

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Societe Generale, the Certificates, or the Company (as defined below).

**5,000,000 European Style Cash Settled Long Certificates relating to
the ordinary H shares of GigaDevice Semiconductor Inc.
with a Daily Leverage of 3x**

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Societe Generale

Issue Price: S\$2.00 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Societe Generale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 12 June 2026 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 12 June 2026 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 29 September 2026.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

28 September 2026

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) in respect of certain corporate adjustment events on the Underlying Stock, trading in the Certificates may be suspended on the relevant ex-date of the Underlying Stock and trading in the Certificates will resume on the next immediate trading day on the SGX-ST. Please note that trading in the Certificates on the SGX-ST may be suspended for more than one trading day in certain circumstances;
- (b) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (c) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (d) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (e) in the event that the Company is subject to any sanction by governmental authorities, (i) such sanction may impact general investor interest in the Underlying Stock, which may in turn affect the liquidity and market price of the Underlying Stock, and (ii) investors should consult their own legal advisers to check whether and to what extent investing in the Certificates will be in violation of applicable laws and regulations;
- (f) in the event that the Company is controlled through weighted voting rights, certain individuals who own shares of a class which is being given more votes per share may have the ability to determine the outcome of most matters, and depending on the action taken by the Company, the market price of the Certificates could be adversely affected;
- (g) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (h) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

- (i) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (j) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (k) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 32 to 36 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;
- (l) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (m) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (n) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (o) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;
- (p) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (q) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous trading day. This process, referred to as compounding, may lead to a performance difference from 3 times the performance of the Underlying Stock over a period longer than one

day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

- (r) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (s) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (t) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is an approximately 33% or greater gap between the previous trading day closing price and the opening price of the Underlying Stock the following trading day, as the Air Bag Mechanism will only be triggered when market opens (including pre-opening session or opening auction, as the case may be) the following trading day or (ii) a sharp intraday fall in the price of the Underlying Stock of approximately 33% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 53 to 54 of this document for more information;
- (u) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Certificates may be terminated prior to its Expiry Date for the following reasons which are not exhaustive: Illegality and force majeure, occurrence of a Holding Limit Event (as defined in the Conditions of the Certificates) or Hedging Disruption (as defined in the Conditions of the Certificates). For more detailed examples of when early termination may occur, please refer to the FAQ section under the "Education" tab on the website at dlc.socgen.com.

The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be substantially less than the amount initially invested, and at the worst case, be zero. Investors may refer to the Condition 13 on pages 39 to 41 of this document for more information;

- (v) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (w) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the

Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

- (x) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (y) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

- (z) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

- (aa) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;
- (bb) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;
- (cc) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;
- (dd) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited (“**CDP**”):
 - (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
 - (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;
 - (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
 - (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;
- (ee) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate (“**HIBOR**”) benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any

authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

(ff) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do not provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(gg) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates;

(hh) risks arising from the taxation of securities

Tax law and practice are subject to change, possibly with retroactive effect. This may have a negative impact on the value of the Certificates and/or the market price of the Certificates. For example, the specific tax assessment of the Certificates may change compared to its assessment at the time of purchase of the Certificates. This is especially true with regard to derivative Certificates and their tax treatment. Holders of Certificates therefore bear the risk that they may misjudge the taxation of the income from the purchase of the Certificates. However, there is also the possibility that the taxation of the income from the purchase of the Certificates will change to the detriment of the holders.

Holders of the Certificates bear the risk that the specific tax assessment of the Certificates will change. This can have a negative impact on the value of the Certificates and the investor may incur a corresponding loss. The stronger this negative effect, the greater the loss may be; and

(ii) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD, as amended, has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank pari passu with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal is still subject to further discussions and as a result its precise legal application date is unknown. As such, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power.

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Framework (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able

to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of

contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD and the SRM Regulation provide the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among other things, the existing regime relating to the specific MREL with the aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which imposes a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus

applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended notably by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”) and Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities, EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended notably by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale).

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	5,000,000 European Style Cash Settled Long Certificates relating to the ordinary H shares of GigaDevice Semiconductor Inc. traded in HKD (the “ Underlying Stock ”)
ISIN:	LU2088918631
Company:	GigaDevice Semiconductor Inc. (RIC: 3986.HK)
Underlying Price ³ and Source:	HK\$448.20 (Reuters)
Calculation Agent:	Societe Generale
Strike Level:	Zero
Daily Leverage:	3x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 2.00
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	27.00%, is a hedging cost against extreme market movements overnight.
Funding Cost ⁶ :	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost ⁶ :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	22 September 2026
Closing Date:	28 September 2026
Expected Listing Date:	29 September 2026

³ These figures are calculated as at, and based on information available to the Issuer on or about 28 September 2026. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 28 September 2026.

⁴ Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 360-day basis.

⁶ These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 6 March 2028
Expiry Date:	13 March 2028 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	10 March 2028 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Cash Settlement Amount. Investors may also refer to the Issuer's website at https://dlc.socgen.com/en/products/expired-dlc for the Cash Settlement Amount upon expiry.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))$, where:

“t” refers to “**Observation Date**” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 45 to 59 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 21 to 26 below.

Initial Exchange Rate³: 0.1630

Final Exchange Rate:	The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The “Air Bag Mechanism” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 20% or more (“Air Bag Trigger Price”) during the trading day (which represents an approximately 60% loss after a 3 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject to the SGX-ST’s requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 24 to 26 below and the “Description of Air Bag Mechanism” section on pages 51 to 52 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar (“ HKD ”)
Settlement Currency:	Singapore Dollar (“ SGD ”)
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the “ SGX-ST ”)

Relevant Stock Exchange for the Underlying Stock: HKEX

Business Day, Settlement Business Day and Exchange Business Day: A “**Business Day**” or a “**Settlement Business Day**” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

An “**Exchange Business Day**” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.

Warrant Agent: The Central Depository (Pte) Limited (“**CDP**”)

Clearing System: CDP

Fees and Charges: Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.

Further Information: Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

In addition, the Conditions have been modified as follows:

1. Condition 9(b) is deleted and replaced with the following:

“(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine.”

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 3 times daily leveraged exposure to the Underlying Stock. At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 3 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

LSL_t means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$LSL_1 = 1000$$

On each subsequent Observation Date(t):

$$LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$$

LR_{t-1,t} means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$$

FC_{t-1,t} means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:

$$FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t-1, t)}{\text{DayCountBasisRate}}$$

RC_{t-1,t} means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows:

$$RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left| \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right| \right) \times \text{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:
0.11%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage 3

S_t means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$Rate_t$ means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$Rate_t = CashRate_t + \%SpreadLevel_t$$

$Rfactor_t$ means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

$$Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$$

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

$CashRate_t$ means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

$\%SpreadLevel_t$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to

account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, %**SpreadLevel**_t should be 0%.

ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).
DayCountBasisRate	365
Benchmark Fallback	upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
Reference Rate Event	means, in respect of the Reference Rate any of the following has occurred or will occur: (i) a Reference Rate Cessation; (ii) an Administrator/Benchmark Event; or (iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.
Reference Rate Cessation	means, for a Reference Rate, the occurrence of one or more of the following events: (i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

**Administrator/
Benchmark Event**

means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s)

means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

**Extraordinary Strategy
Adjustment for
Performance Reasons**

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date**, noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

$ILSL_{IR(k)}$

means, in respect of $IR(k)$, the Intraday Leverage Strategy Level in accordance with the following provisions:

(1) for $k = 1$:

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for $k > 1$:

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

ILR_{IR(k-1),IR(k)}	means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows: $ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$
IRC_{IR(k-1),IR(k)}	means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows: $IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right \right) \times TC$
IS_{IR(k)}	means the Underlying Stock Price in respect of IR(k) computed as follows: (1) for k=0 $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$ (2) for k=1 to n means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period (3) with respect to IR(C) $IS_{IR(C)} = S_{IRD}$ In each case, subject to the adjustments and provisions of the Conditions.
IR(k)	For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date; For k=1 to n, means the kth Intraday Restrike Event on the relevant Intraday Restrike Date.
IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t): (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 20% or more compared with the relevant Underlying Stock Price IS_{IR(0)} as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 20% or more compared with the relevant Underlying Stock Price IS_{IR(k)} as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

TimeReferenceOpening	means the scheduled opening time (including pre-opening session or opening auction, as the case may be) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of: -
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 12 June 2026, made by SG Issuer (the “**Issuer**”) and Societe Generale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Societe Generale, Tour Societe Generale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

- (C) the cancellation of the Certificates; and/or
- (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):

- (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg

and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

“Amounts Due” means any amounts due by the Issuer under the Certificates.

“Bail-In Power” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“MREL” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“Relevant Resolution Authority” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case: -

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

- (c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate

the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

“Settlement Disruption Event” means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the “SG Group”), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

“Computer System” means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

“Data” means any digital information, stored or used by the Computer System, including confidential data.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a **“Business Day”** shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
- (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
 - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective

date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

- (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
- (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger

or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.
- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

6A. US withholding tax implications on the Payment

Notwithstanding any other provision of these Conditions, in no event will the Issuer or the Guarantor be required to pay any additional amounts in respect of the Certificates for, or on account of, any withholding or deduction (i) required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**US Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the US Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto, (ii) imposed pursuant to the Section 871(m) Regulations (“**Section 871(m) Withholding**”) or (iii) imposed by any other law of the United States. In addition, in determining the amount of Section 871(m) Withholding imposed on any payments on the Certificates, the Issuer shall be entitled to withhold on any “dividend equivalent” (as defined for purposes of Section 871(m) of the US Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

With respect to Specified Warrants that provide for net dividend reinvestment in respect of either an underlying U.S. security (i.e. a security that pays U.S. source dividends) or an index that includes U.S. securities, all payments on Certificates that reference such U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer or the Guarantor will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer or the Guarantor will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

For the purpose of this Condition:

“**Section 871(m) Regulations**” means the U.S. Treasury regulations issued under Section 871(m) of the Code.

“**Specified Warrants**” means, subject to special rules from 2017 through 2026 set out in Notice 2024-44 (the **Notice**), Warrants issued on or after 1 January 2017 that substantially replicate the economic performance of one or more U.S. underlying equities as determined by the Issuer on the date for such Warrants as of which the expected delta of the product is determined by the Issuer, based on tests set out in the applicable Section 871(m) Regulations, such that the Warrants are subject to withholding under the Section 871(m) Regulations.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days’ notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or

judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

- (a) **Delisting.** If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) **Issuer's Determination.** The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"Regulatory Event" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Societe Generale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **"Relevant Affiliates"** and each of the Issuer, Societe Generale and the Relevant Affiliates, a **"Relevant Entity"**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations

under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Societe Generale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"Change in law" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(e) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"Holding Limit Event" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for Hedging Disruption.* If the Issuer or any of its affiliates is, following commercially reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any Hedge Positions (as defined below) or (ii) to freely realize, recover, receive, repatriate, remit, regain or transfer the proceeds of any Hedge Position (where either (i) or (ii) shall constitute a "**Hedging Disruption**"), the Issuer may terminate the Certificates early in accordance with Condition 13(e) provided that the intrinsic value on the previous trading day of the relevant Certificate is at or above the Issue Price. The Issuer's decision on whether a Hedging Disruption has occurred is final and conclusive. For the avoidance of doubt, Hedging Disruptions shall include the scenario where any Hedge Position cannot be maintained up to the amount necessary to cover all of the Issuer's obligations under the Certificates.

For the purposes hereof, "**Hedge Positions**" means any one or more commercially reasonable (i) positions (including long or short positions) or contracts in, or relating to, securities, options, futures, other derivatives contracts or foreign exchange, (ii) stock loan or borrowing transactions or (iii) other instruments, contracts, transactions or arrangements (howsoever described) that the Issuer or any of its affiliates determines necessary to hedge, individually or on a portfolio basis, any risk (including, without limitation, market risk, price risk, foreign exchange risk and interest rate risk) in relation to the assumption and fulfilment of the Issuer's obligations under the Certificates.

- (d) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(e) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (e) *Termination.* If the Issuer terminates the Certificates early, the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The determination of the fair market value may deviate from the determination of the Cash Settlement Amount under different scenarios, including but not limited to, where (i) the Daily Reset (as defined in the relevant Supplemental Listing Document) mechanism is suspended and/or (ii) the Final Reference Level is determined based on the closing price of the Underlying Stock on multiple Underlying Stock Business Days or Exchange Business Days, as the case may be. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	GigaDevice Semiconductor Inc.
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	5,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 12 June 2026 (the “ Master Instrument ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ Master Warrant Agent Agreement ”) and made between the Issuer, the Guarantor and the Warrant Agent (as amended and/or supplemented from time to time).
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 29 September 2026.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 4 Shenton Way #02-01 SGX Centre 2 Singapore 068807
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
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Daily Fees	=	Daily Management Fee Adjustment
		$1 - \text{Management Fee} \times \text{ACT} (t-1;t) / 360$
		x
		Daily Gap Premium Adjustment
		$1 - \text{Gap Premium} (t-1) \times \text{ACT} (t-1;t) / 360$

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	$t'=0$	x	$t=1$	x	$t=2$	x ...	$t=i$
		Notional Amount		Leverage Strategy daily performance ⁸ x Daily Fees		Leverage Strategy daily performance x Daily Fees		Leverage Strategy Daily performance x Daily Fees

Value of Certificates	=	$t=0$	x	Product of the daily Leverage Strategy Performance	x	Product of the Daily Fees (Hedging Fee Factor)
		Notional Amount		Leverage Strategy daily performance x Leverage Strategy daily performance		Daily Fees x Daily Fees

Final Value of Certificates	=	$t=0$	x	$\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}}$	x	Hedging Fee Factor
		Notional Amount				

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

⁷ "t" refers to "Observation Date" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

⁸ Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary H shares of GigaDevice Semiconductor Inc. traded in HKD
Expected Listing Date:	03/07/2018
Expiry Date:	18/07/2018
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	2.00 SGD
Notional Amount per Certificate:	2.00 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	27.00%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 27.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9250\% \approx 99.9239\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF (2)} = 99.9239\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 27.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9239\% \times 99.9967\% \times 99.7750\% \approx 99.6957\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n - 1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t - 1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t - 1; t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 98.8641% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9239%
5/7/2018	99.8478%
6/7/2018	99.7718%
9/7/2018	99.5440%
10/7/2018	99.4683%
11/7/2018	99.3926%
12/7/2018	99.3169%
13/7/2018	99.2413%
16/7/2018	99.0147%
17/7/2018	98.9394%
18/7/2018	98.8641%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 98.8641\% \\ &= 118.64\% \end{aligned}$$

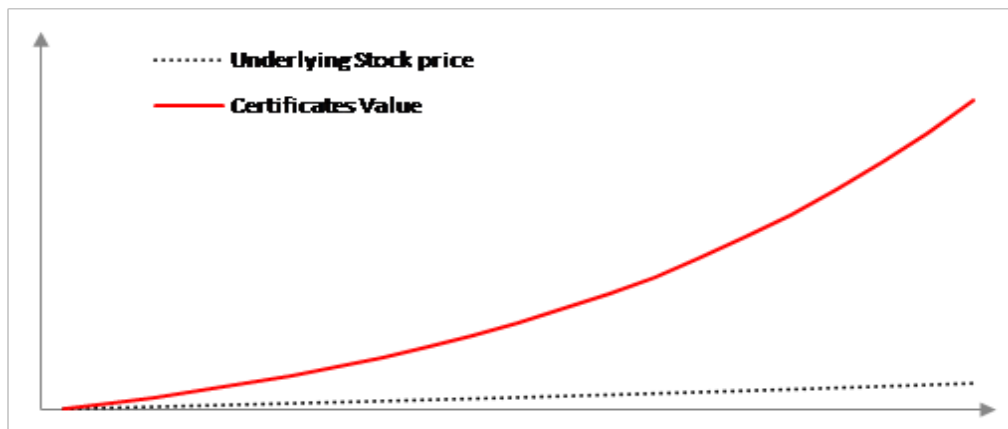
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 118.64\% \times 2.00 \text{ SGD} \\ &= \mathbf{2.373 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

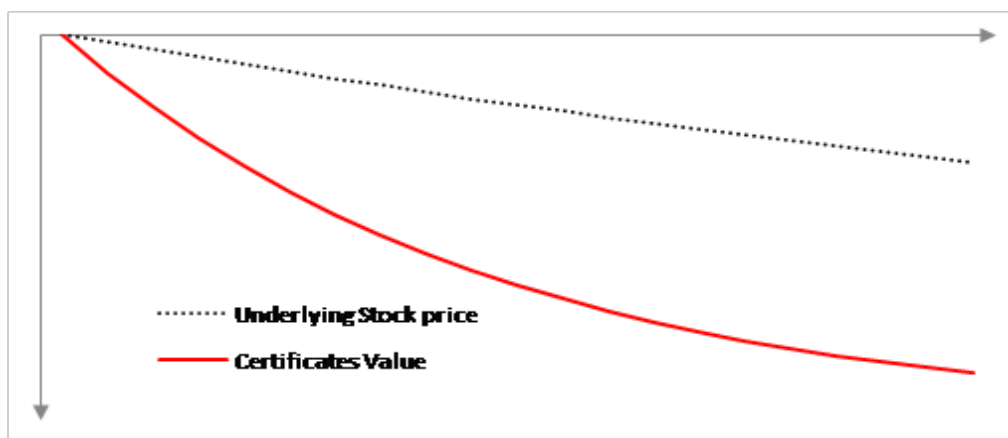
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

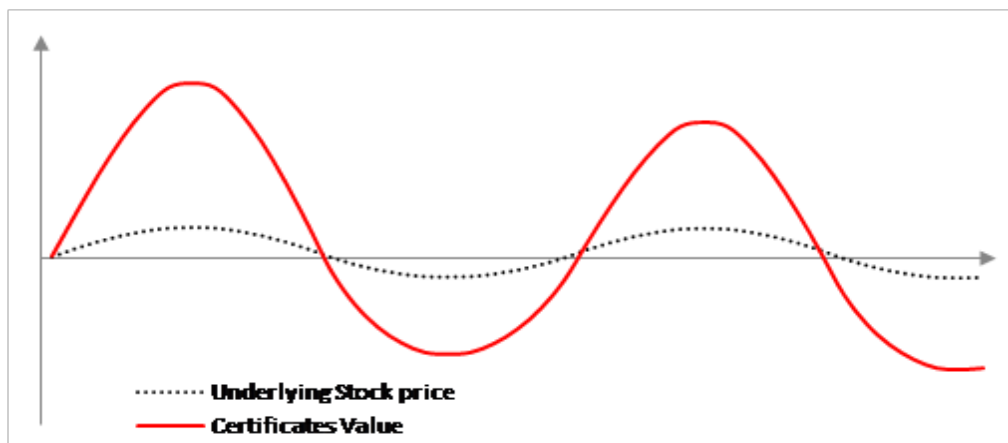
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		6.0%	6.0%	6.0%	6.0%	6.0%
Price at end of day	2.00	2.12	2.25	2.38	2.52	2.68
Accumulated Return		6.00%	12.36%	19.10%	26.25%	33.82%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-6.0%	-6.0%	-6.0%	-6.0%	-6.0%
Price at end of day	2.00	1.88	1.77	1.66	1.56	1.47
Accumulated Return		-6.00%	-11.64%	-16.94%	-21.93%	-26.61%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		6.0%	-6.0%	6.0%	-6.0%	6.0%
Price at end of day	2.00	2.12	1.99	2.11	1.99	2.10
Accumulated Return		6.00%	-0.36%	5.62%	-0.72%	5.24%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, this is followed by a period which is divided into two sub-periods:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is less than 15 minutes of continuous trading until Market Close when the Air Bag Mechanism is triggered; and
- Reset Period: the Leverage Strategy is then reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

During the Observation Period and Reset Period, trading of Certificates is suspended for a period of at least 30 minutes of continuous trading after the Air Bag is triggered, and such suspension will be based on instructions provided by the Issuer to the SGX-ST for suspension of trading. Investors cannot sell or purchase any Certificates during this period.

For the avoidance of doubt, if the Air Bag Mechanism was triggered more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes or less of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

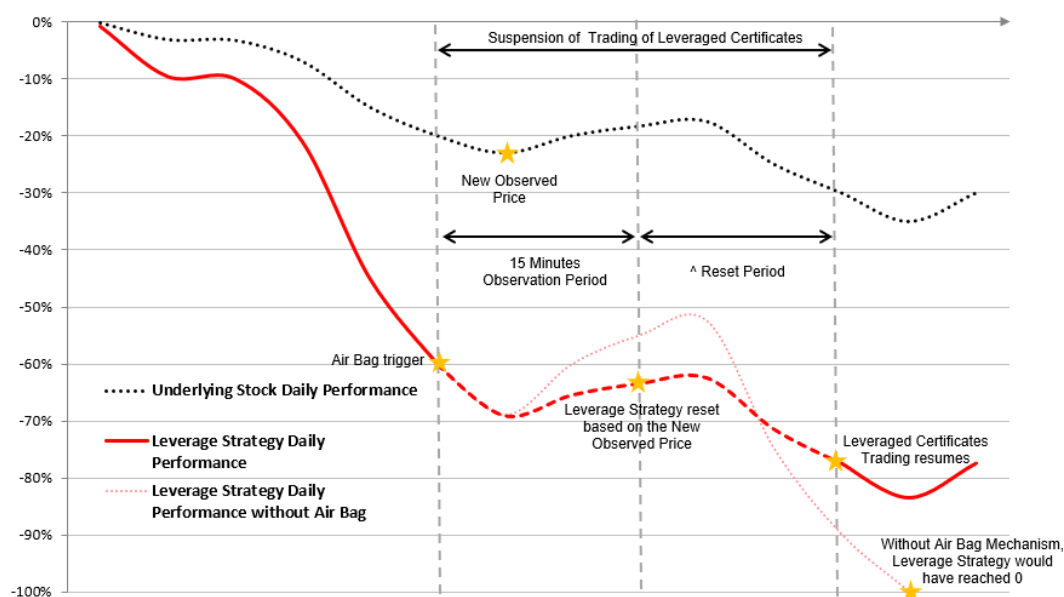
The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour. The Issuer will provide at least 15 minutes' notice of the resumption of trading by making an SGXNET announcement.

With **Market Close** defined as:

- the Underlying Stock closing time, including the closing auction session, with respect to the Observation Period; and
- the sooner of (i) the Underlying Stock closing time for continuous trading and (ii) the SGX-ST closing time, with respect to the Resumption of Trading

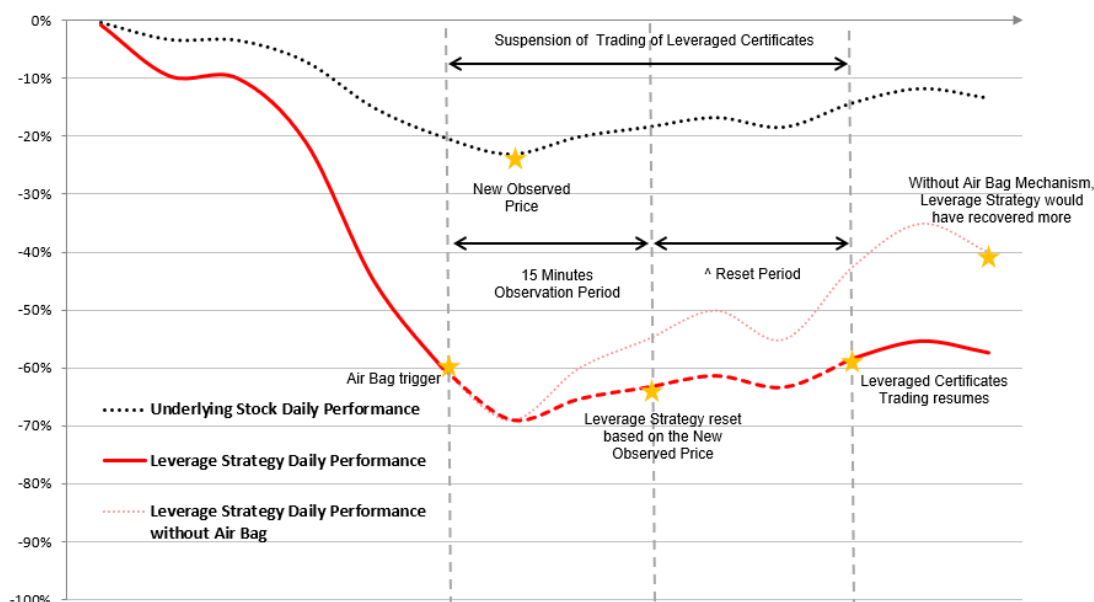
Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Downward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

Scenario 2 – Upward Trend after Air Bag trigger



^ The resumption of trading is subject to the SGX-ST's requirements of at least 15 minutes after the SGX-ST approves the request from the Issuer to resume trading on the Certificates, rounded to the next quarter of an hour.

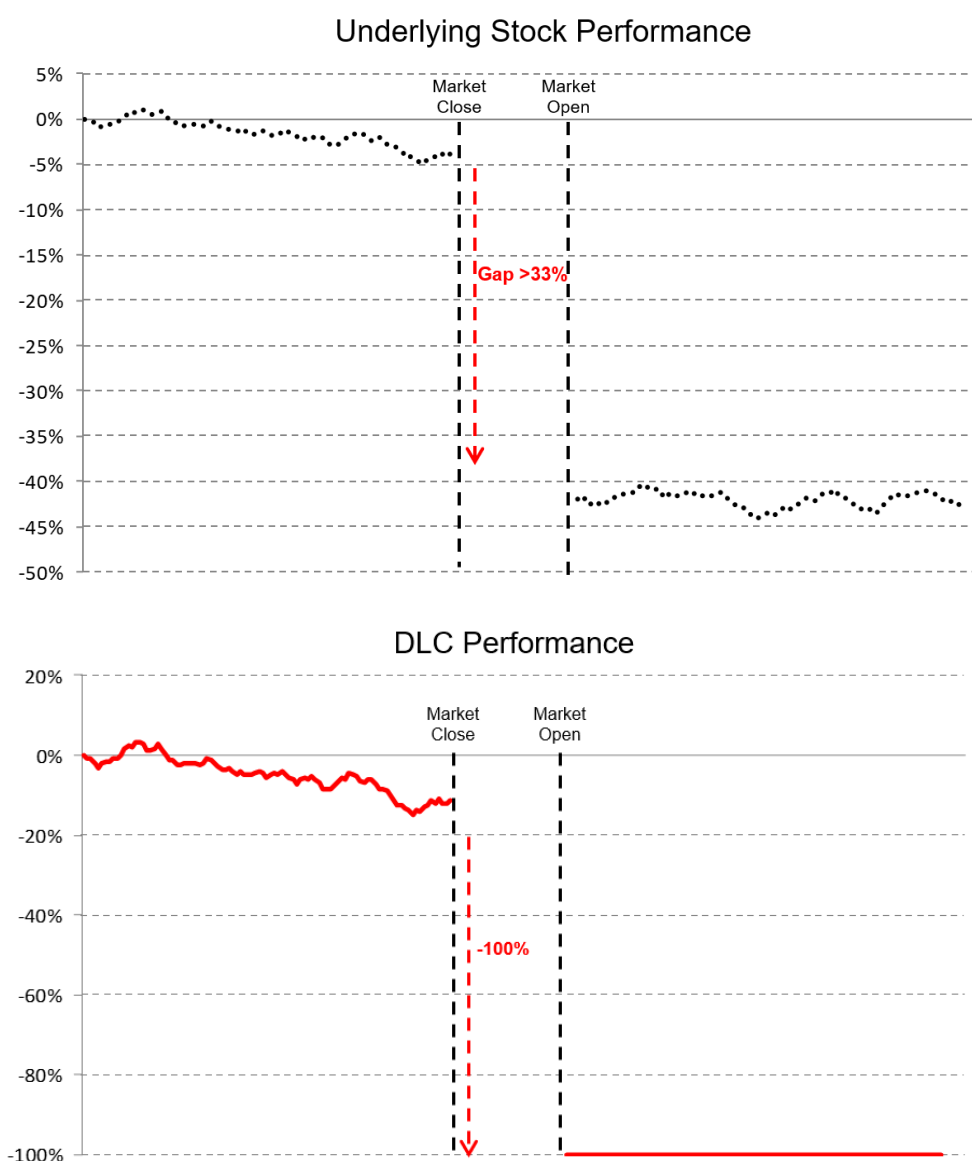
⁹ The illustrative examples are not exhaustive.

Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

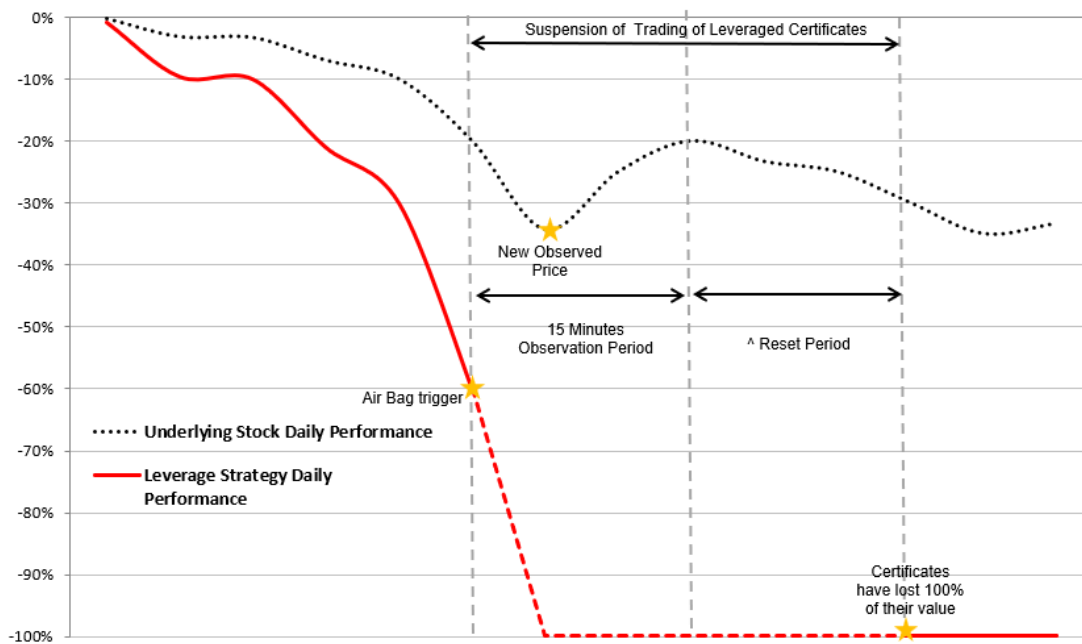
Scenario 1 – Overnight fall of the Underlying Stock

On any Underlying Stock Business Day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous trading day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is approximately 33% or more below the previous trading day closing price, the Air Bag Mechanism would only be triggered when the market opens (including pre-opening session or opening auction, as the case may be) the following trading day, and the Certificates would lose their entire value in such event.



Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by approximately 33% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula:

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{S_{t-1}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag Mechanism would not be triggered if the stock price falls by 20% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 3 \times \left(\frac{51}{100 \times 50\%} - 1 \right) = 6\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
2.00	2.12	6%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$40.0, which is 20% below \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{t-1} = \$100$$

$$S_t = \$202$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 3 \times \left(\frac{202}{100 \times 200\%} - 1 \right) = 3\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
2.00	2.06	3%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$160, which is 20% below \$200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 3 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 15\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
2.00	2.30	15%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$64, which is 20% below \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{t-1} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 3 \times \left(\frac{85}{100 \times 83.33\%} - 1 \right) = 6\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
2.00	2.12	6%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$66.66, which is 20% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 3 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 15\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
2.00	2.30	15%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$64, which is 20% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <https://ir.gigadevice.com.cn/?lang=en>. The Issuer has not independently verified any of such information.

GigaDevice Semiconductor Inc. (the “**Company**”) is a China-based company primarily engaged in the design, research and development of integrated circuit (IC). The Company’s products include non-volatile semiconductor memory chip (Flash), niche dynamic random access memory (DRAM), micro control unit(s) (MCU), analog chips, sensor chips and other wide ranges of chips. The Company’s products are mainly used in consumer electronics, automobiles, industrial applications (such as industrial automation, energy storage and battery management), personal computer (PC) and servers, Internet of Things (IoT), network communications and other fields. The Company conducts its business in the domestic and overseas markets.

The information set out in the Appendix to this document relates to the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2026 and has been extracted and reproduced from an announcement by the Company dated 18 August 2026 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Societe Generale has been appointed the designated market maker (“DMM”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide bid quotations. The DMM may provide intermittent offer quotations when it has inventory of the Certificates;
- (x) if the stock market experiences exceptional price movement and volatility;

- (xi) when it is a public holiday in Singapore and/or Hong Kong and the SGX-ST and/or the HKEX are not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

On 23 September 2026, the share capital of Societe Generale changed to EUR 924,080,290.00, divided into 739,264,232 shares with a nominal value of EUR 1.25 each.

For the Guarantor's unaudited consolidated financial results for the 6-month period ending 30 June 2026, please refer to the weblink at <https://www.societegenerale.com/sites/default/files/resultats-publication/en/2026-07/q2-2026-financial-statements-en.pdf>.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with the information set out in the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2025 or the Guarantor since 30 June 2026, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
 - (a) the Guarantee;
 - (b) the Master Instrument; and
 - (c) the Master Warrant Agent Agreement.

None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Societe Generale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Societe Generale at the above address for the attention of Societe Generale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Societe Generale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
 - (b) the latest financial reports (including the notes thereto) of the Issuer;
 - (c) the latest financial reports (including the notes thereto) of the Guarantor;
 - (d) the Base Listing Document (which can also be viewed at: <https://www.sgx.com/securities/prospectus-circulars-offer-documents>);
 - (e) this document; and
 - (f) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is either one (or both) of the following:
 - (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or
 - (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to buy or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Certificates, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or other redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person), or (iv) a U.S. Person for purposes of the final rules implementing the credit risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended.

APPENDIX

REPRODUCTION OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026 OF GIGADEVICE SEMICONDUCTOR INC. AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2026 and has been extracted and reproduced from an announcement by the Company dated 18 August 2026 in relation to the same.

I. REVIEW REPORT

KPMG Huazhen Zhuan Zi No.2604204

To the Shareholders of GigaDevice Semiconductor Inc.:

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

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

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

KPMG Huazhen LLP

Chinese Certified Public Accountant:

Liu Jingyuan

Beijing, PRC

Zhao Donghui

18 August 2026

FINANCIAL REPORT

II. FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET

30 June 2026 Unit: Yuan Currency: RMB

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

Person in charge
of the Company:
He Wei

Person in charge
of accounting affairs:
Sun Guijing

Person in charge
of the accounting department:
Sun Guijing

COMPANY BALANCE SHEET

30 June 2026 Unit: Yuan Currency: RMB

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

Person in charge
of the Company:
He Wei

Person in charge
of accounting affairs:
Sun Guijing

Person in charge
of the accounting department:
Sun Guijing

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

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

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

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

*Person in charge
of the Company:*

He Wei

*Person in charge
of accounting affairs:*

Sun Guijing

*Person in charge
of the accounting department:*

Sun Guijing

COMPANY INCOME STATEMENT

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

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

Person in charge
of the Company:
He Wei

Person in charge
of accounting affairs:
Sun Guijing

Person in charge
of the accounting department:
Sun Guijing

FINANCIAL REPORT

CONSOLIDATED CASH FLOW STATEMENT

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

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

*Person in charge
of the Company:*
He Wei

*Person in charge
of accounting affairs:*
Sun Guijing

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

COMPANY CASH FLOW STATEMENT

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

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

FINANCIAL REPORT

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

Person in charge
of the Company:
He Wei

Person in charge
of accounting affairs:
Sun Guijing

Person in charge
of the accounting department:
Sun Guijing

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

First half of 2026

Equity attributable to the owners of the parent company																				
Items	Other equity instruments					Paid-up capital (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Others	Subtotal	Minority interests	Total owners' equity
I. Closing balance of previous year						667,846,351.00	-	-	-	8,867,475,986.59	46,530,000.07	777,709,963.95	-	333,924,675.50	-	8,407,152,153.02	-	19,007,782,130.79	215,054,511.26	19,222,836,642.15
Adj. Changes in accounting policy						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-period error correction						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year						667,846,351.00	-	-	-	8,867,475,986.59	46,530,000.07	777,709,963.95	-	333,924,675.50	-	8,407,152,153.02	-	19,007,782,130.79	215,054,511.26	19,222,836,642.15
III. Amount of increase/decrease/change in the current period (decrease indicated by "-")						33,900,246.00	-	-	-	4,931,150,302.17	-45,913,635.42	6,913,616,179.44	-	-	-	6,351,040,026.41	-	18,275,620,591.44	44,871,364.91	18,320,494,956.35
(I) Total comprehensive income						-	-	-	-	-	-	6,933,244,865.42	-	-	-	6,666,786,413.68	-	13,790,030,779.10	28,212,484.57	13,818,243,263.67
(II) Contribution and reduction of capital by owners						33,900,246.00	-	-	-	4,931,150,302.17	-45,913,635.42	-	-	-	-	-	-	5,010,964,385.59	16,661,880.34	5,027,626,265.93
1. Ordinary shares contributed by owners						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments						33,900,246.00	-	-	-	4,797,466,265.96	-	-	-	-	-	-	-	4,831,367,073.96	13,887,610.55	4,845,264,684.51
3. Amount of share-based payments included in owners' equity						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Other						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution						-	-	-	-	133,683,676.21	-	-	-	-	-	-	-	133,683,676.21	2,764,269.79	136,447,946.00
1. Withdrawal of surplus reserve						-	-	-	-	-45,913,635.42	-	-	-	-	-	-	-	45,913,635.42	-	45,913,635.42
2. Withdrawal of general risk reserve						-	-	-	-	-	-	-	-	-	-	-	-	-525,374,573.25	-	-525,374,573.25
3. Distribution to owners (or shareholders)						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Other						-	-	-	-	-	-	-	-	-	-	-	-	-525,374,573.25	-	-525,374,573.25
(IV) Internal transfer of owners' equity						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserves to increase capital (or share capital)						-	-	-	-	-	-	-19,628,165.98	-	-	-	19,628,165.98	-	-	-	-
2. Conversion of surplus reserves to increase capital (or share capital)						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Making up of losses by surplus reserves						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Carry-forward of retained earnings from changes in defined benefit plans						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of retained earnings from other comprehensive income						-	-	-	-	-	-	-19,628,165.98	-	-	-	19,628,165.98	-	-	-	-
6. Others						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current withdrawal						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Current use						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others						-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period						701,746,596.00	-	-	-	13,798,626,488.56	416,373.65	7,691,266,143.39	-	333,924,675.50	-	14,785,192,179.43	-	37,283,402,722.23	258,928,676.27	37,543,331,598.50

FINANCIAL REPORT

First half of 2025

Owners' equity attributable to the parent company															
Items	Other equity instruments						Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings	Others	Subtotal	Minority interests	Total owners' equity
	Paid-in capital (or share capital)	Preference shares	Peperual bonds	Others	Capital reserve	Less: Treasury shares									
I. Closing balance of previous year	66,412,105.00	-	-	-	8,321,828,404.11	244,847,680.59	627,251,556.21	-	333,733,551.00	-	6,796,411,913.24	-	16,498,507,838.97	180,272,055.07	16,678,779,894.04
Adj: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-period error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	66,412,105.00	-	-	-	8,321,828,404.11	244,847,680.59	627,251,556.21	-	333,733,551.00	-	6,796,411,913.24	-	16,498,507,838.97	180,272,055.07	16,678,779,894.04
III. Amount of increase/decrease for the current period (decrease indicated by "-")	-64,915.00	-	-	-	83,765,614.57	-167,806,137.18	47,063,467.70	-	-	-	442,880,405.37	-	741,330,710.82	15,075,616.36	756,466,327.18
(I) Total comprehensive income	-	-	-	-	-	-	140,043,386.05	-	-	-	575,475,605.82	-	715,518,971.87	12,389,156.43	727,878,128.30
(II) Contribution and reduction of capital by owners	-64,915.00	-	-	-	83,765,614.57	-167,806,137.18	-	-	-	-	-	-	251,446,838.75	2,716,459.93	254,163,296.68
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount included in owners' equity in share payment	-	-	-	-	84,925,400.29	-	-	-	-	-	-	-	84,925,430.29	2,716,459.93	87,641,880.22
4. Others	-64,915.00	-	-	-	-12,918,157.2	-167,806,137.18	-	-	-	-	-	-	166,521,406.46	-	166,521,406.46
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-225,575,097.80	-	-225,575,097.80	-	-225,575,097.80
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Withdrawal of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-225,575,097.80	-	-225,575,097.80	-	-225,575,097.80
(IV) Internal carry-forward of owners' equity	-	-	-	-	-	-	-92,979,888.35	-	-	-	92,979,888.35	-	-	-	-
1. Conversion of capital reserves to increase capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Conversion of surplus reserves to increase capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Making up of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Carry-forward of retained earnings from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of retained earnings from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-92,979,888.35	-	-	-	92,979,888.35	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Current withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Current use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	66,405,190.00	-	-	-	8,405,534,018.68	77,041,533.41	674,321,023.91	-	333,733,551.00	-	7,239,292,319.61	-	17,239,895,549.79	185,347,671.43	17,425,243,221.22

Person in charge
of the Company:
He Wei

Person in charge
of accounting affairs:
Sun Guijing

Person in charge
of the accounting department:
Sun Guijing

COMPANY STATEMENT OF CHANGES IN EQUITY

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

First half of 2026

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

FINANCIAL REPORT

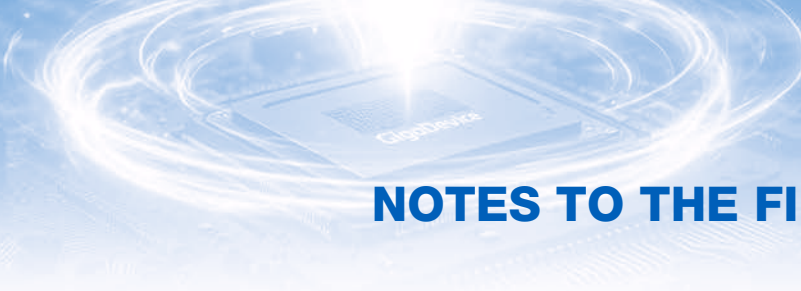
First half of 2025

Items	Paid-up capital (or share capital)	Other equity instruments				Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preferences shares	Perpetual bonds	Others	Capital reserve						
I. Opening balance of previous year	661,124,105.00	-	-	-	8,275,307,901.56	244,847,690.59	449,960,374.11	-	333,733,551.00	5,153,287,861.00	14,632,566,102.08
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Prior-period error correction	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	661,124,105.00	-	-	-	8,275,307,901.56	244,847,690.59	449,960,374.11	-	333,733,551.00	5,153,287,861.00	14,632,566,102.08
III. Amount of increase/decrease for the current period (decrease indicated by "-")	-649,15.00	-	-	-	67,363,666.60	-167,806,137.18	90,515,369.69	-	-	-16,556,644.59	330,066,613.88
(I) Total comprehensive income	-	-	-	-	-	-	92,667,669.70	-	-	206,863,953.20	299,531,622.90
(II) Contribution and reduction of capital by owners	-649,15.00	-	-	-	67,363,666.60	-167,806,137.18	-	-	-	-	235,110,888.78
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. Amount included in owners' equity in share payment	-	-	-	-	81,945,899.87	-	-	-	-	-	81,945,899.87
4. Others	-649,15.00	-	-	-	-44,577,023.27	-167,806,137.18	-	-	-	-	153,104,199.91
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-225,575,097.80	-225,575,097.80
3. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-forward of owners' equity	-	-	-	-	-	-	-2,152,500.01	-	-	-225,575,097.80	-225,575,097.80
1. Conversion of capital reserves to increase capital (or share capital)	-	-	-	-	-	-	-	-	-	2,152,500.01	-
2. Conversion of surplus reserves to increase capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
3. Making up of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-
4. Carry-forward of retained earnings from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-
5. Carry-forward of retained earnings from other comprehensive income	-	-	-	-	-	-	-2,152,500.01	-	-	2,152,500.01	-
6. Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. Current withdrawal	-	-	-	-	-	-	-	-	-	-	-
2. Current use	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	661,059,190.00	-	-	-	8,343,676,788.16	77,041,553.41	540,475,743.80	-	333,733,551.00	5,136,729,216.41	14,941,632,915.96

Person in charge
of the Company:
He Wei

Person in charge
of accounting affairs:
Sun Guijing

Person in charge
of the accounting department:
Sun Guijing



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

III. BASIC INFORMATION OF THE COMPANY

1. Corporate Profile

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

III. BASIC INFORMATION OF THE COMPANY (Continued)

1. Corporate Profile (Continued)

(2) Business nature and principal activities of the Company

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

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

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

IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

1. Basis of Preparation

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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

1. Basis of Preparation (Continued)

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

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

2. Going Concern

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates indication:

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

1. Statement of Compliance with Accounting Standards for Business Enterprises

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

2. Accounting Period

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

3. Operating Cycle

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

4. Functional Currency

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

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

5. Method for Determining Materiality Criteria and Basis for Selection

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(1) *Business combinations under common control*

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) *Business combinations not under common control*

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(3) Determination of whether a combination constitutes a business

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

1) Elements constituting a business

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

2) *Conditions for determining what constitutes a business*

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

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

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

(1) *Criteria for determining control*

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(2) *Method of preparing consolidated financial statements*

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

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

9. Recognition Criteria of Cash and Cash Equivalents

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(1) Methods for translation of foreign currency transactions

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(3) Methods for translation of foreign currency financial statements

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

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

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

11. Financial Instruments

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

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

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

11.1 Classification, recognition and measurement of financial assets

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

11.1.1 Financial assets classified as measured at amortized cost

A financial asset is classified as a financial asset measured at amortized cost if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the Company's business model for managing the financial asset is achieved by collecting contractual cash flows.

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

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

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

A financial asset is classified as a financial asset measured at fair value through other comprehensive income if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the Company's business model for managing the financial asset is achieved by both collecting contractual cash flows and selling the financial asset.

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

11.1.3 Financial assets designated at fair value through other comprehensive income

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

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

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

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

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

11.2 *Transfer of financial assets*

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.2 *Transfer of financial assets (Continued)*

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

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

11.3 *Financial liabilities*

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.3 *Financial liabilities (Continued)*

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

11.4 *Equity instruments*

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.5 Classification and measurement of financial liabilities

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

11.5.1 Financial liabilities measured at fair value through profit or loss

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

11.5.2 Financial guarantee contract liabilities

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

11.5.3 Financial liabilities measured at amortized cost

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.6 Derecognition of financial liabilities

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

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

11.7 Derivatives and embedded derivatives

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.7 *Derivatives and embedded derivatives (Continued)*

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

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

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

11.8 *Offsetting of financial assets and financial liabilities*

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.9 Reclassification of financial instruments

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.9 Reclassification of financial instruments (Continued)

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

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

11.10 Determination of fair value of financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets

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

(1) Method for recognition of impairment provision

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets (Continued)

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

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets (Continued)

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

1 Bills receivables

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

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

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

2 Accounts receivables and contract assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets (Continued)

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

2 Accounts receivables and contract assets (Continued)

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets (Continued)

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

2 Accounts receivables and contract assets (Continued)

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

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

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

Significant financial difficulty of the issuer or the debtor;

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial Instruments (Continued)

11.11 Impairment of financial assets (Continued)

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

3 Other receivables

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Bills Receivables

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

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

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

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

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

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

13. Accounts Receivables

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Other Receivables

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

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

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

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

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

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

15. Inventories

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

(1) *Classification of inventories*

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Inventories (Continued)

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

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

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

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

Determination criteria and provision method for inventory write-downs

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

(1) *Determination of investment cost*

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

(2) Subsequent measurement and recognition of profit or loss

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

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

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

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

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

3 *Acquisition of minority shareholders' equity*

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

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

4 *Disposal of long-term equity investments*

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Long-term Equity Investments (Continued)

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

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

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

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

17. Fixed Assets

(1) *Recognition criteria*

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Fixed Assets (Continued)

(1) Recognition criteria (Continued)

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

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

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

(2) Depreciation method

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

17. Fixed Assets (Continued)

(2) Depreciation method (Continued)

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

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

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

18. Construction in Progress

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

19. Borrowing Costs

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible Assets

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible Assets (Continued)

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

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible Assets (Continued)

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Intangible Assets (Continued)

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

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

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

21. Impairment of Long-term Assets

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Impairment of Long-term Assets (Continued)

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

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

22. Long-term Prepaid Expenses

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

23. Contract Liabilities

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee Benefits

(1) Accounting treatment method of short-term benefits

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

(2) Accounting treatment method of post-employment benefits

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

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

(3) Accounting treatment method of termination benefits

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Employee Benefits (Continued)

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

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

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

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

25. Provisions

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Provisions (Continued)

(1) *Onerous contracts*

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

(2) *Restructuring obligations*

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

26. Share-based Payments

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

1 *Equity-settled share-based payments*

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Share-based Payments (Continued)

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

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

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

2 *Cash-settled share-based payments*

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Share-based Payments (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Share-based Payments (Continued)

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

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Revenue

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Revenue (Continued)

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Contract Costs

(1) Costs of obtaining the contract

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

(2) Costs to fulfill a contract

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Contract Costs (Continued)

(2) Costs to fulfill a contract (Continued)

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

29. Government Grants

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Government Grants (Continued)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Government Grants (Continued)

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

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

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) *Current income tax*

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount of income tax expected to be paid (or refunded) as calculated in accordance with tax laws. The taxable profit on which the current income tax expense is based is calculated by making corresponding adjustments to the profit before tax for the current year in accordance with the relevant tax laws and regulations.

(2) *Deferred income tax assets and deferred income tax liabilities*

Temporary differences arising from the difference between the carrying amount of certain assets and liabilities and their tax bases, and the difference between the carrying amount and tax bases of items not recognized as assets and liabilities but whose tax bases can be determined according to tax law, are recognized as deferred income tax assets and deferred income tax liabilities using the balance sheet liability method.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(2) Deferred tax assets and deferred tax liabilities (Continued)

A deferred tax liability shall not be recognized for taxable temporary differences arising from the initial recognition of goodwill, or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (or deductible losses). In addition, for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax liability shall not be recognized if the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Except for the exceptions mentioned above, the Company recognizes deferred tax liabilities arising from all other taxable temporary differences.

A deferred tax asset shall not be recognized for deductible temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (or deductible losses). In addition, for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax asset shall not be recognized if it is not probable that the temporary difference will reverse in the foreseeable future or that future taxable profits will be available against which the deductible temporary difference can be utilized. Except for the exceptions mentioned above, the Company recognizes deferred tax assets arising from other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For deductible losses and tax credits that can be carried forward to future years, a corresponding deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible losses and tax credits can be utilized.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(2) *Deferred tax assets and deferred tax liabilities (Continued)*

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related asset is realized or the liability is settled, based on tax laws.

At the balance sheet date, the carrying amount of a deferred tax asset is reviewed. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset shall be reduced. When it is probable that sufficient taxable profit will be available, the reduced amount shall be reversed.

(3) *Income tax expense*

The income tax expense includes current income tax and deferred tax.

Except for current and deferred tax related to transactions and events recognized in other comprehensive income or directly in shareholders' equity, which are included in other comprehensive income or shareholders' equity, and deferred tax arising from a business combination that adjusts the carrying amount of goodwill, all other current and deferred tax expense or income are included in profit or loss for the current period.

(4) *Income tax offsetting*

Current income tax assets and current income tax liabilities of the Company are presented on a net basis when there is a legal right to set off the recognized amounts and an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

When there is a legal right to set off current income tax assets against current income tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same tax authority on the same taxable entity, or relate to different taxable entities, provided that in each future period when significant deferred income tax assets and liabilities are reversed, the taxable entities involved intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, the Company's deferred tax assets and deferred tax liabilities are presented on a net basis.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Leases

Judgment basis and accounting treatment of short-term leases and low-value asset leases as a simplified treatment for lessees

The Company's leased assets mainly comprise property leases and others (IDC cabinet leases).

At the lease commencement date, the Company recognizes right-of-use assets and lease liability for leases other than short-term leases and low-value asset leases, and separately recognizes depreciation expense and interest expense over the lease term.

The Company uses the straight-line method for each period of the lease term, and lease payments for short-term leases and low-value asset leases are included in current expenses.

1 Right-of-use assets

A right-of-use asset is the right of a lessee to use a leased asset during the lease term. At the lease commencement date, right-of-use assets are initially measured at cost. The cost includes: 1. the initial measurement amount of the lease liability; 2. lease payments made on or before the commencement date of the lease, less any lease incentives received (if any); 3. initial direct costs incurred by the lessee; 4. estimated costs to be incurred by the lessee in dismantling and removing the leased asset, restoring the site on which it is located, or restoring the leased asset to the condition required by the terms and conditions of the lease.

Depreciation of the Company's right-of-use assets is calculated by category using the straight-line method. If it reasonably determines that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the estimated remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the lease term or the remaining useful life of the leased asset, whichever is shorter.

The Company determines whether a right-of-use asset is impaired and performs the accounting treatment in accordance with the relevant provisions of "Accounting Standard for Business Enterprises No. 8 – Impairment of Assets".



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Leases (Continued)

Judgment basis and accounting treatment of short-term leases and low-value asset leases as a simplified treatment for lessees (Continued)

2 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of a lease. Lease payments include: 1. fixed payments (including in-substance fixed payments), less any lease incentives receivable (if there is a lease incentive); 2. variable lease payments that depend on an index or a rate; 3. amounts expected to be paid based on the residual value of the guarantee provided by the lessee; 4. the exercise price of a purchase option, provided that the lessee reasonably determines that it will exercise the option; 5. the amount payable upon exercise of a lease termination option, provided that the lease term reflects that the lessee will exercise the lease termination option;

The Company uses the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease cannot be readily determined, the Company's incremental borrowing rate is used as the discount rate. The Company calculates the interest expense on the lease liability for each period of the lease term using a fixed periodic interest rate and includes it in finance costs. The periodic interest rate is the discount rate used by the Company or a revised discount rate.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss for the current period when they actually arise.

When the Company's assessment of a renewal option, a lease termination option or a purchase option changes, the lease liability is remeasured at the present value calculated using the revised lease payments and the revised discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly. When there is a change in in-substance fixed lease payments, the amounts expected to be paid based on the residual value of the guarantee, or variable lease payments that depend on an index or a rate, the lease liability is remeasured at the present value of the revised lease payments, discounted using the original discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

V. MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

31. Leases (Continued)

Judgment basis and accounting treatment of short-term leases and low-value asset leases as a simplified treatment for lessees (Continued)

3 *Short-term leases and low-value asset leases*

For short-term leases (leases with a lease term of 12 months or less from the commencement date) and low-value asset leases (assets with a value of less than RMB40,000), the Company adopts a simplified approach, whereby no right-of-use assets or lease liabilities are recognized. Instead, lease payments are recognized as part of the cost of the relevant asset or in profit or loss for the current period on a straight-line basis or other systematic and reasonable methods in each period of the lease term.

Classification criteria and accounting method of leases as a lessor

1 *Operating lease*

The Company recognizes lease payments receivable from operating leases as rental income on a straight-line basis in each period of the lease term. Variable lease payments relating to an operating lease that are not included in the lease payments receivable shall be recognized in profit or loss for the current period when they actually incur.

2 *Financing lease*

At the lease commencement date, the Company recognizes financing lease receivables and derecognizes the financing lease assets. Financing lease receivables are initially measured at the net lease investment (the sum of the unsecured residual value and the present value of lease payments receivable not yet received at the lease commencement date, discounted at the interest rate implicit in the lease), and interest income during the lease term is recognized by calculating it at a fixed periodic interest rate. Variable lease payments received by the Company that are not included in the measurement of the net lease investment are recognized in profit or loss for the current period when they actually incur.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION

1. Main Tax Types and Tax Rates

Details of main tax types and tax rates

Tax types	Tax base	Tax rates
Value-added tax (VAT)	Output VAT shall be calculated on taxable revenue at the tax rate, and VAT shall be paid on the difference after deducting the input VAT allowed for deduction in the current period	6%, 9%, 13%
City maintenance and construction tax	Based on the actual turnover tax paid	5%, 7%
Corporate income tax	Based on taxable income	See explanatory notes below the table
Educational surcharge	Based on the actual turnover tax paid	3%
Local educational surcharge	Based on the actual turnover tax paid	2%
Property tax	Based on the taxable residual value of the property (70% of the original value of the property), the rental income from the property	1.2%, 12%
Stamp duty	Sales and purchase contracts, contracts for work, property lease contracts and other types of contracts subject to stamp duty, and capital account books	0.025%, 0.03%, 0.05%, 0.1%

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION (Continued)

1. Main Tax Types and Tax Rates (Continued)

Disclosure for taxpayers subject to different corporate income tax rates

Name of taxpayer	Income tax rate (%)
The Company	10.00
GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司)	10.00
Silead Inc. (上海思立微電子科技有限公司)	15.00
GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)	10.00
GigaDevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司)	15.00
Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司)	15.00
GigaDevice Semiconductor Germany GmbH	15.00
GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司)	16.50
SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司)	16.50
SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司)	16.50
GigaDevice Semiconductor Singapore PTE. LTD.	17.00
GigaDevice Technology (SG) PTE. LTD.	17.00
GigaDevice Semiconductor Europe Ltd.	25.00
CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD.	17.00
INNOLEAD SINGAPORE PTE. LTD.	17.00
GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD.	17.00
GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD.	17.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION (Continued)

1. Main Tax Types and Tax Rates (Continued)

Disclosure for taxpayers subject to different corporate income tax rates (Continued)

Name of taxpayer	Income tax rate (%)
Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司)	20.00
XCMEMORY (Xi'an) Co., Ltd. (西安芯存半導體有限公司)	25.00
XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司)	20.00
XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司)	20.00
XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司)	20.00
GigaDevice Semiconductor USA, Inc.	21.00
ギガデバイスジャパン株式会社	23.20
GigaDevice Venture Capital (深圳市外灘科技開發有限公司)	25.00
Gigadevice Semiconductor (shenzhen) Inc. (深圳市格易聚創集成電路有限公司)	25.00
Beijing Giga-Analog Zhiyuan Technology Development Co., Ltd. (北京圭璋致遠科技開發有限公司)	25.00
CreMemory Technology Co., Ltd. (北京青耘科技有限公司)	25.00
XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司)	15.00
Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技 有限公司)	10.00
Shanghai Sai Bang Micro-electronics Co., Limited (上海賽幫微電子有限公司)	25.00
Zhuhai Lingchuang Management Consulting Co., Ltd. (珠海領創管理 諮詢有限公司)	25.00



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION (Continued)

1. Main Tax Types and Tax Rates (Continued)

Disclosure for taxpayers subject to different corporate income tax rates (Continued)

The second-tier subsidiary GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司), the third-tier subsidiary SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司), and the third-tier subsidiary SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司) are the Company's three subsidiaries in Hong Kong. Declare and pay profits tax in accordance with the provisions of the Inland Revenue Ordinance of the Hong Kong Special Administrative Region. On March 29, 2018, the Hong Kong Special Administrative Region gazetted the Inland Revenue (Amendment) (No. 3) Ordinance 2018, which provides that, for corporations, for any year of assessment commencing on or after April 1, 2018, assessable profits not exceeding HK\$2,000,000.00 will be subject to a tax rate of 8.25%, and assessable profits exceeding HK\$2,000,000.00 will be subject to a tax rate of 16.5%.

The second-tier subsidiaries GigaDevice Semiconductor Singapore PTE. LTD. and GigaDevice Technology (SG) PTE. LTD., the third-tier subsidiaries INNOLEAD SINGAPORE PTE. LTD. and CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD., the fourth-tier subsidiary GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD., and the fifth-tier subsidiary GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD. are incorporated in Singapore, and their currently applicable income tax rate is 17%.

The third-tier subsidiary, GigaDevice Semiconductor Europe Ltd., is incorporated in the United Kingdom, with a tax rate of 25%.

The third-tier subsidiary, ギガデバイスジャパン株式会社, is incorporated in Japan, with a corporate tax rate of 23.2% and a local corporate tax rate of 3.5%.

The fourth-tier subsidiary, GigaDevice Semiconductor USA, Inc., is incorporated in the United States, and its currently applicable income tax rates are a federal tax rate of 21%, a California tax rate of 8.84% (minimum tax of US\$800), and a Texas tax rate of 0.75% (taxable threshold of US\$1,000).

The fourth-tier subsidiary, GigaDevice Semiconductor Germany GmbH, is incorporated in Germany, and its currently applicable income tax rate is 15%.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION (Continued)

2. Tax Preferences

(1) Corporate income tax

Pursuant to the Notice on Issues Concerning Preferential Corporate Income Tax Policies for Software and Integrated Circuit Industries (Cai Shui [2016] No. 49) (《關於軟件和集成電路產業企業所得稅優惠政策有關問題的通知》(財稅[2016]49號)) jointly issued by the MOF, the STA, the NDRC, and the MIIT on May 4, 2016, key integrated circuit design enterprises shall implement a filing system. The Company, GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司), GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司) and Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) meet all requirements for key integrated circuit design enterprises within the national planning and layout, and therefore, a corporate income tax rate of 10% will apply for 2026.

The subsidiaries, Gigadevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司) and Silead Inc. (上海思立微電子科技有限公司), and the sub-subsidiary, Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司), are high-tech enterprises. In accordance with relevant provisions such as the Enterprise Income Tax Law, they shall pay enterprise income tax at a rate of 15% for the year 2026.

Pursuant to the Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2023) (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》(財政部稅務總局公告2023年第12號)) issued by the MOF and the STA on August 2, 2023, Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司), XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司), XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司) and XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司), which are sub-subsidiaries of the Company, qualify as small profit enterprises under the Announcement for the year 2026. Their taxable income shall be calculated at a reduced rate of 25%, and they shall pay enterprise income tax at a tax rate of 20%.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION (Continued)

2. Tax Preferences (Continued)

(1) Corporate income tax (Continued)

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Additional Value-Added Tax Deduction Policy for Integrated Circuit Enterprises (Cai Shui [2023] No. 17) (《財政部稅務總局關於集成電路企業增值稅加計抵減政策的通知》(財稅[2023]17號)), from January 1, 2023 to December 31, 2027, integrated circuit design, production, packaging and testing, equipment, and material enterprises (hereinafter referred to as “**integrated circuit enterprises**”), including the Company’s subsidiaries Silead Inc. (上海思立微電子科技有限公司), GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司) and Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司), enjoy an additional deduction, 15%, of the input VAT that can be credited in the current period from the output VAT payable.

Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Enterprise Income Tax Preferential Policies in the Guangdong-Macao In-depth Cooperation Zone in Hengqin (Cai Shui [2022] No. 19) (《財政部稅務總局關於橫琴粵澳深度合作區企業所得稅優惠政策的通知》(財稅[2022]19號)), enterprises primarily engaged in industrial projects specified in the Catalog of Enterprise Income Tax Preferential Policies in the Guangdong-Macao In-depth Cooperation Zone in Hengqin (《橫琴粵澳深度合作區企業所得稅優惠目錄》), with their main business income accounting for more than 60% of their total income, and operating substantially in the Cooperation Zone, are subject to enterprise income tax at a reduced rate of 15%. Accordingly, the subsidiary, XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司), shall pay enterprise income tax at a rate of 15%.

The tax policy for subsidiaries GigaDevice Semiconductor Singapore PTE. LTD. and GigaDevice Technology (SG) PTE. LTD., and sub-subsidiaries INNOLEAD SINGAPORE PTE. LTD., CREMEMORY TECHNOLOGY SINGAPORE PTE LTD., GIGADEVICE INTERNATIONAL CORPORATION PTE LTD. and GIGADEVICE ELECTRONICS SINGAPORE PTE LTD. is as follows: a 75% reduction for taxable income up to SGD10,000, a 50% reduction for taxable income between S\$10,000 and S\$200,000, and no reduction for taxable income exceeding S\$200,000.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VI. TAXATION (Continued)

2. Tax Preferences (Continued)

(2) *Other tax preferences*

Pursuant to the provisions of the Announcement on Issues Concerning the Administration of Further Implementation of the Policy on Reduction and Exemption of “Six Taxes and Two Fees” for Small and Micro Enterprises 《關於進一步實施小微企業“六稅兩費”減免政策有關徵管問題的公告》(No. 3 of 2022, hereinafter referred to as the SAT Announcement No. 3), the Company’s sub-subsidiaries, Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司), XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司), XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司) and XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司), are entitled to a 50% reduction in resource tax, city maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupation tax, education surcharge and local education surcharge.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Bank Balances

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand	4,966.40	5,052.27
Bank deposits	16,863,374,397.09	9,057,694,940.14
Other cash and bank balances	101,219,009.67	128,569,990.20
Deposits with finance companies	—	—
Total	16,964,598,373.16	9,186,269,982.61
Including: Total amount deposited overseas	4,573,894,970.49	2,736,479,878.82

Other explanations

Other cash and bank balances include accrued interest on bank deposits of RMB56,061,293.42. In accordance with the requirements of the “Notice on the Revision and Publication of the 2019 General Corporate Financial Reporting Format” (Cai Kuai [2019] No. 6) issued by the Ministry of Finance, interest on financial instruments accrued using the effective interest method should be included in the carrying amount of the respective financial assets.

Balances with restricted ownership or use within other cash and bank balances totalled RMB42,840,290.56. For details, please refer to the explanation in Note VII. 21. Assets with Restricted Ownership or Right of Use.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Financial Assets Held for Trading

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance	Reasons and basis for determination
Financial assets measured at fair value through profit or loss	472,401,818.21	101,603,129.67	/
Including:			
Wealth management products	462,551,075.62	101,603,129.67	/
Equity instrument investments	9,850,742.59	–	/
Financial assets designated at fair value through profit or loss	–	–	/
Including:	–	–	/
Total	472,401,818.21	101,603,129.67	/

3. Bills Receivables

(1) Presentation of bills receivable by classification

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Bank acceptance bills	1,233,512.92	6,146,725.10
Commercial acceptance bills	–	–
Total	1,233,512.92	6,146,725.10

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Bills Receivables (Continued)

(2) *Bills receivable endorsed or discounted by the Company at the end of the period but not yet due at the balance sheet date*

Unit: Yuan Currency: RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	9,783,988.29	—
Commercial acceptance bills	—	—
Total	9,783,988.29	—

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

4. Accounts Receivable

(1) *Disclosure by aging*

Unit: Yuan Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	435,706,155.16	192,624,844.80
Including: within 3 months	435,373,124.00	192,488,405.05
4 to 12 months	333,031.16	136,439.75
Total	435,706,155.16	192,624,844.80

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(2) Disclosure by bad-debt provision method

Unit: Yuan Currency: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Book value	Amount	Proportion (%)	Amount	Proportion (%)	Book value
Provision for bad debts made on an individual basis	-	-	-	-	-	-	-	-	-	-
Including:										
Accounts receivable with individually insignificant amounts that are subject to individual bad debt provisions	-	-	-	-	-	-	-	-	-	-
Accounts receivable with individually significant amounts that are subject to individual bad debt provisions	-	-	-	-	-	-	-	-	-	-
Provision for bad debts made on a collective basis:	435,706,155.16	100	16,651.59	0.004	435,689,503.57	192,624,844.80	100	6,822.01	0.004	192,618,022.79
Including:										
The aging portfolio	435,706,155.16	100	16,651.59	0.004	435,689,503.57	192,624,844.80	100	6,822.01	0.004	192,618,022.79
Total	435,706,155.16	100	16,651.59	0.004	435,689,503.57	192,624,844.80	/	6,822.01	/	192,618,022.79



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(2) Disclosure by bad-debt provision method (Continued)

Provision for bad debts made on a collective basis:

Item made on a collective basis: The aging portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 3 months	435,373,124.00	–	0.00
3 to 12 months	333,031.16	16,651.59	5.00
Total	435,706,155.16	16,651.59	0.004

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(2) Disclosure by bad-debt provision method (Continued)

Basis of segregation and bad debt provisioning ratio by stages

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

(3) Status of provision for bad debts

Unit: Yuan Currency: RMB

Type	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Recovery or reversal	Carryforward or write-off	Other changes	
The aging portfolio	6,822.01	11,014.58	1,127.15	–	-57.85	16,651.59
Accounts receivable with individually insignificant amounts that are subject to individual bad debt provisions	–	–	–	–	–	–
Total	6,822.01	11,014.58	1,127.15	–	-57.85	16,651.59

Other explanations:

The aging of the Group’s accounts receivable is calculated based on the transaction date.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts Receivable (Continued)

(4) *Top five accounts receivable and contract assets according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

Unit name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to the total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
First	80,189,788.45	–	80,189,788.45	18.41	–
Second	38,877,894.52	–	38,877,894.52	8.92	–
Third	28,589,378.60	–	28,589,378.60	6.56	–
Fourth	22,694,531.78	–	22,694,531.78	5.21	–
Fifth	17,686,578.28	–	17,686,578.28	4.06	–
Total	188,038,171.63	–	188,038,171.63	43.16	–

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments

(1) Presentation of prepayments by age

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	120,076,309.69	95.63	103,924,181.00	97.78
1 to 2 years	5,431,782.52	4.33	2,311,669.43	2.17
2 to 3 years	47,410.00	0.04	55,088.31	0.05
Over 3 years	—	—	—	—
Total	125,555,502.21	100.00	106,290,938.74	100.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments (Continued)

(2) *Top five prepayments according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of prepayments (%)
First	57,408,435.55	45.72
Second	14,360,188.84	11.44
Third	14,178,795.40	11.29
Fourth	11,190,000.00	8.91
Fifth	6,119,885.15	4.88
Total	103,257,304.94	82.24

6. Other Receivables

Details by items

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interests receivable	—	—
Dividend receivable	—	—
Other receivables	181,080,960.42	199,714,797.73
Total	181,080,960.42	199,714,797.73

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

Other Receivables

(1) Disclosure by aging

Unit: Yuan Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	20,184,706.15	38,632,070.39
Including: within 3 months	11,647,658.66	21,372,141.01
4 to 12 months	8,537,047.49	17,259,929.38
1 to 2 years	159,181,924.76	158,341,274.75
2 to 3 years	2,525,111.05	3,497,390.18
3 to 4 years	1,848,489.30	470,834.22
4 to 5 years	39,110.00	6,044,573.36
Over 5 years	8,883,422.38	3,208,084.08
Total	192,662,763.64	210,194,226.98

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

Other Receivables (Continued)

(2) Classification by the nature of payment

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Proceeds from disposal of long-term assets	154,505,003.03	171,019,624.99
Deposits and securities	33,491,153.21	34,626,346.06
Others	4,666,607.40	4,548,255.93
Total	192,662,763.64	210,194,226.98

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

Other Receivables (Continued)

(3) Provision for bad debts made

Unit: Yuan Currency: RMB

	Stage I	Stage II	Stage III	
	ECL over	Lifetime ECL	Lifetime	
	the next 12	(non-credit	ECL (credit	
	months	impaired)	impaired)	Total
Provision for bad debts				
Balance on January 1, 2026	10,479,429.25	–	–	10,479,429.25
Balance on January 1, 2026 in the current period	–	–	–	–
– Transfer to stage II	–	–	–	–
– Transfer to stage III	–	–	–	–
– Reversed from stage II	–	–	–	–
– Reversed from stage I	–	–	–	–
Provision made for the current period	1,965,278.97	–	–	1,965,278.97
Reversed in the current period	825,396.48	–	–	825,396.48
Carried forward in the current period	–	–	–	–
Written off in the current period	–	–	–	–
Other changes	-37,508.52	–	–	-37,508.52
Balance on June 30, 2026	11,581,803.22	–	–	11,581,803.22

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

Other Receivables (Continued)

(3) Provision for bad debts made (Continued)

Basis of segregation and bad debt provisioning ratio by stages

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

(4) Status of provision for bad debts

Unit: Yuan Currency: RMB

Type	Opening balance	Amount of change in the current period				Closing balance
		Accrual	Recovery or reversal	Carryforward or write-off	Other changes	
Deposits and securities	10,063,792.94	1,965,278.97	825,396.48	–	-37,508.52	11,166,166.91
Others	415,636.31	–	–	–	–	415,636.31
Total	10,479,429.25	1,965,278.97	825,396.48	–	-37,508.52	11,581,803.22

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other Receivables (Continued)

Other Receivables (Continued)

(5) *Top five other receivables according to the closing balance collected by the debtor*

Unit: Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of other receivables (%)	Nature of payment	Aging	Closing balance of provision for bad debts
Jian Tan (譚健)	154,505,003.03	80.19	Proceeds from disposal of long-term assets	Within 1 year and 1 to 2 years	-
Beijing Chengao Real Estate Co., Ltd. (北京城奧置業 有限公司)	11,760,238.05	6.10	Deposits and securities	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years, 4 to 5 years and over 5 years	5,901,070.06
Shenzhen Xinzhou Microelectronics Co., Ltd. (深圳市鑫洲芯微電子 有限公司)	4,000,000.00	2.08	Deposits and securities	Within 1 year	-
Shanghai Yijia Enterprise Management Co., Ltd. (上海奕佳企業管理 有限公司)	3,476,972.79	1.80	Deposits and securities	Within 1 year, 1 to 2 years and over 5 years	2,845,090.89
Central Boulevard Development Pte Ltd.	2,726,990.44	1.42	Deposits and securities	1 to 2 years	272,699.04
Total	176,469,204.31	91.59 /	/	/	9,018,859.99

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventory

(1) Category of inventory

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for inventory decline/ impairment provision for contract cost	Book value	Book balance	Provision for inventory decline/ impairment provision for contract cost	Book value
Raw materials	1,230,751,399.26	156,203,346.11	1,074,548,053.15	1,082,137,731.09	160,495,607.94	921,642,123.15
Work in process	1,448,075,910.77	11,449,330.53	1,436,626,580.24	857,148,351.20	11,161,374.33	845,986,976.87
Inventory goods	1,709,578,855.13	115,061,049.91	1,594,517,805.22	1,388,632,815.21	127,349,347.27	1,261,283,467.94
Low-value consumables	1,085,542.08	11,340.00	1,074,202.08	1,614,919.34	–	1,614,919.34
Contract cost	77,458,107.62	–	77,458,107.62	35,446,901.07	–	35,446,901.07
Total	4,466,949,814.86	282,725,066.55	4,184,224,748.31	3,364,980,717.91	299,006,329.54	3,065,974,388.37

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventory (Continued)

(2) Provision for impairment of inventory and contract cost

Unit: Yuan Currency: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	160,495,607.94	18,643,907.22	-	22,782,170.60	153,998.45	156,203,346.11
Work in process	11,161,374.33	6,313,942.16	-	5,944,707.04	81,278.92	11,449,330.53
Inventory goods	127,349,347.27	26,700,882.74	-	35,465,609.59	3,523,570.51	115,061,049.91
Low-value consumables	-	33,882.03	-	22,542.03	-	11,340.00
Total	299,006,329.54	51,692,614.15	-	64,215,029.26	3,758,847.88	282,725,066.55

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Non-current Assets Due within One Year

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Debt investments due within one year	—	—
Other debt investments due within one year	—	—
Prepayments for goods due within one year	—	313,005,799.04
Total	—	313,005,799.04

9. Other Current Assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Equity investment pending disposal	—	5,000,000.00
Prepaid taxes and deductible VAT	386,324,988.17	234,152,587.67
Deferred expenses	10,619,892.62	14,455,176.68
Total	396,944,880.79	253,607,764.35

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Long-term Equity Investments

Unit: Yuan Currency: RMB

			Increase/decrease for the current period										
Investee company	Opening balance (carrying amount)	Opening balance of provisions for impairment	Increase in investment	Decrease in investment	Investment gains and losses recognized using equity method	Adjustment for other comprehensive income	Change in other equity	Declared and paid cash dividends or profits	Provisions for impairment	Others	Closing balance (carrying amount)	Closing balance of provisions for impairment	
I. Joint ventures													
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	
II. Associates													
Transcputing Tech Co., Ltd (上海 光羽芯辰科技有限公司)	-	-	-	-	-	-	-	-	-	-	-	-	
Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪光易創 智創業投資基金合夥企業(有 限合夥))	206,881,881.62	-	90,000,000.00	-	-2,329,260.29	-	-	-	-	-	294,552,621.33	-	
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有 限公司)	8,719,880.67	-	-	-	241,781.63	-	-	-	-	-	8,961,662.30	-	
Hefei Reliance Memory Limited (合 肥睿科微電子有限公司)	37,125,349.55	-	-	-	-4,700,844.74	-2,325.81	-	-	-	-	32,422,179.00	-	
Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有 限公司)	238,483,043.85	-	55,964,983.04	-	-3,331,391.69	51.30	-	-	-	-	291,116,686.50	-	
Shanghai Stony Creek GigaDevice Zhixin Venture Capital Partnership (Limited Partnership) (上海石溪光易智 芯創業投資合夥企業(有限 合夥))	-	-	160,000,000.00	-	-254,904.37	-	-	-	-	-	159,745,095.63	-	
Silicon Innovation (成都星拓微電 子科技股份有限公司)	-	-	340,630,000.00	-	-909,190.61	-	-	-	-	-	339,720,809.39	-	
Subtotal	491,210,155.69	-	646,594,983.04	-	-11,283,810.07	-2,274.51	-	-	-	-	1,126,519,054.15	-	
Total	491,210,155.69	-	646,594,983.04	-	-11,283,810.07	-2,274.51	-	-	-	-	1,126,519,054.15	-	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investment in Other Equity Instruments

Unit: Yuan Currency: RMB

Items	Opening balance	Increase/decrease for the current period		Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Others	Closing balance	Dividend income recognized in the current period	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for being designated as measured at fair value through other comprehensive income
		Increase in investment	Decrease in investment								
Listed companies	34,681,955.05	9,996,229.16	-	33,938,346.74	6,113,749.46	38,670,000.00	111,172,781.49	-	32,814,116.40	12,409,875.99	Non-trading equity investment
Non-listed companies	3,559,523,534.26	75,000,000.00	60,354,266.07	7,793,450,418.41	-	-41,431,737.80	11,326,187,948.80	-	8,637,090,333.39	5,842,240.00	Non-trading equity investment
Total	3,594,205,489.31	84,996,229.16	60,354,266.07	7,827,388,765.15	6,113,749.46	-2,761,737.80	11,437,360,730.29	-	8,669,904,449.79	18,252,115.99	

Other explanations:

Among the unlisted companies, the shares of CXMT held by the Company were listed on July 27, 2026.

The details of "Others" in changes in investment in other equity instruments for the current period are as follows:

- 1 The shares of Atech Automotive (Wuhu) Co., Ltd. (埃泰克汽車電子(蕪湖)有限公司) held by the Company were listed during the Reporting Period, and RMB38,670,000 was transferred from a non-listed company to a listed company;
- 2 Effects of foreign exchange rate changes: RMB-2,761,737.80.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Other Non-current Financial Assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Financial assets measured at FVPL	2,984,128,403.73	603,451,765.83
Total	2,984,128,403.73	603,451,765.83

13. Fixed Assets

Details by items

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	1,473,720,995.36	1,313,020,493.08
Fixed assets pending disposal	—	—
Total	1,473,720,995.36	1,313,020,493.08

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed Assets (Continued)

Fixed assets

Unit: Yuan Currency: RMB

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Others	Total
I. Original carrying amount:					
1. Opening balance	570,845,925.94	1,945,123,434.90	4,488,362.35	198,434,241.92	2,718,891,965.11
2. Increased amount in the current period	302,044.54	315,764,356.88	2,171,577.90	28,699,366.80	346,937,346.12
(1) Purchase	-	315,764,356.88	2,171,577.90	28,699,366.80	346,635,301.58
(2) Transfer from construction in progress	302,044.54	-	-	-	302,044.54
(3) Increased from business combination	-	-	-	-	-
(4) Differences on translation of statements in foreign currency	-	-	-	-	-
3. Decreased amount in the current period	1,632,429.93	3,209,879.54	946,542.63	1,888,996.89	7,677,848.99
(1) Disposal or retirement	-	859,079.64	878,804.86	1,631,635.04	3,369,519.54
(2) Differences on translation of statements in foreign currency	1,632,429.93	2,350,799.90	67,737.77	257,361.85	4,308,329.45
4. Closing balance	569,515,540.55	2,257,677,912.24	5,713,397.62	225,244,611.83	3,058,151,462.24

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed Assets (Continued)

Fixed assets (Continued)

Items	Buildings and structures	Machinery and equipment	Transportation vehicles	Others	Total
II. Accumulated depreciation					
1. Opening balance	85,513,708.82	1,167,881,486.38	2,311,473.03	146,636,469.94	1,402,343,138.17
2. Increased amount in the current period	7,957,482.19	153,798,081.90	449,214.21	12,436,990.06	174,641,768.36
(1) Provision	7,957,482.19	153,798,081.90	449,214.21	12,436,990.06	174,641,768.36
(2) Increased from business combination	-	-	-	-	-
(3) Differences on translation of statements in foreign currency	-	-	-	-	-
3. Decreased amount in the current period	174,843.23	2,112,889.78	857,387.98	1,606,507.44	4,751,628.43
(1) Disposal or retirement	-	650,567.80	834,864.61	1,551,215.48	3,036,647.89
(2) Differences on translation of statements in foreign currency	174,843.23	1,462,321.98	22,523.37	55,291.96	1,714,980.54
4. Closing balance	93,296,347.78	1,319,566,678.50	1,903,299.26	157,466,952.56	1,572,233,278.10
III. Impairment provision					
1. Opening balance	-	3,528,333.86	-	-	3,528,333.86
2. Increased amount in the current period	-	8,765,404.58	-	-	8,765,404.58
(1) Provision	-	8,765,404.58	-	-	8,765,404.58
3. Decreased amount in the current period	-	96,549.66	-	-	96,549.66
(1) Disposal or retirement	-	96,549.66	-	-	96,549.66
4. Closing balance	-	12,197,188.78	-	-	12,197,188.78
IV. Carrying amount					
1. Closing carrying amount	476,219,192.77	925,914,044.96	3,810,098.36	67,777,659.27	1,473,720,995.36
2. Opening carrying amount	485,332,217.12	773,713,614.66	2,176,889.32	51,797,771.98	1,313,020,493.08



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Fixed Assets (Continued)

Fixed assets (Continued)

Other explanations:

In the first half of 2026, the Group identified products that under-performed against expectation, and carried out impairment testing on the related fixed assets and intangible assets, writing down the carrying amount of such assets to their recoverable amounts. The related impairment losses were recognized in profit or loss for the current period.

14. Construction in Progress

Details by items

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Construction in progress	19,479,834.87	12,382,353.79
Construction materials	–	–
Total	19,479,834.87	12,382,353.79

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Construction in Progress (Continued)

Construction in progress

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Renovation	16,907,276.64	-	16,907,276.64	9,894,497.45	-	9,894,497.45
Others	2,572,558.23	-	2,572,558.23	2,487,856.34	-	2,487,856.34
Total	19,479,834.87	-	19,479,834.87	12,382,353.79	-	12,382,353.79

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Right-of-use Assets

Unit: Yuan Currency: RMB

Items	Buildings and structures	Others	Total
I. Original carrying amount			
1. Opening balance	233,760,176.41	31,286,821.64	265,046,998.05
2. Increased amount in the current period	16,739,169.12	—	16,739,169.12
(1) New leases	16,739,169.12	—	16,739,169.12
(2) Differences on translation of statements in foreign currency	—	—	—
3. Decreased amount in the current period	5,536,339.59	—	5,536,339.59
(1) Decreases in leases	4,332,616.00	—	4,332,616.00
(2) Differences on translation of statements in foreign currency	1,203,723.59	—	1,203,723.59
4. Closing balance	244,963,005.94	31,286,821.64	276,249,827.58
II. Accumulated depreciation			
1. Opening balance	146,434,566.40	22,989,852.52	169,424,418.92
2. Increased amount in the current period	27,870,740.23	2,868,699.41	30,739,439.64
(1) Provision	27,870,740.23	2,868,699.41	30,739,439.64
(2) Differences on translation of statements in foreign currency	—	—	—
3. Decreased amount in the current period	4,721,437.99	—	4,721,437.99
(1) Disposal	4,237,845.79	—	4,237,845.79
(2) Differences on translation of statements in foreign currency	483,592.20	—	483,592.20
4. Closing balance	169,583,868.64	25,858,551.93	195,442,420.57

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Right-of-use Assets (Continued)

Items	Buildings and structures	Others	Total
III. Impairment provision			
1. Opening balance	—	—	—
2. Increased amount in the current period	—	—	—
(1) Provision	—	—	—
3. Decreased amount in the current period	—	—	—
(1) Disposal	—	—	—
4. Closing balance	—	—	—
IV. Carrying amount			
1. Closing carrying amount	75,379,137.30	5,428,269.71	80,807,407.01
2. Opening carrying amount	87,325,610.01	8,296,969.12	95,622,579.13

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets

Unit: Yuan Currency: RMB

Items	Land use rights	Patent rights	Non-patent technologies	Others	Total
I. Original carrying amount					
1. Opening balance	5,224,171.93	103,252,958.06	721,876,568.15	61,516,236.64	891,869,934.78
2. Increased amount in the current period	–	69,932,400.00	9,377,183.33	28,049,782.45	107,359,365.78
(1) Purchase	–	69,932,400.00	3,283,400.00	28,049,782.45	101,265,582.45
(2) Internal research and development	–	–	6,093,783.33	–	6,093,783.33
(3) Increase from business combination	–	–	–	–	–
(4) Translation of statements in foreign currency	–	–	–	–	–
3. Decreased amount in the current period	–	34,418.02	–	43,008.85	77,426.87
(1) Disposal	–	–	–	43,008.85	43,008.85
(2) Translation of statements in foreign currency	–	34,418.02	–	–	34,418.02
4. Closing balance	5,224,171.93	173,150,940.04	731,253,751.48	89,523,010.24	999,151,873.69
II. Accumulated amortization					
1. Opening balance	975,178.60	72,253,260.40	449,252,857.68	43,708,970.06	566,190,266.74
2. Increased amount in the current period	52,241.72	5,170,368.94	59,740,985.16	8,223,449.00	73,187,044.82
(1) Provision	52,241.72	5,170,368.94	59,740,985.16	8,223,449.00	73,187,044.82
(2) Translation of statements in foreign currency	–	–	–	–	–
3. Decreased amount in the current period	–	34,418.02	–	43,008.85	77,426.87
(1) Disposal	–	–	–	43,008.85	43,008.85
(2) Translation of statements in foreign currency	–	34,418.02	–	–	34,418.02
4. Closing balance	1,027,420.32	77,389,211.32	508,993,842.84	51,889,410.21	639,299,884.69

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible Assets (Continued)

Items	Land use rights	Patent rights	Non-patent technologies	Others	Total
III. Impairment provision					
1. Opening balance	-	-	1,903,192.81	-	1,903,192.81
2. Increased amount in the current period	-	-	6,301,784.04	-	6,301,784.04
(1) Provision	-	-	6,301,784.04	-	6,301,784.04
(2) Translation of statements in foreign currency	-	-	-	-	-
3. Decreased amount in the current period	-	-	-	-	-
(1) Disposal	-	-	-	-	-
(2) Translation of statements in foreign currency	-	-	-	-	-
4. Closing balance	-	-	8,204,976.85	-	8,204,976.85
IV. Carrying amount					
1. Closing carrying amount	4,196,751.61	95,761,728.72	214,054,931.79	37,633,600.03	351,647,012.15
2. Opening carrying amount	4,248,993.33	30,999,697.66	270,720,517.66	17,807,266.58	323,776,475.23

As at the end of the current period, the intangible assets from internal research and development of the Company accounted for 72.68% of the balance of intangible assets.

Other explanations:

In the first half of 2026, the Group identified products that under-performed against expectation, and carried out impairment testing on the related fixed assets and intangible assets, writing down the carrying amount of such assets to their recoverable amounts. The related impairment losses were recognized in profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill

(1) Original carrying amount of goodwill

Unit: Yuan Currency: RMB

Name of investee company or matters for goodwill to arise	Opening balance	Increase in the current period Arising from a business combination	Decrease in the current period Disposal	Closing balance
SiLead Inc. (上海思立微電子科技有限公司)	1,305,478,783.44	–	–	1,305,478,783.44
Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司)	3,092,179.55	–	–	3,092,179.55
Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司)	207,083,029.31	–	–	207,083,029.31
Total	1,515,653,992.30	–	–	1,515,653,992.30

(2) Provision for impairment of goodwill

Unit: Yuan Currency: RMB

Name of investee company or matters for goodwill to arise	Opening balance	Increase in the current period Provision	Decrease in the current period Disposal	Closing balance
SiLead Inc. (上海思立微電子科技有限公司)	898,469,442.84	–	–	898,469,442.84
Total	898,469,442.84	–	–	898,469,442.84

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill (Continued)

(3) Information about the cash generating units (“CGU”s) or groups of CGUs to which the goodwill is attributable

Name	Constitution and basis of CGUs or groups of CGUs	Operating segment and basis	Consistent with prior years or not
Silead Inc. (上海思立微电子科技有限公司)	The goodwill of Silead Inc. (上海思立微电子科技有限公司) (hereinafter referred to as “Silead”) was formed when the Company acquired a 100.00% equity interest in Silead in May 2019. The relevant asset group is the long-term asset group of Silead’s sensor business, including fixed assets, intangible assets, long-term prepaid expenses, right-of-use assets and goodwill.	Integrated circuit	Yes
Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司)	The goodwill of Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) (hereinafter referred to as “Suzhou Freethink”) was formed when the Company acquired an equity interest in Suzhou Freethink in February 2019. The relevant asset group is the long-term asset group of Suzhou Freethink’s WIFI baseband business, including fixed assets, intangible assets, long-term prepaid expenses, right-of-use assets and goodwill.	Integrated circuit	Yes

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill (Continued)

(3) Information about the cash generating units (“CGU”s) or groups of CGUs to which the goodwill is attributable (Continued)

Name	Constitution and basis of CGUs or groups of CGUs	Operating segment and basis	Consistent with prior years or not
Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技 有限公司)	The goodwill of Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) (hereinafter referred to as “Suzhou XySemi”) was formed when the Company acquired a 38.07% equity interest in Suzhou XySemi on December 18, 2024. The relevant asset group is the long-term asset group of Suzhou XySemi’s analog chip business, including fixed assets, intangible assets, right-of-use assets, long-term prepaid expenses and goodwill.	Integrated circuit	Yes

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill (Continued)

(4) Performance undertaking and corresponding goodwill impairment

Unit: 0'000 Currency: RMB

Items	Completion of performance undertaking						Goodwill impairment amount	
	Current period			Last period			for the last period	
	Committed performance	Actual performance	Completion rate (%)	Committed performance	Actual performance	Completion rate (%)	Current period	Last period
Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司)	8,000.00	4,646.46	58.08	7,000.00	7,581.66	108.31	-	-

Other explanations:

The performance commitment indicators for Suzhou XySemi are the net profits attributable to the parent company after deducting non-recurring profit or loss for each year during the performance commitment period, without considering the impact of the following matters: (1) expenses incurred by Suzhou XySemi due to the implementation of equity incentives; (2) relevant interest expenses incurred by Suzhou XySemi in 2024 due to the repurchase of shareholders' equity; (3) expenses incurred by Suzhou XySemi for paying loan interest to its parent company, GigaDevice; (4) interest expenses payable by the building transferee to Suzhou XySemi for the installment payment of the transfer price of the Suzhou building assets, as stipulated in the Equity Acquisition Agreement.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Long-term Prepaid Expenses

Unit: Yuan Currency: RMB

Items	Opening balance	Increased amount in the current period	Amortization amount in the current period	Other reductions	Closing balance
Renovation	32,229,156.01	217,806.39	9,221,540.20	321,505.99	22,903,916.21
Software	114,281,123.45	4,752,922.96	32,701,305.20	–	86,332,741.21
Others	168,659.13	–	112,439.42	–	56,219.71
Total	146,678,938.59	4,970,729.35	42,035,284.82	321,505.99	109,292,877.13

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Tax Assets/Deferred Tax Liabilities

(1) *Deferred tax assets before offsetting*

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for assets impairment	268,785,705.02	30,048,588.19	259,456,132.95	28,866,391.62
Unrealized profit of internal transactions	987,761,061.96	159,868,824.26	600,372,788.30	94,402,690.29
Deductible losses	1,324,859,272.18	235,885,205.48	969,035,103.95	158,804,734.78
Government grants	48,796,492.72	5,794,321.26	30,142,396.57	3,760,934.08
Asset depreciation and amortization	202,057,845.50	22,137,382.45	141,010,967.20	14,101,096.72
Equity incentive	188,492,934.86	25,026,811.00	180,927,180.57	24,658,368.91
Investment in other equity instruments	152,453,737.81	23,309,467.01	133,573,782.92	21,836,971.52
Financial assets held for trading	1,282,905.79	137,639.21	—	—
Other non-current financial assets	4,300,000.00	430,000.00	8,340,107.20	834,010.72
Financial liabilities held for trading	2,987,785.67	298,778.57	3,366,000.00	336,600.00
Employee benefits	29,549,949.98	4,323,663.33	—	—
Lease liabilities	71,910,323.22	11,312,010.81	96,433,092.07	15,397,269.52
Provisions	48,584,273.73	7,287,641.06	—	—
Total	3,331,822,288.44	525,860,332.63	2,422,657,551.73	362,999,068.16

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(2) Deferred tax liabilities before offsetting

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation of Asset valuation from business combination not under common control	56,385,183.45	5,638,518.34	75,374,689.87	7,537,469.04
Changes in fair value of investment in other equity instruments	8,698,551,835.57	956,738,201.38	916,333,868.45	122,343,315.59
Changes in fair value of other non-current financial assets	2,370,946,592.24	243,831,730.34	161,838,742.78	19,882,858.42
Changes in fair value of financial assets	47,978,745.58	5,668,724.33	21,775,835.02	2,377,835.63
Depreciation of fixed assets	22,349,745.49	3,268,393.02	33,001,337.00	4,475,260.98
Right-of-use assets	75,639,046.87	11,448,996.73	95,003,937.17	14,945,339.83
Long-term payables	269,462.53	40,419.38	–	–
Total	11,272,120,611.73	1,226,634,983.52	1,303,328,410.29	171,562,079.49

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(3) *Deferred tax assets or liabilities presented on a net basis after offsetting*

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Offsetting amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offsetting	Offsetting amount of deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	79,211,001.13	446,649,331.50	77,934,128.39	285,064,939.77
Deferred tax liabilities	79,211,001.13	1,147,423,982.39	77,934,128.39	93,627,951.10

(4) *Breakdown of deferred tax assets not recognized*

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary differences	22,696,786.49	20,886,216.32
Deductible losses	27,980,022.87	25,308,809.28
Total	50,676,809.36	46,195,025.60

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

(5) *Deductible loss for which no deferred tax assets are recognized will become due in the following years*

Unit: Yuan Currency: RMB

Year	Closing amount	Opening amount	Remarks
2026	5,678,152.67	5,114,286.78	
2027	9,036,980.56	1,411,871.27	
2028	7,609,674.95	1,853,148.18	
2029	2,755,655.75	2,886,364.44	
2030	2,082,272.84	10,397,022.00	
2031	817,286.10	—	
Indefinite	—	3,646,116.61	
Total	27,980,022.87	25,308,809.28	/

20. Other Non-current Assets

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Proceeds from disposal of investments	1,634,042.66	—	1,634,042.66	1,517,811.72	—	1,517,811.72
Payments for the purchase of equipment, software and others	482,664,254.90	—	482,664,254.90	166,657,874.06	—	166,657,874.06
Total	484,298,297.56	—	484,298,297.56	168,175,685.78	—	168,175,685.78

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Assets with Restricted Ownership or Right of Use

Unit: Yuan Currency: RMB

Items	Closing				Opening			
	Book balance	Carrying amount	Type of restriction	Restricted situation	Book balance	Carrying amount	Type of restriction	Restricted situation
Cash and bank balances	1,293,800.56	1,293,800.56	Frozen	Pre-litigation property preservation	-	-	-	-
Cash and bank balances	41,546,490.00	41,546,490.00	Others	Equity investment funds that have been transferred to securities accounts but have not yet been remitted	-	-	-	-
Total	42,840,290.56	42,840,290.56	/	/	-	-	/	/

Other explanations:

As of the end of the period, restricted bank deposits amounted to RMB1,293,800.56, which were released from restriction in July 2026 upon withdrawal of the lawsuit by the counterparty. Restricted other cash and bank balances amounted to RMB41,546,490.00, for which equity contributions were completed in July.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Short-term Borrowing

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Credit borrowings	–	200,000,000.00
Accrued interest	–	138,722.22
Total	–	200,138,722.22

23. Financial Liabilities Held for Trading

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance	Designated reasons and basis
Financial liabilities held for trading	3,366,000.00	2,987,785.67	/
Including:			
Foreign exchange derivative	3,366,000.00	2,987,785.67	/
Total	3,366,000.00	2,987,785.67	/

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Accounts Payables

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Within 1 year (including 1 year, the same applies below)	1,611,611,886.37	755,000,958.53
1–2 years	37,639,374.80	56,953,177.16
2–3 years	7,844.14	31,548.87
Over 3 years	91,065.63	942,911.02
Total	1,649,350,170.94	812,928,595.58

Other explanations:

The aging of the Group's accounts payables is calculated based on the transaction date.

25. Contract Liability

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Performance obligations of chip sales contracts	366,990,048.35	178,613,955.12
Performance obligations of technical service contracts	85,372,066.77	39,560,446.29
Total	452,362,115.12	218,174,401.41

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee Benefits Payable

(1) Presentation of employee benefits payable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term remuneration	363,313,730.20	1,192,501,568.51	972,586,033.27	583,229,265.44
II. Post-employment benefits – defined contribution plan	4,589,055.61	60,616,689.24	60,619,152.98	4,586,591.87
III. Dismissal benefits	–	6,342,608.39	6,342,608.39	–
IV. Other benefits due within one year	–	–	–	–
Total	367,902,785.81	1,259,460,866.14	1,039,547,794.64	587,815,857.31

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee Benefits Payable (Continued)

(2) Presentation of short-term compensation

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages, bonuses, allowances and subsidy	354,336,691.75	1,064,271,840.66	872,102,580.55	546,505,951.86
II. Employee benefits	91,735.00	13,452,354.10	13,491,753.16	52,335.94
III. Social insurance premiums	2,696,252.12	36,401,613.86	36,415,411.84	2,682,454.14
Including: Medical insurance premiums	2,634,108.28	31,196,450.01	31,203,468.30	2,627,089.99
Work injury insurance premiums	61,224.61	1,099,096.26	1,104,956.72	55,364.15
Maternity insurance premiums	919.23	474,201.73	475,120.96	-
Supplementary medical insurance	-	3,631,865.86	3,631,865.86	-
IV. Housing provident fund	1,458,997.00	46,744,013.67	46,795,739.72	1,407,270.95
V. Trade union funds and employee education funds	2,262,405.43	3,132,667.58	3,695,418.78	1,699,654.23
VI. Short-term absence with payment	2,467,648.90	28,499,078.64	85,129.22	30,881,598.32
VII. Short-term profit sharing plan	-	-	-	-
Total	363,313,730.20	1,192,501,568.51	972,586,033.27	583,229,265.44

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee Benefits Payable (Continued)

(3) Presentation of defined contribution plan

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	4,450,866.12	57,538,369.83	57,541,066.80	4,448,169.15
2. Unemployment insurance premiums	138,189.49	2,183,348.09	2,183,114.86	138,422.72
3. Enterprise annuity payment	–	894,971.32	894,971.32	–
Total	4,589,055.61	60,616,689.24	60,619,152.98	4,586,591.87

Other explanations:

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

The subsidiaries of the Group incorporated in Hong Kong are required to make contributions to the Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Employee Benefits Payable (Continued)

(3) Presentation of defined contribution plan (Continued)

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirements plans under the laws and regulations of the respective countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

During the Reporting Period, the Group did not use forfeited contributions to reduce existing contribution amounts.

27. Taxes Payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
VAT	5,590,982.85	3,658,164.23
Enterprise income tax	547,800,276.07	84,006,044.70
Individual income tax	24,232,665.96	32,411,485.65
City maintenance and construction tax	5,107,117.02	1,377,226.64
Education surcharge	4,561,738.84	1,313,415.66
Stamp duty	3,671,207.93	2,158,096.11
Property tax	324,999.99	324,106.50
Others	31,847.66	38,885.16
Total	591,320,836.32	125,287,424.65

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Other Payables

(1) Details of items

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest payable	—	—
Dividend payable	—	—
Other payables	102,344,471.99	141,203,860.41
Total	102,344,471.99	141,203,860.41

(2) Other payables

Presentation of other payables by nature

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Restricted shares repurchase obligations	—	469,612.40
Consultancy fees, intermediary agency and technical service fees	55,988,618.54	101,305,133.60
Others	46,355,853.45	39,429,114.41
Total	102,344,471.99	141,203,860.41

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Non-current Liabilities Due within One Year

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within one year	—	—
Bonds payable due within one year	—	—
Long-term payables due within one year	4,205,673.53	—
Lease liabilities due within one year	41,267,216.90	54,444,795.98
Total	45,472,890.43	54,444,795.98

30. Other Current Liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Short-term bonds payable	—	—
Provisions	64,337,352.61	10,381,332.43
Output VAT tax to be transferred	31,170,288.59	13,631,199.85
Total	95,507,641.20	24,012,532.28

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Lease Liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Undiscounted lease payments payable	79,881,280.71	100,935,293.99
Less: Unrecognized finance charges	3,033,865.06	3,919,679.28
Less: Lease liabilities due within one year (Note VII. 29)	41,267,216.90	54,444,795.98
Total	35,580,198.75	42,570,818.73

32. Long-term Payables

Details of items

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	4,422,606.43	—
Special payables	—	—
Total	4,422,606.43	—

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Long-term Payables (Continued)

Long-term payables

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payment for acquisition of assets	4,422,606.43	—
Total	4,422,606.43	—

33. Deferred Income

Details of deferred income

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Causes
Government grants	42,492,679.48	26,884,717.10	6,573,696.99	62,803,699.59	Government grants
Total	42,492,679.48	26,884,717.10	6,573,696.99	62,803,699.59	/

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Other Non-current Liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Contract liabilities	82,449,547.15	45,592,574.05
General partner's capital contribution	2,000,000.00	2,000,000.00
Total	84,449,547.15	47,592,574.05

35. Share Capital

Unit: Yuan Currency: RMB

	Opening balance	Increase/decrease in the current change (+,-)				Subtotal	Closing balance
		Issuance of new shares	Bonus shares	Conversion of reserves into shares	Others		
Total number of shares	667,849,351.00	33,900,248.00	-	-	-	33,900,248.00	701,749,599.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Capital Reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	8,398,945,940.35	4,854,676,646.35	25,035,621.13	13,228,586,965.57
Other capital reserves	468,530,056.04	133,683,676.23	32,174,199.28	570,039,532.99
Total	8,867,475,996.39	4,988,360,322.58	57,209,820.41	13,798,626,498.56

Other explanations, including increase/decrease for the current period and reasons for such changes:

- (1) The changes in capital reserve – other capital reserve for the current period are due to the following reasons: 1. a decrease of RMB32 million due to the lifting of restrictions or exercise of equity incentives; 2. an increase of RMB43 million in capital reserve – other capital reserve due to the amortization of equity incentive expenses; and 3. an increase of RMB91 million in capital reserve – other capital reserve due to deductible tax differences from the lifting of restrictions or exercise of equity incentives.
- (2) The changes in capital reserve – share premium for the current period are due to the following reasons: 1. an increase of RMB4.746 billion in capital reserve – share premium due to the listing and issuance on the Hong Kong Stock Exchange; 2. an increase of RMB58 million in capital reserve – share premium due to the lifting of restrictions or exercise of equity incentives; and 3. an increase of RMB25 million in capital reserve – other capital reserve due to the changes in equity of investee company.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Treasury Shares

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Restricted shares under the 2021 Equity Incentive Plan	419,797.40	–	3,423.75	416,373.65
Secondary market share repurchase	45,910,211.67	–	45,910,211.67	–
Total	46,330,009.07	–	45,913,635.42	416,373.65

Other explanations, including increase/decrease for the current period and reasons for such changes:

- (1) During the Reporting Period, the treasury shares under the 2021 Equity Incentive Plan had not yet been repurchased and canceled. The repurchase price was reduced by RMB3,423.75 due to an adjustment for cash dividend distribution.
- (2) During the Reporting Period, upon the exercise of the second tranche of stock options under the 2024 Equity Incentive Plan, 603,020 A ordinary shares repurchased by the Company were utilized, resulting in the balance of treasury shares repurchased from the secondary market at the end of the period was 0.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Other Comprehensive Income

Unit: Yuan Currency: RMB

Items	Opening balance	Amount before income tax for the current period	Amount for the current period		Less: Income tax expense	Amount attributable to the parent company after tax	Amount attributable to the minority shareholders after tax	Closing balance
			Less: Amount transferred from other comprehensive income in prior periods to profit or loss for the current period	Less: Amount transferred from other comprehensive income in prior periods to retained income for the current period				
I. Other comprehensive income that cannot be reclassified into profit or loss	745,923,543.59	7,821,275,015.69	-	19,628,185.98	843,131,299.88	6,958,515,529.83	-	7,704,439,073.42
Including: Changes of the re-measurement of defined benefit plan	-	-	-	-	-	-	-	-
Other comprehensive income that cannot be transferred to profit or loss using the equity method	-	-	-	-	-	-	-	-
Changes in fair value arising from investment in other equity instruments	745,923,543.59	7,821,275,015.69	-	19,628,185.98	843,131,299.88	6,958,515,529.83	-	7,704,439,073.42
Changes in fair value arising from the enterprise's own credit risk	-	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified into profit or loss	31,786,420.36	-44,899,471.05	-	-	-	-44,899,350.39	-120.66	-13,112,930.03
Including: Other comprehensive income that can be transferred to profit or loss using the equity method	43,576.25	-2,274.51	-	-	-	-2,274.51	-	41,301.74
Changes in fair value of other debt investments	-	-	-	-	-	-	-	-
The amount of financial assets reclassified into other comprehensive income	-	-	-	-	-	-	-	-
Credit impairment provision for other debt investments	-	-	-	-	-	-	-	-
Hedging reserves from cash flows	-	-	-	-	-	-	-	-
Differences on translation of foreign currency financial statements	31,742,844.11	-44,897,196.54	-	-	-	-44,897,075.88	-120.66	-13,154,231.77
Total other comprehensive income	777,709,963.95	7,776,375,544.64	-	19,628,185.98	843,131,299.88	6,913,616,179.44	-120.66	7,691,326,143.39

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Surplus Reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	333,924,675.50	—	—	333,924,675.50
Discretionary surplus reserve	—	—	—	—
Reserve fund	—	—	—	—
Enterprise development fund	—	—	—	—
Others	—	—	—	—
Total	333,924,675.50	—	—	333,924,675.50

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Retained Earnings

Unit: Yuan Currency: RMB

Items	Current period	Last year
Retained earnings at the end of the last period before adjustment	8,407,152,153.02	6,796,411,913.24
Total adjusted retained earnings at the beginning of the period (add+, less-)	—	—
Adjusted retained earnings at the beginning of the period	8,407,152,153.02	6,796,411,913.24
Add: Net profit attributable to shareholders of the parent company in the current period	6,856,786,413.68	1,648,022,651.70
Less: Appropriation of statutory surplus reserve	—	191,124.50
Appropriation of discretionary surplus reserve	—	—
Withdrawal of general risk reserve	—	—
Dividends payable on ordinary shares (Note)	525,374,573.25	225,575,097.80
Ordinary share dividends transferred to share capital	—	—
Add: Transfer from other comprehensive income to retained earnings	19,628,185.98	188,483,810.38
Retained earnings at the end of the period	14,758,192,179.43	8,407,152,153.02

Notes:

1. The final dividend for the year ended December 31, 2025 of RMB0.75 per share, totaling approximately RMB525 million, was approved at the annual general meeting held on April 24, 2026.
2. No interim dividend was paid at the end of the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Operating Revenue and Operating Costs

(1) Details of operating revenue and operating costs

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Principal business	11,564,726,963.24	4,264,113,030.82	4,149,569,620.25	2,605,950,629.08
Other business	1,033,468.91	130,688.45	739,012.63	25,059.95
Total	11,565,760,432.15	4,264,243,719.27	4,150,308,632.88	2,605,975,689.03

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Operating Revenue and Operating Costs (Continued)

(2) The disaggregated information of operating revenue and operating costs

Unit: Yuan Currency: RMB

Contract classification	Integrated circuit business		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs
By product type				
Memory chips	9,827,480,589.64	3,186,960,655.16	9,827,480,589.64	3,186,960,655.16
MCUs	1,429,762,296.93	879,515,137.48	1,429,762,296.93	879,515,137.48
Sensors	100,250,611.33	80,605,934.03	100,250,611.33	80,605,934.03
Analog products	190,640,846.62	113,432,093.44	190,640,846.62	113,432,093.44
Technical service revenue and other revenue	17,626,087.63	3,729,899.16	17,626,087.63	3,729,899.16
By region of operation				
Chinese Mainland	2,903,368,597.00	1,328,062,222.61	2,903,368,597.00	1,328,062,222.61
Hong Kong	6,931,322,888.97	2,313,838,177.97	6,931,322,888.97	2,313,838,177.97
Other countries and regions	1,731,068,946.18	622,343,318.69	1,731,068,946.18	622,343,318.69
By market or customer type				
Consumer electronics	3,881,997,242.22	1,425,938,183.83	3,881,997,242.22	1,425,938,183.83
Non-consumer electronics	7,683,763,189.93	2,838,305,535.44	7,683,763,189.93	2,838,305,535.44
Contract type				
Sale of goods	11,548,134,344.52	4,260,513,820.11	11,548,134,344.52	4,260,513,820.11
Others	17,626,087.63	3,729,899.16	17,626,087.63	3,729,899.16
By timing of transfer of goods				
Revenue recognized at a point in time	11,565,746,535.10	4,264,243,719.27	11,565,746,535.10	4,264,243,719.27
Revenue recognized within a certain period of time	13,897.05	—	13,897.05	—
By contract term				
Within 1 year	11,549,259,661.51	4,264,243,719.27	11,549,259,661.51	4,264,243,719.27
Over 1 year	16,500,770.64	—	16,500,770.64	—
By sales channel				
Direct sales model	784,967,499.44	314,063,468.32	784,967,499.44	314,063,468.32
Distributor model	10,780,792,932.71	3,950,180,250.95	10,780,792,932.71	3,950,180,250.95
Total	11,565,760,432.15	4,264,243,719.27	11,565,760,432.15	4,264,243,719.27



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Operating Revenue and Operating Costs (Continued)

(2) The disaggregated information of operating revenue and operating costs (Continued)

Other explanations

Revenue generated from contracts constitutes operating revenue, including other business revenue.

The Company's revenue is primarily derived from the sale of integrated circuit products, with contract terms generally within one year, and revenue is recognized when customers obtain control of the related goods.

Operating regions are classified according to the registered addresses of distributors and direct sales customers, rather than the locations of end customers.

(3) Explanation on allocation to the remaining performance obligations

The revenue amount corresponding to performance obligations from contracts signed but not yet fulfilled or not yet fully fulfilled at the end of the current reporting period is RMB9.794 billion, including:

RMB9.415 billion is expected to be recognized as revenue in 2026

RMB316 million is expected to be recognized as revenue in 2027

RMB63 million is expected to be recognized as revenue in 2028



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Taxes and Surcharges

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
City maintenance and construction tax	20,444,821.01	8,082,492.08
Education surcharges	18,857,947.55	7,262,915.80
Property tax	2,191,473.17	2,177,530.75
Stamp duty	5,707,404.64	2,578,455.93
Others	142,444.22	185,112.10
Total	47,344,090.59	20,286,506.66

Other explanations:

For details of the basis for calculation and payment of significant taxes and surcharges, see Note VI. TAXATION.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Selling Expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Employee remuneration	232,760,070.94	164,605,454.32
Professional service fees	41,726,105.90	30,857,423.88
Advertising and business promotion expenses	6,290,591.23	7,660,852.81
Traveling expenses	11,310,733.60	9,352,860.31
Depreciation and amortization	3,959,807.23	2,822,024.85
Business entertainment expenses	2,580,120.88	2,204,109.05
Requisition of finished goods	4,321,417.95	4,401,152.85
Transportation and communication	1,326,453.48	1,091,006.05
Conference expenses	940,945.48	259,338.53
Others	3,486,617.98	1,098,546.44
Total	308,702,864.67	224,352,769.09

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Administrative Expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Employee remuneration	300,797,342.80	191,565,091.33
Depreciation and amortization	43,092,181.41	41,407,673.66
Professional service fees	28,132,593.20	19,375,126.89
Office expenses	3,426,054.67	4,296,078.31
Rental fees	4,560,485.09	5,192,190.32
Utility expenses	2,372,704.12	2,546,242.99
Personnel expenses	1,610,296.35	2,073,239.67
Traveling expenses	5,166,086.94	3,357,735.16
Material expenses	3,451,937.76	6,939,926.43
Business entertainment expenses	1,456,631.16	1,207,170.30
Conference expenses	1,632,985.35	1,679,678.16
Transportation and communication	1,531,091.38	968,447.52
Vehicle expenses	524,450.51	518,722.69
Others	6,022,810.13	10,863,133.02
Total	403,777,650.87	291,990,456.45

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Research and Development Expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Employee remuneration	612,834,688.10	418,615,719.20
Depreciation and amortization	92,840,338.43	112,938,613.50
Service fees	32,546,388.16	15,716,320.20
Material expenses	8,707,974.58	6,047,137.81
Testing expenses	6,242,908.91	3,760,026.98
Traveling expenses	3,951,850.46	3,273,985.97
Property management fees and rent	3,592,068.84	3,014,164.88
Utility expenses	1,992,400.54	2,158,299.89
Transportation and communication	1,720,648.21	1,292,150.27
Office expenses	234,668.95	614,181.50
Others	152,896.60	249,801.72
Total	764,816,831.78	567,680,401.92

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Finance Costs

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Interest expense	2,196,114.18	14,086,662.95
Less: Interest income	197,146,672.46	147,382,619.14
Less: Interest capitalized amount	—	—
Foreign exchange gains and losses	417,899,304.74	-15,237,811.85
Less: Capitalized amount of foreign exchange gains and losses	—	—
Others	1,440,870.92	1,470,257.37
Total	224,389,617.38	-147,063,510.67

47. Other Income

Unit: Yuan Currency: RMB

Classification by nature	Amount for the current period	Amount for the last period
Government grants related to the Company's ordinary activities	8,453,526.51	27,083,499.54
Refund of handling fees for withholding individual income tax	2,707,833.14	1,494,079.59
VAT refund upon levy	—	270,798.71
Additional deduction for input VAT	1,392,059.86	1,740,412.97
Total	12,553,419.51	30,588,790.81

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Investment Income

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Income from long-term equity investments accounted for using the equity method	-11,283,810.07	-10,345,664.75
Dividend income from other non-current financial assets during the holding period	–	378,291.12
Investment income from disposal of financial assets held for trading	3,459,354.73	–
Total	-7,824,455.34	-9,967,373.63

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Gain on Changes in Fair Value

Unit: Yuan Currency: RMB

Sources of gain on changes in fair value	Amount for the current period	Amount for the last period
Financial assets held for trading	20,360,429.58	10,725,562.75
Including: Gains on change in fair value of derivative financial instruments	—	10,011,270.00
Wealth management products	3,644,826.68	714,292.75
Equity investments	16,715,602.90	—
Financial liabilities held for trading	-5,563,327.18	-4,661,681.68
Investment properties measured at fair value	—	—
Other non-current financial assets	2,213,147,956.77	1,293,997.20
Total	2,227,945,059.17	7,357,878.27

50. Credit Impairment Loss

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Bad debt losses of accounts receivable	-9,887.43	584,484.05
Bad debt losses of other receivables	-1,139,882.49	-1,049,379.02
Total	-1,149,769.92	-464,894.97

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Asset Impairment Loss

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Impairment losses on inventory and contract cost	-51,692,614.15	-11,607,061.84
Impairment losses on fixed assets	-8,765,404.58	-3,810,305.07
Impairment losses on intangible assets	-6,301,784.04	-1,903,192.81
Impairment losses on development expenditure	-3,021,626.49	—
Total	-69,781,429.26	-17,320,559.72

52. Gain on Disposal of Assets

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Disposal of fixed assets	242,875.20	62,186.76
Termination of right-of-use assets	52,266.03	431,452.31
Total	295,141.23	493,639.07

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Non-operating Revenue

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period	Amount included in the current non-recurring profit or loss
Government grants	121,909.23	39,906.69	121,909.23
Compensation	267,251.43	485,135.35	267,251.43
Others	518,197.60	3,457,755.56	518,197.60
Total	907,358.26	3,982,797.60	907,358.26

54. Non-operating Expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period	Amount included in the current non-recurring profit or loss
Total loss on disposal of non-current assets	130,426.51	3,007,825.24	130,426.51
Including: Loss on disposal of fixed assets	130,426.51	3,007,825.24	130,426.51
External donation	9,963.12	300,000.00	9,963.12
Provisions	48,586,745.98	–	48,586,745.98
Others	213,433.44	2,369,631.18	213,433.44
Total	48,940,569.05	5,677,456.42	48,940,569.05



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Non-operating Expenses (Continued)

Other explanations:

Regarding an economic remuneration dispute that existed prior to the Company's acquisition of its subsidiary, Silead Inc. (上海思立微电子科技有限公司) ("Silead"), the Hong Kong arbitral tribunal rendered a partial final award on May 21, 2026, with Silead as the third respondent. Based on prudent consideration, a provision was recognized in the Reporting Period in accordance with the award.

55. Income Tax Expense

(1) Table of income tax expense

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Current income tax expense	680,421,865.14	14,666,820.45
Deferred tax expense	101,069,528.14	-6,422,441.29
Total	781,491,393.28	8,244,379.16

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Income Tax Expense (Continued)

(2) Adjustment process of accounting profit and income tax expense

Unit: Yuan Currency: RMB

Items	Amount for the current period
Total profit	7,666,490,412.19
Income tax expense calculated at statutory/applicable tax rate	1,937,693,300.69
Effect of different tax rates applicable to subsidiaries	-1,066,374,621.78
Effect of adjusting income taxes for the prior period	-1,888,557.79
Effect of non-taxable income	-3,573,291.80
Effect of non-deductible costs, expenses and losses	854,453.04
Effect of using deductible losses of deferred tax assets not recognized in the prior period	4,922,406.62
Effect of deductible temporary differences or deductible losses of deferred tax assets not recognized in the current period	1,391,430.46
Changes in the opening balance of deferred tax assets/liabilities due to tax rate adjustments	1,072,811.02
Effect of additional deduction of research and development expenses	-81,724,096.21
Effect of equity incentive expenses	-6,448,605.91
Others	-4,433,835.06
Income tax expense	781,491,393.28

56. Other Comprehensive Income

For details, please refer to Note VII. 38 Other Comprehensive Income

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Items on Statements of Cash Flow

(1) Cash relating to operating activities

Other cash received relating to operating activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Interest income	162,815,742.04	116,581,721.34
Government grants	32,247,233.78	27,319,769.50
Receipt of individual income tax withheld for employees on the lifting of restrictions on restricted shares	31,592,303.61	1,971,379.31
Receipt of enterprise income tax refund from annual reconciliation and settlement	—	983,108.53
Others	10,546,864.47	21,616,223.62
Total	237,202,143.90	168,472,202.30

Other cash paid relating to operating activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Expenditures such as management and operating expenses	287,514,244.49	138,913,809.36
Payment of individual income tax withheld for employees on the lifting of restrictions on restricted shares	51,135,617.88	4,195,361.32
Total	338,649,862.37	143,109,170.68

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Items on Statements of Cash Flow (Continued)

(2) Cash related to investment activities

Other cash received relating to investment activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Funding occupation fees	5,508,088.37	—
Total	5,508,088.37	—

(3) Cash related to financing activities

Other cash paid relating to financing activities

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
H share listing expenses	10,003,695.35	6,646,363.28
Repurchase of restricted shares	471,084.01	—
Others	38,314,317.21	—
Total	48,789,096.57	6,646,363.28

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Items on Statements of Cash Flow (Continued)

(3) Cash related to financing activities (Continued)

Changes in various liabilities arising from financing activities

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	200,138,722.22	-	227,000.00	200,365,722.22	-	-
Other payables – Restricted shares repurchase obligation	469,612.40	-	4,895.36	471,084.01	3,423.75	-
Lease liabilities (including those due within one year)	97,015,614.71	-	18,540,720.71	38,031,958.66	676,961.11	76,847,415.65
Long-term payables (including those due within one year)	-	-	13,076,484.68	4,448,204.72	-	8,628,279.96
Total	297,623,949.33	-	31,849,100.75	243,316,969.61	680,384.86	85,475,695.61

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information on the Cash Flow Statement

(1) *Supplementary information on the cash flow statement*

Unit: Yuan Currency: RMB

Supplementary information	Amount for the current period	Amount for the last period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	6,884,999,018.91	587,834,762.25
Add: Asset impairment provision	69,781,429.26	17,320,559.72
Credit impairment loss	1,149,769.92	464,894.97
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	130,022,094.77	123,522,238.71
Amortization of right-of-use assets	29,846,031.14	27,489,066.94
Amortization of intangible assets	72,265,246.32	56,143,141.03
Amortization of long-term deferred expenses	27,690,892.26	36,805,814.49
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain indicated by “-”)	-295,141.23	-493,639.07
Losses on retirement of fixed assets (gain indicated by “-”)	130,426.51	3,007,825.24
Losses on changes in fair value (gain indicated by “-”)	-2,227,945,059.17	-7,357,878.27
Financial expenses (gain indicated by “-”)	295,784,306.02	17,143,942.05
Investment loss (gain indicated by “-”)	7,824,455.34	9,967,373.63
Decrease in deferred tax assets (increase indicated by “-”)	-119,498,915.73	5,650,585.34
Increase in deferred tax liabilities (decrease indicated by “-”)	220,568,443.87	-13,564,366.07
Decrease in inventory (increase indicated by “-”)	-1,203,189,964.34	-69,407,382.30
Decrease in operating receivable items (increase indicated by “-”)	-130,666,393.00	137,469,273.10
Increase in operating payable items (decrease indicated by “-”)	1,946,431,361.60	-57,972,442.60
Others	43,443,054.61	83,797,162.31
Net cash flows from operating activities	6,048,341,057.06	957,820,931.47

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information on the Cash Flow Statement (Continued)

(1) Supplementary information on the cash flow statement (Continued)

Supplementary information	Amount for the current period	Amount for the last period
2. Significant investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	—	—
Convertible corporate bonds due within one year	—	—
Finance leasing of fixed assets	—	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	13,929,445,789.18	7,829,676,749.71
Less: Opening balance of cash	9,161,933,475.74	9,104,158,718.59
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	4,767,512,313.44	-1,274,481,968.88

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information on the Cash Flow Statement (Continued)

(2) Composition of cash and cash equivalents

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
I. Cash	13,929,445,789.18	9,161,933,475.74
Including: Cash on hand	4,966.40	5,052.27
Deposits with banks readily available for payment	13,927,123,397.09	9,057,694,940.14
Other cash and bank balances readily available for payment	2,317,425.69	104,233,483.33
Deposits with central bank available for payment	—	—
Deposits with other banks	—	—
Loans from other banks	—	—
II. Cash equivalents	—	—
Including: Bond investments with maturity within three months	—	—
III. Closing balance of cash and cash equivalents	13,929,445,789.18	9,161,933,475.74
Including: Restricted cash and cash equivalents of the parent company or subsidiaries within the Group	—	—

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Supplementary Information on the Cash Flow Statement (Continued)

(3) Cash and bank balances not classified as cash and cash equivalents

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance	Reason
Time deposits with maturity over three months	2,936,251,000.00	—	
Other cash and bank balances	1,293,800.56	—	Frozen capital
Other cash and bank balances	41,546,490.00	—	Equity investment capital transferred to securities accounts but not yet remitted
Other cash and bank balances	56,061,293.42	24,336,506.87	Interest on financial instruments accrued using the effective interest method should be included in the carrying amount of the corresponding financial assets
Total	3,035,152,583.98	24,336,506.87	/

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Monetary Items in Foreign Currency

(1) *Monetary items in foreign currency*

Unit: Yuan

Items	Closing foreign currency balance	Translation rate	Closing RMB balance after translation
Cash and bank balances			
Including: USD	1,834,759,980.80	6.8109	12,496,366,753.23
EUR	567,857.87	7.7671	4,410,608.86
HKD	42,040,149.44	0.86855	36,513,971.80
JPY	34,889,233.00	0.042045	1,466,917.80
GBP	135,956.75	9.0145	1,225,582.12
TWD	3,706,190.00	0.2133	790,530.33
SGD	2,274,145.53	5.2605	11,963,142.56
Accounts receivables			
Including: USD	50,315,114.14	6.8109	342,691,210.90
Accounts payables			
Including: USD	5,532,164.24	6.8109	37,679,017.42
SGD			

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Monetary Items in Foreign Currency (Continued)

(1) Monetary items in foreign currency (Continued)

Items	Closing foreign currency balance	Translation rate	Closing RMB balance after translation
Other receivables			
Including: USD	327,480.54	6.8109	2,230,437.21
EUR	17,575.52	7.7671	136,510.82
HKD	148,000.25	0.86855	128,545.62
JPY	6,473,871.00	0.042045	272,193.91
TWD	91,600.00	0.2133	19,538.28
SGD	698,086.16	5.2605	3,672,282.24
Other payables			
Including: USD	4,636,058.30	6.8109	31,575,729.48
EUR	77,891.52	7.7671	604,991.22
HKD	327,500.00	0.86855	284,450.13
GBP	17,643.00	9.0145	159,042.82
TWD	356,900.00	0.2133	76,126.77
SGD	344,183.26	5.2605	1,810,576.04



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Monetary Items in Foreign Currency (Continued)

- (2) *Explanation of overseas operating entities, including for important overseas operating entities, the principal place of business overseas, functional currency and basis of choice, and if the functional currency changes, the reasons shall also be disclosed*

The principal places of business of the subsidiary GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司), and the sub-subsidiaries SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司) and SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司) are in Hong Kong, and all have chosen the USD as their functional currency. The subsidiaries GigaDevice Semiconductor Singapore PTE. LTD. and GigaDevice Technology (SG) PTE. LTD., and the sub-subsidiaries GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD., CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD., INNOLEAD SINGAPORE PTE. LTD. and GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD. are registered in Singapore and have chosen the USD as their functional currency. The principal place of business of the sub-subsidiary GigaDevice Semiconductor Europe Ltd. is in the United Kingdom, and it has chosen the GBP as its functional currency. The principal place of business of the sub-subsidiary ギガデバイスジャパン株式會社 is in Japan, and it has chosen the JPY as its functional currency. The principal place of business of the sub-subsidiary GigaDevice Semiconductor USA, Inc. is in the United States, and it has chosen the USD as its functional currency. The principal place of business of the sub-subsidiary GigaDevice Semiconductor Germany GmbH is in Germany, and it has chosen the EUR as its functional currency.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

60. Leases

(1) *As a lessee*

Lease expenses for short-term leases or low-value assets under simplified treatment

Lease expenses for short-term leases or low-value assets under simplified treatment for the current period amounted to RMB1,537,037.62

Total cash outflow related to leases: RMB38,031,958.66 (Unit: Yuan)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VIII. RESEARCH AND DEVELOPMENT EXPENSES

1. By Nature of Expenses

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Employee remuneration	727,887,359.02	500,392,731.14
Depreciation and amortization	154,074,793.58	140,931,154.82
Service fees	47,349,381.42	20,117,959.42
Material expenses	13,935,037.66	9,240,933.95
Testing expenses	9,395,218.41	4,723,509.47
Traveling expenses	4,604,204.92	3,511,316.52
Property management fees and rent	4,033,673.42	3,014,164.88
Utility expenses	2,318,340.84	2,158,299.89
Transportation and communication	1,720,648.21	1,292,150.27
Office expenses	239,837.35	614,181.50
Others	154,545.97	249,801.72
Total	965,713,040.80	686,246,203.58
Including: Expensed research and development expenses	764,816,831.78	567,680,401.92
Capitalized research and development expenses	200,896,209.02	118,565,801.66

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

VIII. RESEARCH AND DEVELOPMENT EXPENSES (Continued)

2. Development Expenditure on Research and Development Projects Eligible for Capitalization

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transfer to current profit or loss	
Memory	155,833,531.20	92,173,109.87	-	6,093,783.33	-	241,912,857.74
MCUs	164,741,278.59	108,723,099.15	-	-	3,021,626.49	270,442,751.25
Total	320,574,809.79	200,896,209.02	-	6,093,783.33	3,021,626.49	512,355,608.99

Provision for impairment on development expenditure

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Impairment testing
MCUs		3,021,626.49	3,021,626.49	-	Market demand change
Total		3,021,626.49	3,021,626.49	-	/

IX. CHANGES IN SCOPE OF CONSOLIDATION

Changes in the Scope of Consolidation for Other Reasons

Ping An Securities Ping An 30 Private Exclusive No. 8 FOF Single-asset Management Plan (平安證券平安30私享8號FOF單一資產管理計劃) is a new structured entity established by the Company in 2026 and was included in the scope of consolidation for 2026.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

Constitution of the enterprise group

Unit: 0'000 Currency: RMB

Name of subsidiary	Principal place of business	Registered capital	Place of establishment	Nature of business	Percentage of shareholding (%)		Method of acquisition
					Direct	Indirect	
GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司)	Hong Kong	US\$6.56 million	Hong Kong	R&D and sales of chips	100	–	Establishment
GigaDevice Semiconductor Europe Ltd.	UK	GBP2	UK	Sales of electronic (including communication) equipment and accessories	–	100	Establishment
ギガデバイスジャパン株式会社	Japan	JPY9.5 million	Japan	Market research and technical services for semiconductors	–	100	Establishment
SHINE BRIGHT TECHNOLOGY LIMITED (耀輝科技有限公司)	Hong Kong	HK\$10,000	Hong Kong	Sales and marketing services of chips	–	100	Establishment
GigaDevice Semiconductor Germany GmbH	Germany	EUR25,000	Germany	Sales of electronic products, R&D of semiconductor products, and marketing and promotion	–	100	Establishment
GigaDevice Semiconductor USA, Inc.	United States	US\$0.1 million	United States	Promotion and consulting services of integrated circuit	–	100	Establishment
Silead Inc. (上海思立微電子科技有限公司)	Shanghai	16,000.00	Shanghai	R&D, design and sales of integrated circuit chips	100	–	Acquisition
SILEAD (HONG KONG) LIMITED (思立微電子(香港)有限公司)	Hong Kong	HK\$10,000	Hong Kong	Sales of chips	–	100	Acquisition

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

Constitution of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Registered capital	Place of establishment	Nature of business	Percentage of shareholding (%)		Method of acquisition
					Direct	Indirect	
Hefei Jixin Electronic Technology Co., Ltd. (合肥集芯電子科技有限公司)	Hefei	2,500.00	Hefei	R&D, design and sales of integrated circuit chips	–	100	Acquisition
XCMEMORY Co., Ltd. (珠海橫琴芯存半導體有限公司)	Zhuhai	15,000.00	Zhuhai	R&D, design and sales of integrated circuit chips	100	–	Establishment
XCMEMORY (Xi'an) Co., Ltd. (西安芯存半導體有限公司)	Xi'an	7,000.00	Xi'an	Technology development and sales of integrated circuit	–	100	Establishment
XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司)	Hefei	4,000.00	Hefei	R&D, design and sales of integrated circuit chips; technical services, development, etc.	–	100	Establishment
XCMEMORY (Beijing) Co., Ltd. (北京芯存集成電路有限公司)	Beijing	1,500.00	Beijing	R&D, design and sales of integrated circuit chips	–	100	Establishment
XCMEMORY (Shanghai) Co., Ltd. (上海芯存志遠半導體有限公司)	Shanghai	1,500.00	Shanghai	R&D, design and sales of integrated circuit chips	–	100	Establishment
GigaDevice Venture Capital (深圳市外灘科技開發有限公司)	Shenzhen	22,000.00	Shenzhen	Technology development and sales of integrated circuit; equity investment	100	–	Establishment
Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司)	Suzhou	282.46	Suzhou	Technology development and sales of integrated circuit	–	100	Acquisition

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

Constitution of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Registered capital	Place of establishment	Nature of business	Percentage of shareholding (%)		Method of acquisition
					Direct	Indirect	
China Merchants Asset Management Jinglu FOF No. 62 Single-asset Management Plan (招商資管景祿FOF62號單一資產管理計劃)	Guangzhou	1,000.00	Guangzhou	Asset management	–	100	Establishment
Ping An Securities Ping An 30 Private Exclusive No. 8 FOF Single-asset Management Plan (平安證券平安30私享8號FOF單一資產管理計劃)	Shenzhen	5,000.00	Shenzhen	Asset management	100	–	Establishment
GigaDevice Semiconductor Singapore PTE. LTD.	Singapore	US\$20 million	Singapore	Development and sales of integrated circuit products	100	–	Establishment
GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司)	Shanghai	11,000.00	Shanghai	R&D, design, and sales of integrated circuit chips; technical services, development, etc.	100	–	Establishment
GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)	Hefei	4,961.42	Hefei	R&D, design, and sales of integrated circuit chips; technical services, development, etc.	100	–	Establishment
Gigadevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司)	Xi'an	2,000.00	Xi'an	Technology development and sales of integrated circuit	100	–	Establishment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

Constitution of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Registered capital	Place of establishment	Nature of business	Percentage of shareholding (%)		Method of acquisition
					Direct	Indirect	
Beijing Giga-Analog Zhiyuan Technology Development Co., Ltd. (北京圭璋致遠科技開發有限公司)	Beijing	20,000.00	Beijing	Technology development, technical consultation, property leasing	100	–	Establishment
Gigadevice Semiconductor (shenzhen) Inc. (深圳市格易聚創集成電路有限公司)	Shenzhen	3,000.00	Shenzhen	Technology development and sales of integrated circuit	100	–	Establishment
CICC Qizhao Ruihong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟兆睿泓(廈門)股權投資基金合夥企業(有限合夥))	Xiamen	50,000.00	Xiamen	Equity investment	99	–	Establishment
GigaDevice Technology (SG) PTE. LTD.	Singapore	US\$20 million	Singapore	Development and sales of integrated circuit products	100	–	Establishment
CreMemory Technology Co., Ltd. (北京青耘科技有限公司)	Beijing	3,057.99	Beijing	Design, technical services and sales of integrated circuit chips	68.67	–	Establishment
CREMEMORY TECHNOLOGY SINGAPORE PTE. LTD.	Singapore	S\$0.2 million	Singapore	Technology development and sales of integrated circuit	–	68.67	Establishment
Zhuhai Lingchuang Management Consulting Co., Ltd. (珠海領創管理諮詢有限公司)	Zhuhai	500.00	Zhuhai	Enterprise management consulting	100	–	Establishment
INNOLEAD SINGAPORE PTE. LTD.	Singapore	US\$0.3 million	Singapore	Development and sales of integrated circuit products	–	100	Establishment

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

Constitution of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Registered capital	Place of establishment	Nature of business	Percentage of shareholding (%)		Method of acquisition
					Direct	Indirect	
GIGADEVICE INTERNATIONAL CORPORATION PTE. LTD.	Singapore	US\$5 million	Singapore	Management consulting services	–	100	Establishment
GIGADEVICE ELECTRONICS SINGAPORE PTE. LTD.	Singapore	US\$5 million	Singapore	Development and sales of integrated circuit products	–	100	Establishment
Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司)	Jiangsu	5,777.95	Jiangsu	Development and sales of integrated circuit products	38.07	–	Acquisition
Shanghai Sai Bang Micro-electronics Co., Limited (上海賽幫微電子有限公司)	Shanghai	200.00	Shanghai	Design and R&D of integrated circuits and application systems	–	38.07	Acquisition



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in Subsidiaries (Continued)

Constitution of the enterprise group (Continued)

Explanation regarding the difference between the proportion of the shareholding and the percentage of voting rights in subsidiaries:

On November 5, 2024, the Company reviewed and approved the “Resolution on Acquisition of a Controlling Stake in Suzhou XySemi Electronic Technology Co., Ltd. and Related Transaction” at the 26th meeting of the Fourth Board of Directors and the 22nd meeting of the Fourth Board of Supervisors of the Company, agreeing that the Company, together with Stony Creek Fund, Hefei SCVC and Hefei Industrial Investment, would jointly acquire, by cash, 70% of the equity in Suzhou XySemi held by all shareholders of Suzhou XySemi in aggregate. The Company entered into the “Acting-in-Concert Agreement” with Stony Creek Fund, Hefei SCVC and Hefei Industrial Investment, pursuant to which the Company became the controlling shareholder of Suzhou XySemi, holding an aggregate of 70% of the voting rights in Suzhou XySemi.

Basis of controlling significant structured entities in the scope of consolidation:

The Company includes structured entities over which it has control in the scope of its consolidated financial statements after taking into account the factors including its investment decision-making power, exposure to variable returns, and its ability to exercise its investment decision-making power to affect those variable returns.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in Joint Ventures or Associates

(1) Summary financial information for non-major joint ventures and associates

Unit: Yuan Currency: RMB

	Closing balance/ amount for current period	Opening balance/ amount for the last period
Joint ventures:		
Total carrying amount of the investment	—	—
Total amount of the following items based on shareholding		
– Net profit	—	—
– Other comprehensive income	—	—
– Total comprehensive income	—	—
Associates:		
Total carrying amount of investment	1,126,519,054.15	491,210,155.69
Total amount of the following items based on shareholding		
– Net profit	-11,283,810.07	-10,345,664.75
– Other comprehensive income	-2,274.51	-23.29
– Total comprehensive income	-11,286,084.58	-10,345,688.04



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in Joint Ventures or Associates (Continued)

(1) *Summary financial information for non-major joint ventures and associates (Continued)*

Other explanations

- 1 GigaDevice Venture Capital (深圳市外灘科技開發有限公司), a wholly-owned subsidiary of the Company, invested in Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司). As of June 30, 2026, the paid-in capital proportion was 19%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 2 GigaDevice Venture Capital (深圳市外灘科技開發有限公司), a wholly-owned subsidiary of the Company, invested in Hefei Reliance Memory Limited (合肥睿科微電子有限公司). As of June 30, 2026, the paid-in capital proportion was 9.52%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 3 The Company invested in Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)). As of June 30, 2026, the paid-in capital proportion was 28.85%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 4 The Company invested in Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司). As of June 30, 2026, the paid-in capital proportion was 7.17%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 5 The Company invested in Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有限公司). As of June 30, 2026, the paid-in capital proportion was 12.78%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in Joint Ventures or Associates (Continued)

(1) *Summary financial information for non-major joint ventures and associates (Continued)*

- 6 The Company invested in Silicon Innovation (成都星拓微電子科技股份有限公司). As of June 30, 2026, the paid-in capital proportion was 9.49%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.
- 7 The Company invested in Shanghai Stony Creek GigaDevice Zhixin Venture Capital Partnership (Limited Partnership) (上海石溪兆易智芯創業投資合夥企業(有限合夥)). As of June 30, 2026, the paid-in capital proportion was 25.06%. As the investment amount is less than 10% of the Company's total assets, the Company classifies it as a non-major associate and reflects its financial information in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

X. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in Joint Ventures or Associates (Continued)

(2) Excessive loss incurred by joint ventures or associates

Unit: Yuan Currency: RMB

Name of joint venture or associate	Accumulated unrecognized losses of the last period	Unrecognized losses for the current period (or share of net profit for the current period)	Accumulated unrecognized losses at the end of the current period
Transcputing Tech Co., Ltd (上海光 羽芯辰科技有限公司)	4,245,680.79	7,253,684.69	11,499,365.48

3. Interests in Structured Entities not Included in the Scope of Consolidated Financial Statements

Explanation of structured entities not included in the scope of consolidated financial statements:

As of June 30, 2026, the principal structured entities in which the Company and its subsidiaries participate and which are not included in the scope of the consolidated financial statements are primarily private equity funds and similar entities. The Group does not have control over these structured entities and therefore has not consolidated them. As of June 30, 2026, the Group's subscribed amount was approximately RMB1,269,029,400, and the Group's paid-in amount was approximately RMB990,611,800. The Group's maximum exposure to risk in these structured entities is the amount of capital contribution of the Group up to the balance sheet date. The Group has no obligation or intention to provide financial support to such structured entities.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XI. GOVERNMENT GRANTS

1. Debt Items Involving Government Grants

Unit: Yuan Currency: RMB

Items in financial statement	Opening balance	Additional grants for the current period	Amount included in non-operating income for the current period	Transferred to other income in the current period	Other changes in the current period	Closing balance	Asset-related/ income-related
Deferred income	12,650,114.95	206,124.83	-	1,482,854.34	-	11,373,385.44	Income-related
Deferred income	29,842,564.53	26,678,592.27	-	5,090,842.65	-	51,430,314.15	Asset-related
Total	42,492,679.48	26,884,717.10	-	6,573,696.99	-	62,803,699.59	/

2. Government Grants Included in Profit or Loss for the Period

Unit: Yuan Currency: RMB

Type	Amount for the current period	Amount for the last period
Asset-related	4,819,389.57	2,724,750.24
Income-related	3,756,046.17	24,358,749.30
Total	8,575,435.74	27,083,499.54



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Financial Instrument Risks

The Company's principal financial instruments include equity investment, cash and bank balances, financial assets held for trading, accounts receivables, accounts payables, other receivables. Details of each financial instrument are set out in the relevant items under "Note VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS" in this section. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these risk exposure to ensure that the aforementioned risks are limited within a scope.

The Company uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. Since any risk variable rarely changes separately, and the correlation between variables has a significant effect on the final amount of the impact of a change in a single risk variable, the following content is based on the assumption that each variable changes separately.

(I) Objectives and policies of risk management

The objective of the Company's risk management is to obtain an appropriate balance between risk and return, minimize negative impact of risk on the Company's operating results and maximize benefits of shareholders and other equity investors. Based on such objective of risk management, the basic risk management strategy of the Company is to identify and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control risks within a limited scope.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Financial Instrument Risks (Continued)

(I) Objectives and policies of risk management (Continued)

1. Market risk

(1) Exchange rate risk

Exchange rate risk refers to the risk of losses arising from exchange rate fluctuations. The Company is exposed to foreign exchange risk primarily related to the US dollar. Except for certain of the Company's overseas sales, purchases and other expenditure businesses that are settled in foreign currencies, other principal business activities of the Company are denominated and settled in Renminbi. The foreign exchange risk arising from the Company's recognized foreign currency assets and liabilities and future foreign currency transactions may have an impact on the Company's operating results. The Company closely monitors the impact of exchange rate changes on the foreign exchange risk of the Company.

To effectively hedge against foreign exchange market risks, prevent adverse effects caused by significant exchange rate fluctuations and control fluctuations in the Company's financial expenses, the Company reviewed and approved the "Resolution on Conducting Foreign Exchange Derivative Transactions in 2026" at the 10th meeting of the Fifth Board of Directors held on March 30, 2026, agreeing that the Company and its subsidiaries included in the scope of the consolidated financial statements conduct foreign exchange derivative transactions with banks and other financial institutions, as required by actual needs, with an annual aggregate amount not exceeding US\$600 million or its equivalent in other foreign currencies.

The Company's foreign currency financial assets and foreign currency financial liabilities at the end of the period are presented in "59. Monetary Items in Foreign Currency" under the section "Note VII. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS" of "Financial Report".



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Financial Instrument Risks (Continued)

(1) Objectives and policies of risk management (Continued)

1. Market risk (Continued)

(2) Interest rate risk – risk of changes from cash flow

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market prices.

The Company's interest rate risk primarily arises from cash and bank balances. The Company regularly reviews its interest rate risk management strategy based on the then market conditions.

(3) Other price risks

The Company's financial assets held for trading, investment in other equity instruments, and other non-current financial assets are measured at fair value at the balance sheet date. Therefore, the Company bears the risk of changes in the securities market. The Company closely monitors the impact of capital market fluctuations on fair value.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Financial Instrument Risks (Continued)

(I) Objectives and policies of risk management (Continued)

2. Credit risk

Credit risk refers to the risk that a counterparty fails to perform its contractual obligations, resulting in a financial loss to the Company.

The counterparties for the Company's bank deposits, financial assets held for trading and bank acceptance bills receivable are banks with good reputations and high credit ratings, and the credit risk of these financial instruments is low.

The Company's other financial assets include accounts receivables and other receivables. The credit risk of these financial assets arises from default by these counterparties, and the maximum exposure is equal to the carrying amount of these instruments. The Company only transacts with approved and reputable third parties. In accordance with the policy of the Company, credit assessments shall be conducted for all customers who request to trade on credit. In addition, the Company continuously monitors its accounts receivables balances to ensure that it is not exposed to significant bad debt risk.

The accounts receivables from the five largest debtors accounted for 43.16% (December 31, 2025: 41.66%) of the Company's book balance of accounts receivables.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

1. Financial Instrument Risks (Continued)

(I) Objectives and policies of risk management (Continued)

3. Liquidity risk

Liquidity risk refers to the risk of shortage of funds that the Company may encounter in performing its obligations of settlement by delivering cash or other financial assets.

In managing liquidity risk, the Company maintains cash and cash equivalents determined by management to be sufficient and monitors them to meet the Company's operating needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank borrowings and ensures compliance with borrowing agreements. Meanwhile, it obtains commitments from major financial institutions to provide sufficient reserve funds to meet capital needs.

An analysis of the Company's non-derivative financial liabilities held at June 30, 2026, based on the maturity of the undiscounted residual contractual obligations, is as follows:

Unit: RMB

Items	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Accounts payables	1,649,350,170.94	-	-	-	-	-
Other payables	102,344,471.99	-	-	-	-	-
Lease liabilities	43,445,512.51	30,176,576.09	6,259,192.11	-	-	-
Long-term payables	4,448,204.72	4,449,537.75	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

2. Hedging

(1) *The Company conducts hedging business for risk management*

Items	Relevant risk management strategy and objectives	Qualitative and quantitative information of hedged risks	Economic correlation between the hedged item and relevant hedging tools	Effective fulfillment of expected risk management objectives	Impact of relevant hedging activities on risk exposure
Foreign exchange hedging	To reasonably hedge against foreign exchange market risks, prevent the impact of significant exchange rate fluctuations on the Company, and enhance the Company's financial stability	Engaging in the same currency as the primary settlement currency used for the Company's production and operations, the Company conducts hedging through methods such as forward foreign exchange settlement and swaps	Entering into forward foreign exchange contracts, swap contracts, etc. to reduce foreign exchange market risk	The Company has established relevant internal control systems and continuously monitors its hedging business to ensure the fulfillment of its expected risk management objectives	By conducting hedging activities, the Company can make full use of the derivatives market's hedging function to hedge against exchange rate risk arising from foreign exchange price volatility and reduce its impact on the Company's normal operations



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XII. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

2. Hedging (Continued)

- (2) *The Company conducts hedging activities for risk management, expecting to achieve risk management objectives but not applying hedge accounting*

Items	Reasons for not applying hedge accounting	Impact on financial statements
Foreign exchange hedging	The Company has not individually designated hedging relationships for foreign currency transactions and has not met the application conditions for hedge accounting	The Company conducts corresponding accounting and disclosure for foreign exchange derivative transactions in accordance with the relevant provisions and guidelines of “Enterprise Accounting Standard No. 22 – Recognition and Measurement of Financial Instruments”, “Enterprise Accounting Standard No. 23 – Transfer of Financial Assets” and “Enterprise Accounting Standard No. 37 – Presentation of Financial Instruments”.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIII. DISCLOSURE OF FAIR VALUE

1. Fair Value of Assets and Liabilities Measured at Fair Value at the End of the Period

Unit: Yuan Currency: RMB

Items	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Recurring fair value measurement				
(I) Financial assets held for trading	217,166,542.32	-	255,235,275.89	472,401,818.21
1. Financial assets measured at fair value through profit or loss	217,166,542.32	-	255,235,275.89	472,401,818.21
(1) Debt instrument investments	-	-	-	-
(2) Equity instrument investments	9,850,742.59	-	-	9,850,742.59
(3) Derivative financial assets				
(4) Wealth management products	207,315,799.73	-	255,235,275.89	462,551,075.62
2. Financial assets designated at fair value through profit or loss	-	-	-	-
(1) Debt instrument investments	-	-	-	-
(2) Equity instrument investments	-	-	-	-
(II) Other debt investments	-	-	-	-
(III) Investment in other equity instruments	68,620,301.79	-	11,368,740,428.50	11,437,360,730.29
(IV) Other non-current financial assets	-	-	2,984,128,403.73	2,984,128,403.73
1. Land use rights for rental	-	-	-	-
2. Buildings for rental	-	-	-	-
3. Land use rights held for transfer after appreciation	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIII. DISCLOSURE OF FAIR VALUE (Continued)

1. Fair Value of Assets and Liabilities Measured at Fair Value at the End of the Period (Continued)

Items	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
(V) Biological assets				
1. Consumable biological assets	-	-	-	-
2. Productive biological assets	-	-	-	-
Total assets measured at fair value on a recurring basis	285,786,844.11		14,608,104,108.12	14,893,890,952.23
(VI) Financial liabilities held for trading	-	2,987,785.67	-	2,987,785.67
1. Financial liabilities measured at fair value through profit or loss	-	2,987,785.67	-	2,987,785.67
Including: Issued trading bonds	-	-	-	-
Derivative financial liabilities	-	2,987,785.67	-	2,987,785.67
Others	-	-	-	-
2. Financial liabilities designated at fair value through profit or loss	-	-	-	-
Total liabilities measured at fair value on a recurring basis	-	2,987,785.67	-	2,987,785.67
II. Non-recurring fair value measurement				
(I) Assets held for sale	-	-	-	-
Total assets measured at fair value on a non-recurring basis	-	-	-	-
Total liabilities measured at fair value on a non-recurring basis	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIII. DISCLOSURE OF FAIR VALUE (Continued)

2. Basis for Determining the Market Price of Recurring and Non-recurring Level 1 Fair Value Measurement Items

The Company's Level 1 fair value measurement items consist of monetary funds and income funds held and equity in listed companies not subject to a lock-up period. The Company holds monetary funds and income funds and their fair value is recognized based on the net asset value of the funds at the end of the period. The equity interests held by the Company in ASR Microelectronics Co., Ltd. (翱捷科技股份有限公司), Shenzhen SEICHI Technologies Co., Ltd. (深圳精智達技術股份有限公司) and Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司) are not subject to a lock-up period, and the Company determines their fair value based on market transaction prices.

3. Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters for Recurring and Non-recurring Level 2 Fair Value Measurement Items

The Company's Level 2 fair value measurement items are foreign exchange hedging activities. Foreign exchange hedging activities are presented as financial assets held for trading or financial liabilities held for trading, with the product market value notice provided by the bank serving as the basis for determining fair value.

4. Qualitative and Quantitative Information on Valuation Techniques and Significant Parameters for Recurring and Non-recurring Level 3 Fair Value Measurement Items

Items held by the Company that are measured at fair value, other than monetary funds, income funds, equity in listed companies not subject to a lock-up period, and foreign exchange hedging activities, are classified as Level 3 fair value measurement items. The Company determines the fair value of such items by combining the following methods:

- (1) Reference to the valuation in the valuation report issued by a professional valuer: The valuer used the market approach or income approach, and the parameters used in the valuation mainly included the liquidity discount rate. The valuation basis was derived from information such as the financial condition of the investee company and comparable listed companies.
- (2) Reference to a series of materials obtained by the Company during the ongoing post-investment management of investment projects, including the latest financial statements, operating conditions, business development and latest financing status of the investee company.
- (3) Reference to the net asset value provided by the counterparty financial institution as at the balance sheet date, with net assets being a significant unobservable input, and its fair value changes in the same direction as the net asset value.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIII. DISCLOSURE OF FAIR VALUE (Continued)

5. Reconciliation Between the Opening and Closing Carrying Amounts of Recurring Level 3 Fair Value Measurement Items and Sensitivity Analysis of Unobservable Parameters

For the reconciliation between the opening and closing carrying amounts of Level 3 fair value measurement items within investment in other equity instruments, see Note VII. 11.

6. Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

Unit: RMB

Items	Carrying amount	Fair Value		Level	Remarks
		Opening balance	Closing balance		
Cash and bank balances	16,964,598,373.16	9,186,269,982.61	16,964,598,373.16	Level 1	Carrying amount valuation
Bills receivables	1,233,512.92	6,146,725.10	1,233,512.92	Level 3	Amortized cost valuation
Accounts receivables	435,689,503.57	192,618,022.79	435,689,503.57	Level 3	Amortized cost valuation
Other receivables	181,080,960.42	199,714,797.73	181,080,960.42	Level 3	Amortized cost valuation
Other non-current assets – Proceeds from disposal of investments	1,634,042.66	1,517,811.72	1,634,042.66	Level 3	Amortized cost valuation
Short-term borrowings	–	200,138,722.22	–	Level 3	Payment obligation valuation
Accounts payables	1,649,350,170.94	812,928,595.58	1,649,350,170.94	Level 3	Payment obligation valuation
Other payables	102,344,471.99	141,203,860.41	102,344,471.99	Level 3	Payment obligation valuation
Lease liabilities (including portion due within one year)	76,847,415.65	97,015,614.71	76,847,415.65	Level 3	Amortized cost valuation
Long-term payables (including portion due within one year)	8,628,279.96	–	8,628,279.96	Level 3	Amortized cost valuation



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The Company's Subsidiaries

For details of the Company's subsidiaries, please refer to Note X. INTERESTS IN OTHER ENTITIES

2. The Company's Joint Ventures and Associates

For details of the Company's significant joint ventures or associates, please refer to Note X. 2. Interests in Joint Ventures or Associates

The details of other joint ventures or associates that had related party transactions with the Company in the current period, or had related party transactions with the Company in prior periods that resulted in outstanding balances, are as follows

Name of joint venture or associate	Relationship with the Company
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司)	Associate
Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥))	Associate
Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司)	Associate



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Other Related Parties

Name of other related party	Relationship of other related party with the Company
CXMT Corporation (長鑫科技集團股份有限公司) and its subsidiaries	Related person (shares the same chairman as the Company)
Zhang Kedong	Others

Other explanations

Mr. Zhu Yiming, the de facto controller of A Shares, controlling shareholder and chairman of the Company, currently serves as the chairman of CXMT. In accordance with the relevant provisions on related legal persons under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, CXMT is a related legal person of the Company.

Mr. Zhang Kedong, a former director of the Company, ceased to be a director of the Company on December 16, 2024 upon the change of the board. In accordance with the relevant provisions on related natural persons under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Mr. Zhang Kedong is a related natural person who had a related relationship within the past 12 months.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Related Party Transactions

(1) Related party transactions for the purchase and sale of goods and the rendering and receipt of services

Table of purchase of goods/receipt of services

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount for the current period	Approved transaction limit (if applicable)	Whether the transaction limit was exceeded (if applicable)	Amount for the last period
CXMT Corporation (長鑫科技集團股份有限公司) and its subsidiaries	Raw materials, etc.	1,986,235,896.02	-	-	433,482,227.93
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司)	Raw materials, etc.	4,727,427.03	-	-	6,728,726.97
Zhang Kedong	Consulting services	-	-	-	21,475.80

Table of sale of goods/rendering of services

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount for the current period	Amount for the last period
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司)	Product sales	183,534.67	157,607.07
Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司)	Product sales	347,441.58	-



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Related Party Transactions (Continued)

(2) *Remuneration of key management personnel*

Unit: 0'000 Currency: RMB

Items	Amount for the current period	Amount for the last period
Remuneration of key management personnel	648.26	697.97

Note: The above remuneration data does not include equity incentives and retirement plan contributions.

(3) *Other related party transactions*

In February 2024, the Company, as a limited partner, participated in subscribing for fund units of Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)) with its own funds of RMB300 million. The committed capital contribution accounted for 27.27% of the total committed capital contribution of the fund. The third installment of capital contribution of RMB90 million was paid in January 2026. As of June 30, 2026, the Company had completed its committed capital contribution of RMB300 million.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Amounts Due from/to Related Parties and Other Outstanding Items

Amounts due to related parties

Unit: Yuan Currency: RMB

Name of item	Related party	Closing book balance	Opening book balance
Accounts payables	CXMT Corporation (長 鑫科技集團股份 有限公司) and its subsidiaries	687,814,207.12	171,198,923.82
Accounts payables	Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科 技有限公司)	756,795.86	92,094.74
Contract liabilities	Transcputing Tech Co., Ltd. (上海光羽芯辰 科技有限公司)	13,291,040.00	4,342,520.00
Contract liabilities	Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科 技有限公司)	622,632.74	442,053.10
Other payables	Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科 技有限公司)	118,279.18	19,628.32

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XV. SHARE-BASED PAYMENT

1. Equity Instruments

(1) Breakdown

Quantity unit: share Amount Unit: Yuan Currency: RMB

Category of grantee	Granted in the current period		Exercised in the current period		Vested in the current period		Lapsed in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management and core and backbone personnel – 2024 Stock Options	-	-	1,250,168	72,622,259.12	-	-	46,572	2,705,367.48
Management and core and backbone personnel – 2023 Stock Options	-	-	-	-	-	-	140,631	12,007,074.78
Total	-	-	1,250,168	72,622,259.12	-	-	187,203	14,712,442.26

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XV. SHARE-BASED PAYMENT (Continued)

1. Equity Instruments (Continued)

(2) Stock options or other equity instruments outstanding at the end of the period

Category of grantee	Stock options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of exercise prices	Remaining contractual term	Range of exercise prices	Remaining contractual term
Management and core and backbone personnel – 2024 Stock Options	58.09	23 months, 35 months	/	/
Management and core and backbone personnel – 2023 Stock Options	85.38	13 months, 25 months	/	/
Share-based payments implemented by subsidiary Suzhou XySemi for its employees – 2019	/	/	RMB0.4943 per share	6 months
Share-based payments implemented by subsidiary Suzhou XySemi for its employees – 2021	/	/	RMB3.84 per share	6 months
Share-based payments implemented by subsidiary Suzhou XySemi for its employees – 2024	/	/	RMB3.51/ RMB0.49 per share	6 months/30 months

Other explanations

The “remaining contractual term” is rounded up to the nearest month. The remaining contractual term of a stock option includes the vesting period and a 1-year exercise period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XV. SHARE-BASED PAYMENT (Continued)

2. Information about Equity-settled Share-based Payment

Unit: Yuan Currency: RMB

Recipients of equity-settled share-based payments	Management and core and backbone personnel
Method for determining the fair value of equity instruments on the grant date	Closing price on the grant date, Black-Scholes-Merton Option Pricing model
Significant parameters for the fair value of equity instruments on the grant date	/
Basis for determining the number of exercisable equity instruments	Estimated and determined based on the performance conditions for each vesting period and the assessment results of the incentive recipients
Reasons for significant differences between the current estimate and the last estimate	No significant difference
The cumulative amount of equity-settled share-based payments included in capital reserve	1,273,949,013.99
Other explanations	

The cumulative amount of equity-settled share-based payments included in capital reserve includes recognized expenses and the capital reserve recognized for the tax impact of deductible differences related to vested/exercised portions, but excludes the portion attributable to minority interests.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XV. SHARE-BASED PAYMENT (Continued)

3. Share-based Payment Expense for the Current Period

Unit: Yuan Currency: RMB

Category of grantee	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management and core and backbone personnel	45,379,791.29	—
Total	45,379,791.29	—

XVI. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Important external commitments, nature and amount existing on the balance sheet date

Unit: 0'000 Currency: RMB

Items	Closing balance	Opening balance
Contracted but not recognized in the financial statements	—	—
Capital commitments	64,227.61	20,751.60
External investment commitments	27,841.76	19,562.72
Total	92,069.37	40,314.32

2. Contingencies

As of June 30, 2026, the Company has no significant contingencies to disclose.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XVII. EVENTS AFTER THE BALANCE SHEET DATE

1. Proposed A Share Repurchase Plan

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

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

2. Proposed Adoption of the 2026 H Share Award Scheme

To attract and retain eligible participants who have made significant contributions to the long-term growth and success of the Group, to recognize and reward their contributions to the Group; to encourage eligible participants to further contribute to the Group and strive to enhance the alignment of interests between the Company and its Shareholders in the best interests of the Company and its Shareholders, to promote the Group's long-term performance (both financially, in business and operationally), the Board has considered and approved the resolution on the proposed adoption of the 2026 H Share Award Scheme on August 18, 2026, which is subject to the consideration and approval by the Shareholders of the Company at a general meeting. For details, please refer to the announcement of the Company dated August 18, 2026.

3. Participating in the Investment in Overseas Private Equity Investment Funds

To further promote the Company's development and strengthen its global strategic industrial layout, GigaDevice Semiconductor (HK) Limited (芯技佳易微电子(香港)科技有限公司), a wholly-owned subsidiary of the Company, entered into a subscription agreement on August 10, 2026 to subscribe for 25% of fund units of Yunfeng Investment V, L.P. as a limited partner with its own funds of USD100 million.



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XVIII. OTHER SIGNIFICANT EVENTS

1. Segment Information

The Company's overall business and revenue are almost entirely derived from the integrated circuit industry, and its products mainly consist of memory, MCUs, sensors and analog products. As of June 30, 2026, the Company had no reportable segments.

2. Others

Basic earnings per share

Basic earnings per share are calculated based on the net profit attributable to shareholders of the parent company, after considering dividends enjoyed by holders of restricted shares issued by the Company, and the weighted average number of ordinary shares issued by the Company during each period. The details of calculation are as follows:

(1) Net profit attributable to shareholders of the parent company

Unit: RMB

	Amount for the current period	Amount for the last period
Net profit attributable to shareholders of the parent company	6,856,786,413.68	575,475,605.82
Less: Dividends entitled to receive by holders of restricted shares	—	—
Net profit attributable to shareholders of the parent company for the calculation of basic earnings per share	6,856,786,413.68	575,475,605.82

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XVIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Others (Continued)

Basic earnings per share (Continued)

(2) Weighted average number of ordinary shares

Unit of quantity: Share

	Amount for the current period	Amount for the last period
Issued ordinary shares at the beginning of the period	667,849,351.00	664,124,105.00
Less: treasury shares at the beginning of the period	607,585.00	3,041,293.00
Ordinary shares outstanding at the beginning of the period	667,241,766.00	661,082,812.00
Effect of H shares listed and issued	30,337,439.00	—
Effect of option exercise	85,469.00	216,913.00
Effect of restricted shares settlement	—	242,902.00
Weighted average number of ordinary shares at the end of the period	697,664,674.00	661,542,627.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XVIII. OTHER SIGNIFICANT EVENTS (Continued)

2. Others (Continued)

Diluted earnings per share

Diluted earnings per share is calculated based on the net profit attributable to shareholders of the parent company and the weighted average number of ordinary shares after considering the potential dilutive ordinary shares. The details of calculation are as follows:

Unit of quantity: Share

	Amount for the current period	Amount for the last period
Weighted average number of ordinary shares at the end of the period	697,664,674.00	661,542,627.00
Add: Effect of share options under equity incentive schemes	4,378,020.00	1,244,391.00
Effect of restricted shares under equity incentive schemes	–	278,328.00
Number of ordinary shares outstanding for the period used to calculate diluted earnings per share	702,042,694.00	663,065,346.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS

1. Accounts Receivables

(1) Disclosure by aging

Unit: Yuan Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	1,223,497,818.48	596,728,193.54
Including: Within 3 months	1,147,385,466.99	454,413,789.75
4-12 months	76,112,351.49	142,314,403.79
1 to 2 years	260,961,354.79	339,285,905.27
2 to 3 years	333,288.00	—
Total	1,484,792,461.27	936,014,098.81

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

1. Accounts Receivables (Continued)

(2) Disclosure by bad-debt provision method

Unit: Yuan Currency: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion	Amount	Proportion	Carrying amount	Amount	Proportion	Amount	Proportion	Carrying amount
		(%)		(%)			(%)		(%)	
Provision for bad debts made on an individual basis	-	-	-	-	-	-	-	-	-	-
Including:										
Provision for bad debts made on a collective basis	1,484,792,461.27	100	591.89	0.00	1,484,791,869.38	936,014,098.81	100	586.95	0.00	936,013,511.86
Including:										
The aging portfolio	22,127,116.64	1.49	591.89	0.00	22,126,524.75	5,870,423.89	0.63	586.95	0.01	5,869,836.94
Intra-group related party portfolio	1,462,665,344.63	98.51	-	-	1,462,665,344.63	930,143,674.92	99.37	-	-	930,143,674.92
Total	1,484,792,461.27	/	591.89	/	1,484,791,869.38	936,014,098.81	/	586.95	/	936,013,511.86



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

1. Accounts Receivables (Continued)

(2) Disclosure by bad-debt provision method (Continued)

Provision for bad debts made on a collective basis:

Item made on a collective basis: The aging portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 3 months	22,115,278.76	—	—
4 – 12 months	11,837.88	591.89	5.00
Total	22,127,116.64	591.89	0.00

Basis for stage classification and provision proportion for bad debts

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

1. Accounts Receivables (Continued)

(3) *Top five accounts receivables and contract assets categorized by debtor, in terms of closing balance:*

Unit: Yuan Currency: RMB

Name of entity	Closing balance of accounts receivables	Closing balance of contract assets	Closing balance of accounts receivables and contract assets	Proportion to total closing balance of accounts receivables and contract assets (%)	Closing balance of provision for bad debts
First	809,883,597.19	-	809,883,597.19	54.55	-
Second	268,717,572.47	-	268,717,572.47	18.10	-
Third	157,420,139.95	-	157,420,139.95	10.60	-
Fourth	152,132,773.93	-	152,132,773.93	10.25	-
Fifth	60,682,976.38	-	60,682,976.38	4.09	-
Total	1,448,837,059.92	-	1,448,837,059.92	97.59	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

2. Other Receivables

Details of items

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	–	–
Dividend receivable	–	–
Other receivables	67,509,494.56	542,785,701.26
Total	67,509,494.56	542,785,701.26

Other receivables

(1) Disclosure by aging

Unit: Yuan Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	65,455,471.87	490,122,937.34
Including: Within 3 months	24,834,678.05	369,375,692.51
4-12 months	40,620,793.82	120,747,244.83
1 to 2 years	1,750,000.00	49,906,013.77
2 to 3 years	443,713.36	1,653,278.97
3 to 4 years	13,050.00	19,810.00
4 to 5 years	17,110.00	5,793,115.12
Over 5 years	5,783,115.12	–
Total	73,462,460.35	547,495,155.20



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

2. Other Receivables (Continued)

Other receivables (Continued)

(2) Classification by the nature of payment

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Transactions with subsidiaries	63,369,513.28	538,563,894.37
Deposits and securities	8,303,247.23	7,723,338.48
Others	1,789,699.84	1,207,922.35
Total	73,462,460.35	547,495,155.20

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

2. Other Receivables (Continued)

Other receivables (Continued)

(3) Status of provision for bad debts

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Stage 3	
	ECL over the next 12 months	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit impaired)	Total
Provision for bad debts				
Balance on January 1, 2026	4,709,453.94	–	–	4,709,453.94
Balance on January 1, 2026 in the current period				
– Transferred to Stage 2	–	–	–	–
– Transferred to Stage 3	–	–	–	–
– Reversed from Stage 2	–	–	–	–
– Reversed from Stage 1	–	–	–	–
Provision made for the current period	1,261,211.85	–	–	1,261,211.85
Reversed in the current period	17,700.00	–	–	17,700.00
Carried forward in the current period	–	–	–	–
Written off in the current period	–	–	–	–
Other changes	–	–	–	–
Balance on June 30, 2026	5,952,965.79	–	–	5,952,965.79

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

2. Other Receivables (Continued)

Other receivables (Continued)

(3) Status of provision for bad debts (Continued)

Basis for stage classification and provision proportion for bad debts

For details, please refer to the accounting policy under “V. 11. Financial Instruments”

(4) Status of provision for bad debts

Unit: Yuan Currency: RMB

Type	Opening balance	Amount of change in the current period				Closing balance
		Provision	Recovery or reversal	Carry-forward or write-off	Other changes	
Deposits and securities	4,709,453.94	1,261,211.85	17,700.00	-	-	5,952,965.79
Total	4,709,453.94	1,261,211.85	17,700.00	-	-	5,952,965.79

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

2. Other Receivables (Continued)

Other receivables (Continued)

(5) Top five other receivables according to the closing balance collected by the debtor

Unit: Yuan Currency: RMB

Unit name	Closing balance	Proportion to the total closing balance of other receivables (%)	Nature of payment	Aging	Closing balance of provision for bad debts
XCMEMORY (Xi'an) Co., Ltd. (西安芯存半導體有限公司)	29,465,723.29	40.11	Transactions with subsidiaries	Within 1 year	-
XCMEMORY (Hefei) Co., Ltd. (合肥芯存半導體有限公司)	12,582,890.42	17.13	Transactions with subsidiaries	Within 1 year, 1-2 years	-
Silead Inc. (上海思立微電子科技有限公司)	12,457,233.15	16.96	Transactions with subsidiaries	Within 1 year	-
GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)	7,700,998.34	10.48	Transactions with subsidiaries	Within 1 year	-
Beijing Chengao Real Estate Co., Ltd. (北京城奧置業有限公司)	6,734,213.87	9.17	Deposits and securities	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, over 5 years	5,790,714.12
Total	68,941,059.07	93.85 /	/	/	5,790,714.12

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

3. Long-term Equity Investments

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investments in subsidiaries	6,018,880,505.65	165,647,636.20	5,853,232,869.45	5,444,039,214.81	165,647,636.20	5,278,391,578.61
Investments in associates and joint ventures	1,085,135,212.85	-	1,085,135,212.85	445,364,925.47	-	445,364,925.47
Total	7,104,015,718.50	165,647,636.20	6,938,368,082.30	5,889,404,140.28	165,647,636.20	5,723,756,504.08

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

3. Long-term Equity Investments (Continued)

(1) Investments in subsidiaries

Unit: Yuan Currency: RMB

Investee company	Opening balance (carrying amount)	Opening balance of impairment provision	Increase/decrease for the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Increase in investments	Decrease in investments	Provision for impairment	Others		
GigaDevice Semiconductor (Shanghai) Inc (上海格易電子有限公司)	537,595,111.61	-	2,517,451.92	-	-	-	540,112,563.53	-
GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司)	200,314,450.99	-	2,938,086.93	-	-	-	203,252,537.92	-
GigaDevice Semiconductor (Shenzhen) Inc. (深圳市格易聚創集成電路有 限公司)	114,513,235.17	-	4,988,272.21	-	-	-	119,501,507.38	-
GigaDevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公 司)	160,087,236.99	-	988,779.84	-	-	-	161,076,016.83	-
GigaDevice Venture Capital (深圳市外 灘科技開發有限公司)	265,246,376.58	-	1,019,422.80	-	-	-	266,265,799.38	-
Giga Semi Singapore PTE	129,604,797.39	-	77,479.92	-	-	-	129,682,277.31	-
Beijing Giga-Analog Zhiyuan Technology Development Co., Ltd. (北京圭璋致 遠科技開發有限公司)	163,000,000.00	-	0.00	-	-	-	163,000,000.00	-
XC MEMORY Co., Ltd. (珠海橫琴芯存 半導體有限公司)	915,071,442.22	-	506,243,491.87	-	-	-	1,421,314,934.09	-
CelMemory Technology Co., Ltd. (北京 青耘科技有限公司)	22,478,805.45	-	1,038,935.33	-	-	-	23,517,740.78	-

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

3. Long-term Equity Investments (Continued)

(1) Investments in subsidiaries (Continued)

Investee company	Opening balance (carrying amount)	Opening balance of impairment provision	Increase/decrease for the current period				Closing balance (carrying amount)	Closing balance of impairment provision
			Increase in investments	Decrease in investments	Provision for impairment	Others		
CICC Qizhao Ruihong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟兆睿泓(廈門) 股權投資基金合夥企業(有限合 夥))	198,000,000.00	-	-	-	-	-	198,000,000.00	-
Zhuhai Lingchuang Management Consulting Co., Ltd. (珠海領創管理 諮詢有限公司)	37,000,000.00	-	-	-	-	-	37,000,000.00	-
Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限 公司)	316,000,000.00	-	-	-	-	-	316,000,000.00	-
Ping An Securities Ping An 30 Private Exclusive No. 8 FOF Single-asset Management Plan (平安證券平安 30私享8號FOF單一資產管理計劃)	-	-	50,000,000.00	-	-	-	50,000,000.00	-
GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限 公司)	59,810,787.01	-	907,413.66	-	-	-	60,718,200.67	-
Silead Inc. (上海思立微電子科技有 限公司)	2,159,669,335.20	165,647,636.20	4,121,956.36	-	-	-	2,163,791,291.56	165,647,636.20
Total	5,278,391,578.61	165,647,636.20	574,841,290.84	-	-	-	5,853,232,869.45	165,647,636.20

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

3. Long-term Equity Investments (Continued)

(2) Investments in associates and joint ventures

Unit: Yuan Currency: RMB

Investor	Opening balance (carrying amount)	Opening balance of provisions for impairment	Increase/decrease for the current period								Closing balance (carrying amount)	Closing balance of provisions for impairment
			Increase in investments	Decrease in investments	Investment gains and losses recognized using equity method	Adjustment for other comprehensive income	Change in other equity	Declared and paid cash dividends or profits	Provisions for impairment	Others		
I. Joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
II. Associates												
Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥 石溪兆易智創 業投資基金合夥 企業(有限合夥))	206,881,881.62		90,000,000.00	-	-2,329,260.29	-	-	-	-	-	294,552,621.33	
Transputing Tech Co., Ltd (上海光羽芯 辰科技有限公司)	-		-	-	-	-	-	-	-	-	-	
Shanghai Stony Creek GigaDevice Zhixin Venture Capital Partnership (Limited Partnership (上海 石溪兆易智創 業投資合夥企業 (有限合夥))	-		160,000,000.00	-	-254,904.37	-	-	-	-	-	159,745,095.63	
Silicon Innovation (成都 星拓微電子科技 股份有限公司)	-		340,630,000.00	-	-909,190.61	-	-	-	-	-	339,720,809.39	
Hefei Kuxin Microelectronics Co., Ltd. (合肥酷 芯微電子股份有 限公司)	238,483,043.85		55,964,983.04	-	-3,331,391.69	51.30	-	-	-	-	291,116,686.50	
Subtotal	445,364,925.47		646,594,983.04	-	-6,824,746.96	51.30	-	-	-	-	1,085,135,212.85	
Total	445,364,925.47		646,594,983.04	-	-6,824,746.96	51.30	-	-	-	-	1,085,135,212.85	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

4. Operating Revenue and Operating Costs

(1) Details of operating revenue and operating costs

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Principle business	4,262,168,500.28	1,785,938,808.11	1,861,719,338.04	1,257,625,356.72
Others	17,701,939.95	7,943,657.85	48,983,971.59	4,602,424.16
Total	4,279,870,440.23	1,793,882,465.96	1,910,703,309.63	1,262,227,780.88

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

4. Operating Revenue and Operating Costs (Continued)

(2) The disaggregated information of operating revenue and operating costs

Unit: Yuan Currency: RMB

Contract classification	Integrated circuit business		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Type of goods				
Memory chips	3,806,119,549.05	1,423,542,517.09	3,806,119,549.05	1,423,542,517.09
MCUs	407,955,975.36	320,291,451.95	407,955,975.36	320,291,451.95
Analog products	45,383,703.55	39,661,667.59	45,383,703.55	39,661,667.59
Technical services and others	20,411,212.27	10,386,829.33	20,411,212.27	10,386,829.33
By geographical region				
Chinese Mainland	1,283,477,323.09	600,253,314.37	1,283,477,323.09	600,253,314.37
Hong Kong	2,330,340,667.88	1,007,981,514.99	2,330,340,667.88	1,007,981,514.99
Other countries and regions	666,052,449.26	185,647,636.60	666,052,449.26	185,647,636.60
Type of market or customer				
Consumer	247,264,898.40	122,065,726.90	247,264,898.40	122,065,726.90
Non-consumer	4,032,605,541.83	1,671,816,739.06	4,032,605,541.83	1,671,816,739.06
Type of contract				
Sale of goods	4,259,459,227.96	1,783,495,636.63	4,259,459,227.96	1,783,495,636.63
Others	20,411,212.27	10,386,829.33	20,411,212.27	10,386,829.33
By timing of transfer of goods				
Revenue recognized at a point in time	4,275,035,712.62	1,790,225,572.26	4,275,035,712.62	1,790,225,572.26
Revenue recognized over time	4,834,727.61	3,656,893.70	4,834,727.61	3,656,893.70
By contract term				
Within 1 year	4,277,168,292.60	1,791,439,294.48	4,277,168,292.60	1,791,439,294.48
Over 1 year	2,702,147.63	2,443,171.48	2,702,147.63	2,443,171.48
By sales channel				
Direct sales	3,318,554,717.33	1,350,218,871.74	3,318,554,717.33	1,350,218,871.74
Distributor	961,315,722.90	443,663,594.22	961,315,722.90	443,663,594.22
Total	4,279,870,440.23	1,793,882,465.96	4,279,870,440.23	1,793,882,465.96



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

4. Operating Revenue and Operating Costs (Continued)

(2) *The disaggregated information of operating revenue and operating costs (Continued)*

Other explanations

For relevant explanations, please refer to VII. 41 Operating Revenue and Operating Costs. In addition, under “By sales channel”, internal transaction revenue between the parent company and its subsidiaries within the same group is included in “Direct sales”. Under “By market or customer type”, internal transaction revenue between the parent company and its subsidiaries within the same group is included in “Non-consumer”.

(3) *Explanation on allocation to the remaining performance obligations*

The revenue amount corresponding to performance obligations under contracts signed but not yet fulfilled or fully fulfilled at the end of the Reporting Period was RMB1.893 billion, of which:

RMB1.893 billion is expected to be recognized as revenue in 2026

RMB0 is expected to be recognized as revenue in 2027

RMB0 is expected to be recognized as revenue in 2028



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XIX. NOTES TO KEY ITEMS OF THE COMPANY FINANCIAL STATEMENTS (Continued)

5. Investment Income

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the last period
Income from long-term equity investments accounted for using the equity method	-6,824,746.96	-7,036,410.69
Dividend income from other non-current financial assets during the holding period	-	378,291.12
Total	-6,824,746.96	-6,658,119.57

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XX. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-recurring Profit or Loss for the Current Period

Unit: Yuan Currency: RMB

Items	Amounts	Notes
Profit or loss on disposal of non-current assets, including the written-off portion of provisions already made for asset impairment	164,714.72	VII. 52 and VII. 54
Government grants recognized in profit or loss for the current period, except for those government grants which are closely related to the Company's ordinary course of business, comply with state policy requirements, are entitled to in accordance with prescribed standards, and have a continuing effect on the Company's profit or loss	8,575,435.74	VII. 47 and VII. 53
Profit or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss arising from disposal of financial assets and financial liabilities, other than effective hedging activities related to the Company's ordinary course of business	2,231,404,413.90	VII. 48 and VII. 49
Funding occupation fees charged to non-financial enterprises recognized in profit or loss for the current period	2,482,220.51	
Other non-operating income and expenses other than the above	-48,024,693.51	VII. 53 and VII. 54
Other profit or loss items that meet the definition of non-recurring profit or loss		
Less: Effect of income tax expense	218,652,232.28	
Effect on minority interests (after tax)	2,196,924.33	
Total	1,973,752,934.75	



NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

XX. SUPPLEMENTARY INFORMATION (Continued)

2. Return Rate on Net Assets and Earnings per Share

Profit for the Reporting Period	Weighted average return rate on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	23.13	9.83	9.77
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	16.47	7.00	6.96

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