHER PAYABLES

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Trade payables	758,514	599,033
Other deposits	1,724	2,031
Other taxes payables	13,311	4,663
Payroll and welfare payables	224,058	208,278
Other payables	65,306	39,415
	1,062,913	853,420
Analysed for reporting purposes as:		
– Non-current liabilities	8,956	9,256
– Current liabilities	1,053,957	844,164
	1,062,913	853,420

The trade payables are non-interest-bearing and are normally settled ranged from 30 days to 90 days. The fair value of trade payables approximates to their carrying amount.

Notes to the Consolidated Financial Statements

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28. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aged analysis of trade payables presented based on the date of service received and date of goods acceptance at the end of the reporting period:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Within one year	757,151	596,990
Over 1 years	1,363	2,043
	758,514	599,033

29. CONTRACT LIABILITIES

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Sales of ICs	68,644	117,826

Contract liabilities include unsatisfied performance obligation for pre-sale of ICs.

Revenue recognised during the six months ended 30 June 2026 that was included in the contract liabilities at the beginning of the period are approximately RMB117,826,000 (six months ended 30 June 2025: RMB68,796,000). There was no revenue recognised in the current period that related to performance obligations that were satisfied in prior period.

Notes to the Consolidated Financial Statements

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30. LEASE LIABILITIES

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Lease liabilities payable:		
Within one year	8,439	8,414
Within a period of more than one year but not more than two years	7,190	6,365
Within a period of more than two years but not more than three years	149	2,826
Within a period of more than three years	77	152
Total	15,855	17,757
Less: Amount due for settlement with 12 months shown under current liabilities	(8,439)	(8,414)
Amount due for settlement after 12 months shown under non-current liabilities	7,416	9,343

The weighted average incremental borrowing rates applied to lease liabilities range from 4% to 4.1% per annum during the six months ended 30 June 2026.

(a) Amount recognised in profit or loss

	Six months ended 30 June 2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Depreciation expense on right-of-use assets	6,434	5,816
Interest expense on lease liabilities	358	492

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31. DEFERRED INCOME

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Government grants	3,039	3,323

Government grants of approximately RMB330,000 had been received during the six months ended 30 June 2025 (six months ended 30 June 2026: nil) to support the Group's activities in producing, operating, conducting project research and development. The amounts have been treated as deferred income. The amount is transferred to income when the Group fulfill conditions attached to the government grants or over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current period of RMB283,000 and (six months ended 30 June 2025: RMB235,000) for the six months ended 30 June 2026.

32. SHARE CAPITAL

	Number of shares	Share capital RMB'000
A shares of RMB1 each		
As at 1 January 2025 (Audited)	481,569,911	481,570
Issue of shares (Note ii)	970,812	971
As at 31 December 2025 (Audited)	482,540,723	482,541
Issue of shares (Note i)	1,123,644	1,123
As at 30 June 2026 (Audited)	483,664,367	483,664

The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All ordinary shares rank equally with regard to the Company's residual net assets.

Notes:

- i. On 8 June 2026, options were exercised to subscribed for 1,123,644 shares in the Company at a consideration of approximately RMB34,428,000 in which all the consideration was credited to share capital and share premium of approximately RMB1,123,000 and RMB33,305,000 respectively.
- ii. On 27 May 2025, options were exercised to subscribe for 970,812 shares in the Company at a consideration of approximately RMB29,989,000 in which all the consideration was credited to share capital and share premium of approximately RMB971,000 and RMB29,018,000 respectively.

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33. SHARE BASED PAYMENT TRANSACTIONS

Share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 14 May 2024 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 17 April 2029. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 30 June 2026 and 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 1,792,934 and 3,111,874 respectively, representing 0.66% and 0.66% respectively of the shares of the Company in issue at 30 June 2026 and 31 December 2025. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 20% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' of the Company best estimate. The fair value of options granted was estimated on the date of grant using the following assumptions:

	Number of share options	Vesting period	Exercise dates	Exercise price	Fair value at grant date
Share options granted to directors and employees					
– on 14 May 2024	3,917,040	From 14 May 2024 to 13 May 2025: 30%	14 May 2025: 30%	RMB30.6402	RMB31.51
		From 14 May 2025 to 13 May 2026: 30%	14 May 2026: 30%	RMB30.6402	RMB32.37
		From 14 May 2026 to 13 May 2027: 40%	14 May 2027: 40%	RMB30.6402	RMB37.71
– on 18 April 2025	400,000	From 18 April 2025 to 17 April 2026: 30%	18 April 2026: 30%	RMB30.6402	RMB37.44
		From 18 April 2026 to 17 April 2027: 30%	18 April 2027: 30%	RMB30.6402	RMB39.72
		From 18 April 2027 to 17 April 2028: 40%	18 April 2028: 40%	RMB30.6402	RMB39.72
	4,317,040				

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For the six months ended 30 June 2026

33. SHARE BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme of the Company (continued)

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' of the Company best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. These fair values and corresponding inputs into the model were as follows:

Option granted	Grant date option fair value per share	Exercise price	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
Options granted on 14 May 2024	RMB31.51 to RMB33.71	RMB30.6402	22.71% 24.75%	1 to 3 years	1.50% to 2.75%	0.00%
Options granted on 18 April 2025	RMB37.44 to RMB39.72	RMB30.6402	30.20% 40.20%	1 to 3 years	1.50% to 2.75%	0.00%

The movement of the grant of share option are as follows:

	Number of share options (Audited)	Exercisable at the end of the year/period	Weighted average exercise price
Outstanding as at 1 January 2025	3,917,040	–	RMB30.6402
Granted during the year	400,000		RMB30.6402
Forfeited during the year	(191,419)		RMB30.6402
Surrendered during the year	(42,935)		RMB30.6402
Exercised during the year	(970,812)		RMB30.6402
Outstanding as at 31 December 2025	3,111,874	3,111,874	RMB30.6402
Forfeited during the period	(131,058)		
Surrendered during the period	(64,238)		
Exercised during the period	(1,123,644)		
Outstanding as at 30 June 2026	1,792,934	1,792,934	RMB30.6402

Equity-settled share-based compensation expenses of approximately RMB14,529,000 (six months ended 30 June 2025: RMB27,545,000) were recognised as staff costs in profit or loss for the six months ended 30 June 2026 and the remaining balance is to be recognised in the future based on the respective vesting periods.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment		29,210	30,019
Right-of-use assets		23,129	23,458
Investment properties		26,122	26,486
Intangible assets		–	9
Interests in subsidiaries	(i)	9,015,793	8,885,999
Equity instruments designated at FVTOCI		778,811	439,454
Deferred tax assets		21,388	13,613
Total non-current assets		9,894,453	9,419,038
Current assets			
Inventories		107,906	82,535
Trade and bills receivables	(ii)	30,063	21,419
Other receivables, deposits and prepayments		25,121	25,944
Tax recoverable		154	154
Financial assets at FVTPL		110,000	–
Bank balances and cash		286,999	505,686
Total current assets		560,243	635,738
Current liabilities			
Trade and other payables	(iii)	47,415	26,903
Contract liabilities		9,078	11,702
Total current liabilities		56,493	38,605
Net current assets		503,750	597,133
Total assets less current liabilities		10,398,203	10,016,171
Non-current liability			
Deferred tax liabilities		17,062	–
Net assets		10,381,141	10,016,171
Equity			
Share capital	32	483,664	482,541
Reserves	(v)	9,897,477	9,533,630
Total equity		10,381,141	10,016,171

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note (i):

As at 30 June 2026, interests in subsidiaries are carried at cost of approximately RMB9,015,793,000 (31 December 2025: RMB8,885,999,000) and no impairment loss was recognised.

Note (ii):

The balance included amounts due from subsidiaries of approximately RMB29,352,000 (as at 31 December 2025: RMB16,413,000) which are trade nature, unsecured, non-interest bearing and repayable on demand.

Note (iii):

The balance included amounts due to subsidiaries of approximately RMB10,167,000 (as at 31 December 2025: RMB10,167,000) which are non-trade nature, unsecured, non-interest bearing and repayable on demand.

Note (iv):

The amounts of the Group's reserves and the movements therein during the six months ended 30 June 2026 and 2025 are presented in the consolidated statements of changes in equity.

(a) Capital reserve

Capital reserve mainly represents i) the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity; and ii) the share-based compensation reserve due to equity-settled share-based payment transactions.

(b) Other reserve

Other reserve mainly represents changes in remeasurement of net defined benefit liability.

(c) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(d) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries established in the PRC, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note (v):

	Capital reserve RMB'000	Other reserves RMB'000	Fair value reserve (non-recycling) RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
As 31 December 2025 and 1 January 2026 (Audited)	8,985,840	-	(12,041)	100,664	459,167	9,533,630
Profit for the period	-	-	-	-	279,018	279,018
Other comprehensive income for the period	-	-	109,376	-	-	109,376
Total comprehensive income (expense) for the period	-	-	109,376	-	279,018	388,394
Equity-settled share-based compensation expense (Note 33)	14,529	-	-	-	-	14,529
Shares issued (Note 32)	33,305	-	-	-	-	33,305
Dividends recognised as distribution	-	-	-	-	(72,381)	(72,381)
At 30 June 2026 (Audited)	9,033,674	-	97,335	100,664	665,804	9,897,477

	Capital reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2025 (Audited)	8,902,269	(10,420)	77,415	298,050	9,267,314
Profit for the period	-	-	-	7,842	7,842
Other comprehensive expense for the period	-	(11,449)	-	-	(11,449)
Total comprehensive income (expense) for the period	-	(11,449)	-	7,842	(3,607)
Equity-settled share-based compensation expense (Note 33)	27,545	-	-	-	27,545
Shares issued (Note 32)	29,018	-	-	-	29,018
Dividends recognised as distribution	-	-	-	(48,156)	(48,156)
At 30 June 2025 (Unaudited)	8,958,832	(21,869)	77,415	257,736	9,272,114

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
<i>Financial assets</i>		
Financial assets at amortised cost (including cash and cash equivalents)	4,913,470	4,583,204
Equity instruments designated at FVTOCI	1,094,547	648,167
Financial assets at FVTPL	1,463,126	899,705
	7,471,143	6,131,076
<i>Financial liabilities</i>		
At amortised cost	1,049,602	853,420

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments designated at FVTOCI, financial assets at FVTPL, trade and bills receivables, other receivables and deposits, finance lease receivables, restricted bank deposits, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate restricted bank deposits and bank balances.

Sensitivity analysis

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. It is the Group's policy to keep its deposits at floating rate of interests so as to minimise the fair value interest rate risk. The management of the Group considered that the exposure to cash flow in interest rate risk in relation to restricted bank deposits and bank balances are minimal and no sensitivity analysis is presented accordingly.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Foreign currency risk

The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in USD, TWD, HKD, EUR, JPY, GBP, ILS, SGD and KRW. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated monetary assets and monetary liabilities include inventories, trade receivables, bank balances and trade and other payables at the end of respective reporting period and the carrying amounts are as follows:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
<i>Assets</i>		
USD	3,470,610	2,884,270
TWD	287,368	212,708
HKD	1,419	1,469
EUR	–	41
JPY	1,800	2,036
GBP	612	234
ILS	5,160	6,339
SGD	122	126
KRW	2,084	3,751
<i>Liabilities</i>		
USD	436,258	329,863
TWD	300,144	243,249
HKD	387	422
EUR	–	18
ILS	–	87
JPY	15	–
SGD	8	16
KRW	33	–

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies for the six months ended 30 June 2026 and 2025. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax profit (an increase in post-tax profit) where RMB strengthens 5% against the relevant foreign currency for the six months ended 30 June 2026 and 2025, respectively. For a 5% weakening of RMB against the relevant foreign currency for the six months ended 30 June 2026 and 2025 respectively, there would be an equal and opposite impact on the post-tax profit.

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Audited)	(Unaudited)
<i>Profit for the period</i>		
USD	128,960	126,553
TWD	(543)	15,046
HKD	44	217
EUR	–	2
JPY	76	118
GBP	26	35
ILS	219	275
SGD	5	6
KRW	87	55

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL, the management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments operating in industry sector of telecommunications and network equipment quoted in the Stock Exchange of Hong Kong Limited.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective equity instruments had been 5% higher/lower, post-tax profit for the six months ended 30 June 2026 would increase/decrease by approximately RMB3,500,000 as a result of the changes in fair value of financial assets at FVTPL.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade and bills receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade and bills receivables, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The lifetime ECL provided for trade and bills receivables are, RMB234,000 (lifetime not credit-impaired) as at 30 June 2026 (as at 31 December 2025: RMB328,000), respectively, based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort.

The credit risk of bills receivables, other receivables and deposits are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For bills receivables, other receivables and deposits, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. The balances are monitored on an ongoing basis and the Group's exposure to credit risk is not significant since the Group only trades with creditworthy third parties, and the Group does not require any collateral from other debtors.

The 12m ECL on the bills receivables, finance lease receivables, other receivables and deposits are considered as insignificant during the six months ended 30 June 2026 and 2025 as the counterparties involved are considered with limited credit risk and the ECL involved is not material.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during the Six months ended 30 June 2026 and 2025.

There has been no significant changes to estimation techniques or assumptions made during the Six months ended 30 June 2026 and 2025.

The concentration of credit risk in respect of trade receivables is minimal, as the Group has a large number of customers. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and expects to have adequate sources of funding to finance the Group's operations.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2025					
Trade and other payables	844,164	–	9,256	853,420	853,420
Lease liabilities	10,062	7,286	7,712	25,060	17,757

	On demand or within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 30 June 2026					
Trade and other payables	1,040,646	–	8,956	1,049,602	1,049,602
Lease liabilities	8,729	7,481	233	16,443	15,855

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

As at 30 June 2026 and 31 December 2025, the Group's financial assets at FVTOCI and financial assets at FVTPL are measured at fair value. The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period, grouped into fair value hierarchy Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	At 30 June 2026			Total RMB'000 (Audited)
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	
Financial assets at FVTOCI				
Unlisted investments	–	–	1,094,547	1,094,547

	At 30 June 2026			Total RMB'000 (Audited)
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	
Financial assets at FVTPL				
Wealth management products	–	644,300	–	644,300
Structured deposits	–	735,000	–	735,000
Listed equity securities	83,826	–	–	83,826
	83,826	1,379,300	–	1,463,126

	At 31 December 2025			Total RMB'000 (Audited)
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	
Financial assets at FVTOCI				
Unlisted investments	–	–	648,167	648,167

	At 31 December 2025			Total RMB'000 (Audited)
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	
Financial assets at FVTPL				
Wealth management products	–	549,705	–	549,705
Structured deposits	–	350,000	–	350,000
	–	899,705	–	899,705

There were no transfer between levels of fair value hierarchy in the current period and prior years.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The valuation techniques and inputs used in the fair value measurements of each financial instrument on a recurring basis are set out below:

Financial instruments	30 June 2026 RMB'000 (Audited)	31 December 2025 RMB'000 (Audited)	Fair value hierarchy	Valuation techniques and key inputs
Equity instruments designated at FVTOCI – unlisted investments	1,094,547	648,167	Level 3	The fair value was determined with reference to fair value of underlying investment (Note)
Financial assets at FVTPL – wealth management products	644,300	549,705	Level 2	The fair value was determined with reference to the fair value of underlying investments of the plans which are provided by the counterparty financial institutions
– structured deposits	735,000	350,000	Level 2	The fair value was determined with reference to the fair value of structured deposits which are provided by the counterparty financial institutions
– Listed equity securities	83,826	–	Level 1	The fair value was determined with reference to quoted trading prices in open markets.

Note:

Should the fair value of underlying investment be increased/decreased by 1%, the fair value of unlisted investments would be decreased/increased by approximately RMB5,215,000 and RMB5,003,000 as at 30 June 2026 and 31 December 2025, respectively.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

36. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis:

	Equity instruments designated at FVTOCI-unlisted investments RMB'000
At 1 January 2025 (Audited)	547,523
Additions	100,670
Disposals	(7,295)
Fair value gain during the year	11,123
Exchange realignment	(3,854)
At 31 December 2025 (Audited)	648,167
Additions	224,349
Fair value gain during the period	225,745
Exchange realignment	(3,714)
At 30 June 2026 (Audited)	1,094,547

Except for equity instruments designated at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of the reporting period.

The fair values of financial assets and financial liabilities (other than equity instruments designated at FVTOCI, and financial assets at FVTPL) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

There were no transfers between levels of fair value hierarchy during the six months ended 30 June 2026 and 2025.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the six months ended 30 June 2026, the Group entered into new lease agreements and recognised right-of-use assets for buildings of approximately RMB4,458,000 (six months ended 30 June 2025: RMB4,613,000), and lease liabilities for buildings of approximately RMB4,458,000 (six months ended 30 June 2025: RMB4,613,000).

(b) Changes in liabilities arising from financing activities

	Lease liabilities at 30 June 2026 RMB'000
At 1 January 2026 (Audited)	17,757
Cash flows used in financing activities	(6,686)
Finance cost for the period	358
Non-cash changes	4,458
Exchange realignment	(32)
At 30 June 2026 (Audited)	15,855

	Lease liabilities at 30 June 2025 RMB'000
At 1 January 2025 (Audited)	23,685
Cash flows used in financing activities	(4,495)
Finance cost for the period	492
Non-cash changes	4,613
Exchange realignment	(367)
At 30 June 2025 (Unaudited)	23,928

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Within financing activities	6,686	4,495

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

38. CONTINGENT LIABILITIES

At the end of each of the reporting period, the Group did not have any significant contingent liabilities.

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The properties held by the Group for rental purpose have committed tenants for periods ranging from 3 years to 5 years during the six months ended 30 June 2026 and 2025.

Minimum lease payments receivable on leases are as follows:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Within one year	5,440	1,638
In the second year	5,398	1,376
In the third year	4,856	110
In the fourth year	4,856	–
In the fifth year	2,428	–
	22,978	3,124

40. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group also operates a number of defined contribution schemes in other overseas locations. Arrangements for these staff retirement benefits vary from country to country and are made in accordance with local regulations and custom.

The Group recognised the retirement benefit contributions of approximately RMB30,356,000 (six months ended 30 June 2025:RMB27,203,000) for the six months ended 30 June 2026.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

41. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of entity	Relationship
Beijing Huaru Technology Co., Ltd* 北京华如科技股份有限公司	Controlled by the ultimate shareholder of the Company
Beijing Sihai Junxin Co., Ltd* 北京四海君芯有限公司	Controlled by the ultimate shareholder of the Company

The Group had material transactions during the six months ended 30 June 2026 and 2025, with related parties as follows:

Financial instruments	Nature of transaction	Six months ended 30 June	
		2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Beijing Sihai Junxin Co., Ltd*	Management fee expense	–	45
Beijing Huaru Technology Co., Ltd*	Rental income	1,890	3,187

(b) Outstanding balances with related parties

Amounts due from related parties included in trade receivables:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Unaudited)
Amounts due from related parties	–	3,432

The balances due from related parties including associates were trade in nature, unsecured, non-interest-bearing and repayable on demand.

* English name for identification purpose only

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties: (continued)

Amounts due to related parties included in trade and other payables:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Non-trade related	912	1,179

The balances represented rental deposits due to related parties were unsecured, non-interest-bearing and repayable when the tenancy agreement expired, and will not be settled prior to listing.

Amounts due to related parties included in trade and other payables:

	As at 30 June 2026 RMB'000 (Audited)	As at 31 December 2025 RMB'000 (Audited)
Amounts due to related parties	10,167	10,167

The balances due to related parties were unsecured, non-interest-bearing and repayable on demand.

(c) The remuneration of key management personnel during the six months ended 30 June 2026 and 2025, is as follows:

	Six months ended 30 June 2026 RMB'000 (Audited)	2025 RMB'000 (Unaudited)
Short-term benefits	2,144	2,515
Retirement benefits scheme contributions	109	131
Share-based payment	558	318
	2,811	2,964

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements

For the six months ended 30 June 2026

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name	Place and date of incorporation/ establishment	Nominal value of registered and paid-in capital	Proportion of ownership interest attributable to the Company		Principal activities
			As at 30 June 2026	As at 31 December 2025	
Ingenic Technology CO., LTD. 合肥君正科技有限公司	The PRC 14 February 2014	RMB247,000,000	100%	100%	Design, research and development and sales of integrated circuit
Shanghai Chengyu Asset Management Partnership (Limited Partnership)* 上海承裕資產管理合夥企業(有限合夥)	The PRC 21 July 2015	RMB1,834,080,498	100%	100%	Investment holding
Integrated Silicon Solution, Inc. Beijing* 北京矽成半導體有限公司	The PRC 2 November 2014	As at 30 June 2026: RMB551,905,434 (As at 31 December 2025: RMB549,910,272)	100%	100%	Design, research and development and sales of integrated circuit
Shanghai Shansheng Integrated Circuit Co., Ltd* 上海閃勝集成電路有限公司	The PRC 27 July 2015	RMB960,000,000	100%	100%	Trading
Uphill Technology Inc. (Note (j))	Cayman Islands 27 August 2015	US\$50,000	100%	100%	Investment holding
Integrated Silicon Solution, Inc.	USA 10 June 1993	US\$1	100%	100%	Design, research and development and sales of integrated circuit
Integrated Circuit Solution Inc.* 矽成積體電路股份有限公司	China Taiwan 10 September 1990	TWD1,348,615,190	98.39%	98.39%	Trading
Integrated Silicon Solution Inc. (Hong Kong) Limited* 芯成積體電路(香港)有限公司	Hong Kong 15 April 1992	–	100%	100%	Trading
ISSI Korea Co., Ltd (Note (j))	Korea 22 May 2013	KRW50,000,000	100%	100%	Trading
Integrated Silicon Solution, inc. (Shanghai)* 芯成半導體(上海)有限公司	The PRC 15 September 2000	RMB288,510,258	100%	100%	Research and development
Si En Integrated Holdings Limited	Cayman Islands 14 December 2004	US\$1,521,500	100%	100%	Trading
Lumissil Microsystems (Xiamen) Limited* 絡明芯微電子(廈門)有限公司	The PRC 23 March 2005	As at 30 June 2026: RMB176,733,833 (as at 31 December 2025: RMB153,400,000)	92.2423%	91.0219%	Research and development
Lumissil Microsystems International Limited	Hong Kong 21 March 2005	HK\$1,290	100%	100%	Manufacturing
Lumissil Microsystems (Wuhan) Limited* 絡明芯微電子(武漢)有限公司	The PRC 22 April 2002	RMB40,000,000	100%	100%	Design, research and development and sales of integrated circuit

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For the six months ended 30 June 2026

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Nominal value of registered and paid-in capital	Proportion of ownership interest attributable to the Company		Principal activities
			As at 30 June 2026	As at 31 December 2025	
Lumissil Microsystems (Hefei) Limited*	The PRC	RMB5,000,000	100%	100%	Research and development
絡明芯微電子(合肥)有限公司	19 April 2024				
Integrated Silicon Solution Israel Ltd.	Israel	US\$27,201,598	100%	100%	Research and development
	19 August 1999				
Lumissil Microsystems, Inc.	USA	US\$1	100%	100%	Trading
	5 July 2023				
Integrated Silicon Solution (Cayman), Inc.	Cayman Islands	US\$50,000	100%	100%	Manufacturing and trading
	3 January 2012				
ISSI Japan Godo Kaisha	Japan	JPY10,000,000	100%	100%	Trading
	1 October 1999				
Integrated Silicon Solution, Inc. (Singapore) Pte. Limited	Singapore	SGD1	100%	100%	Trading
	28 March 2013				
ISSI Hong Kong Holding Limited.	Hong Kong	HK\$10,000,000	100%	100%	Trading
	5 October 2007				
MMS Integrated Solutions, LLC	USA	–	100%	100%	Trading
	25 May 2022				
Shanghai Xinkai Integrated Circuit Co., Ltd*	The PRC	RMB150,000,000	61%	61%	Research and development
上海芯楷集成電路有限責任公司	27 October 2020				
Ingenic Semiconductor (Shenzhen) CO., LTD.*	The PRC	RMB90,000,000	100%	100%	Research and development
	14 April 2009				
深圳君正時代集成電路有限公司					
Ingenic Semiconductor (Hong Kong) Group Limited*	Hong Kong	HK\$10,000	100%	100%	Research and development
	14 August 2006				
北京君正集成電(香港)集團有限公司					
Shanghai Yingzhan Nick Microelectronics Co., Ltd*	The PRC	RMB10,000,000	100%	100%	Research and development
	9 April 2020				
上海英瞻尼克微電子有限公司					

All companies comprising the Group have adopted 31 December as their financial year end date.

None of the subsidiaries have non-controlling interests that are material to the Group.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

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For the six months ended 30 June 2026

43. COMMITMENTS

At 30 June 2026 and 2025, the Group did not have any significant contractual commitments.

44. EVENTS AFTER THE REPORTING PERIOD

The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 25 August 2026. In connection with the global offering, 31,287,300 H shares were issued and allotted at the offer price of HK\$100.00 per share. The gross proceeds from the global offering amounted to approximately HK\$3,128.7 million (equivalent to approximately RMB2,720.6 million).

Except for the above, no other significant subsequent events have occurred since the end of the reporting period.

Definitions

In this interim report, unless the context otherwise requires the following expressions have the following meanings.

“2024 Restricted Share Incentive Plan”	the 2024 Restricted Share Incentive Plan of the Company approved on May 13, 2024
“A Share(s)”	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the ChiNext of the Shenzhen Stock Exchange and traded in Renminbi
“Acting-in-Concert Agreement”	the acting-in-concert agreement dated December 1, 2009 entered into by Dr. Liu Qiang and Mr. Li Jie, as renewed on July 8, 2014 and supplemented on December 14, 2016
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purpose of this report only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“Company”, “our Company”, “the Company” or “Ingenic”	Ingenic Semiconductor Co., Ltd. (北京君正集成電路股份有限公司), a limited liability company established in the PRC on July 15, 2005 which was converted into a joint stock company with limited liability on December 24, 2009, formerly known as Ingenic Semiconductor Company Limited (北京君正集成電路有限公司), the A Shares of which were listed on the Shenzhen Stock Exchange (stock code: 300223.SZ), the H Shares of which were listed on the Main Board of the Stock Exchange (stock code: 03223.HK)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Group”, “we”, “our” or “us”	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by the Company and/or its subsidiaries and their predecessors (if any)
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Main Board of the Hong Kong Stock Exchange
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

Definitions

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	September 22, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	the date, August 25, 2026, on which our H Shares were listed on the Hong Kong Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination and Remuneration Committee”	the nomination and remuneration committee of the Board
“Prospectus”	the prospectus of the Company dated August 17, 2026
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Reporting Period”	the six-month period from January 1, 2026 to June 30, 2026
“Securities and Futures Ordinance” or “SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Sihai Junxin”	Beijing Sihai Junxin Co., Ltd. (北京四海君芯有限公司), a limited liability company established in the PRC on July 30, 2019 and one of the Shareholders
“Strategy and ESG Committee”	the strategy and ESG committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Notes:

1. Certain amounts and percentage figures included in this report have been subject to rounding adjustments.
2. In the event of any discrepancy between the Chinese and English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain subsidiaries of the Company), the Chinese version shall prevail.