

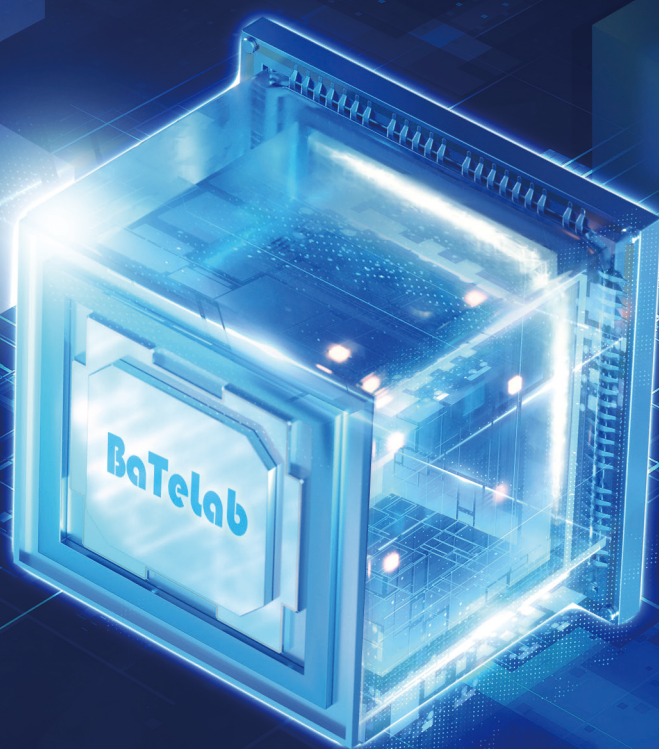
BaTelab

蘇州貝克微電子股份有限公司

BaTeLab Co., Ltd.

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

Stock Code: 2 1 4 9



2025

Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Zhang Guangping (張廣平) (*Chairman*)
(*elected on 27 June 2025*)
Mr. Li Zhen (李真)
Mr. Li Yi (李一)

Non-executive Director

Mr. Kong Jianhua (孔建華)

Independent Non-executive Directors

Mr. Zhao Heming (趙鶴鳴)
Mr. Wen Chengge (溫承革)
Mr. Ma Ming (馬明)
Ms. Kang Yuanshu (康元書)

Joint Company Secretaries

Mr. Li Yi (李一)
Mr. Cheung Kai Cheong Willie (張啟昌)
(*resigned on 3 July 2025*)
Mr. Chung Ming Fai (鍾明輝) (*appointed on 3 July 2025*)

Authorized Representatives

Mr. Li Zhen (李真) (*resigned on 3 July 2025*)
Mr. Cheung Kai Cheong Willie (張啟昌)
(*resigned on 3 July 2025*)
Mr. Zhang Guangping (張廣平) (*appointed on 3 July 2025*)
Mr. Chung Ming Fai (鍾明輝) (*appointed on 3 July 2025*)

Special Board Committees

Audit Committee

Mr. Ma Ming (馬明) (*Chairman*)
Mr. Zhao Heming (趙鶴鳴)
Mr. Wen Chengge (溫承革)

Remuneration and Evaluation Committee

Mr. Zhao Heming (趙鶴鳴) (*Chairman*)
Mr. Li Yi (李一)
Mr. Ma Ming (馬明)

Nomination Committee

Mr. Wen Chengge (溫承革) (*Chairman*)
Mr. Zhang Guangping (張廣平)
Ms. Kang Yuanshu (康元書)

Strategy Committee

Mr. Li Zhen (李真) (*Chairman*)
Mr. Zhang Guangping (張廣平)
Mr. Li Yi (李一)

Supervisory Committee (*Abolished on 27 June 2025*)

Mr. Zhou Taotao (周韜韜) (*Chairman*)
(*retired on 27 June 2025*)
Mr. Chen Xingyu (陳星宇) (*retired on 27 June 2025*)
Mr. Zhou Cheng (周承) (*retired on 27 June 2025*)

Auditor

Rongcheng (Hong Kong) CPA Limited
Public Interest Entity Auditor registered in accordance with
the Accounting and Financial Reporting Council Ordinance
Certified Public Accountants
3203A-5, Tower 2
Lippo Centre
89 Queensway
Admiralty
Hong Kong

Legal Advisors

King & Wood Mallesons (*As to PRC laws*)
17th Floor, One ICC Shanghai International Commerce Center
999 Middle Huai Hai Road, Xuhui District
Shanghai, PRC

Baker & McKenzie (*As to Hong Kong law*)
14th Floor, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

CORPORATE INFORMATION

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

Headquarters and Registered Office in the PRC

Building 1
No. 150 Jici Road
Science and Technology Town
Gaoxin District, Suzhou Jiangsu Province
PRC

Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Principal Bank

Bank of China, Suzhou High-tech
Development Zone Sub-Branch

Stock Code

H Share: 02149

Company's Website

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Investor Relations

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FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of BaTeLab Co., Ltd. (the “**Company**” or “**we**”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2025 (the “**Reporting Period**”) as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	297,701	290,554
Gross profit	150,970	148,959
Profit from operations	82,294	70,496
Profit for the period	77,148	67,116
Earnings per share (basic and diluted) (RMB)	1.27	1.12

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Total assets	1,815,124	1,608,812
Total liabilities	625,075	603,808
Net assets	1,190,049	1,005,004

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Market Overview

In the first half of 2025, the global analog integrated circuit (or analog IC) industry continued its overall recovery trend. Leading global analog companies saw a rebound in revenue in early 2025. The ongoing electrification and intelligent transformation of global manufacturing, combined with the emergence of new applications, continues to drive demand for high-performance analog chips, boosting the value of power management and signal chain products and providing a steady stream of growth for the analog chip industry.

The dramatic fluctuations in the external trade environment in the first half of 2025 posed considerable challenges for the highly globalized chip industry. For the analog chip industry in mainland China, trade conflicts have increased the risk of performance volatility. However, with the increasing uncertainty of the external trade environment, relevant domestic associations have called for reducing dependence on international chips, which is expected to accelerate the process of import substitution.

Business Overview

The Company continued to focus on the high-end industrial-grade analog IC patterned wafer market, adapting to industry needs. By virtue of the sustainable core competitiveness in products, business, and technology, the Company stabilized its results advantage during the Reporting Period.

During the Reporting Period, the Company continued to optimize its semi-automated chip design methods based on machine learning. We actively launched new industrial products, and effectively advanced its customer-oriented business expansion strategy. This has continuously reinforced its differentiated competitive advantages and profitability.

For the Reporting Period, the Company achieved revenue of approximately RMB291.7 million, representing a year-on-year increase of approximately 0.4%, with a gross profit margin of approximately 51.8%.

Principal Business and Products

The Company is one of the leading providers of industrial-grade analog IC patterned wafers in China. Based on self-developed electronic design automation (“**EDA**”) and reusable intellectual property (“**IP**”) libraries, the deliverable products are analog IC patterned wafers with completed built-on circuits, which can be quickly fabricated into individual IC chips by downstream customers through standard and straightforward packaging and testing.

The Company focuses on the research and development (“**R&D**”) and sales of analog IC products. Relying on the profound technology accumulation in the field of analog ICs and the efficient design platform for the whole process of “EDA + IP + Design”, the Company owns a product matrix centering on energy management and signal chain, and extending to a full line of industrial-grade analog chips. As of the end of the Reporting Period, the Company has more than 850 product models, which can widely empower various application areas such as industrial automation, industrial Internet of Things, industrial lighting, automotive electronics, healthcare, instrumentation, communications, power, energy storage and consumer electronics.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the Company held a total of 123 invention patents, with new patents related to analog computer chip technology added to enhance its R&D capabilities. Currently, we have accumulated more than 600 IP modules and expanded our diverse range of end applications in industries such as industrial, automotive, and communications while collaborating with wafer foundries.

The Company's independently developed IP modules cover 12 analog IC design core functions and are applicable to nine core process technologies. The products researched and developed based on the existing nine technology platforms, either with high performance, broad applicability, high precision, or low power consumption, have jointly contributed to the Company's sustained and stable revenue during the Reporting Period.

Outlook

Looking ahead, it is expected that the demand for localization in new energy vehicles, data centers, green energy management and other fields will further deepen. However, external competition will also intensify, and changes in the external trade environment will have a profound impact. The Company will remain market-demand oriented, continuously improving its product coverage and competitiveness. Concurrently, the Company will further strengthen its capabilities in full-chain industrial layout to ensure that it can adequately respond to challenges from all fronts, including the supply chain, amid a complex external environment.

Financial Review

Revenue

Revenue by Business Line

During the Reporting Period, the Company generated revenue primarily from sales of power management products and signal chain products. The following table sets forth a breakdown of the Company's revenue by business line, in absolute amounts and as a percentage of the total revenue, for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales of power management products	263,108	90.2	256,504	88.3
Sales of signal chain products	28,593	9.8	34,050	11.7
Total	291,701	100.0	290,554	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Sales Channel

The following table sets forth a breakdown of the Company's revenue by sales channel, in absolute amounts and as a percentage of the total revenue, for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales to distributors	225,100	77.2	261,423	90.0
Direct sales	66,601	22.8	29,131	10.0
Total	291,701	100.0	290,554	100.0

The Company's revenue increased by 0.4% from RMB290.6 million for the six months ended 30 June 2024 to RMB291.7 million for the Reporting Period, primarily due to the continuous launch of new products in the industrial category, in-depth development with key customers, and the ongoing expansion of new customers.

Below are details of changes in our revenue by product line and revenue by sales channel:

The Company's revenue from sales of power management products increased by 2.6% from RMB256.5 million for the six months ended 30 June 2024 to RMB263.1 million for the Reporting Period, primarily due to the launch of new products and increase in customer demand.

The Company's revenue from sales of signal chain products decreased by 16.1% from RMB34.1 million for the six months ended 30 June 2024 to RMB28.6 million for the Reporting Period, primarily due to changes in customer demand for signal chain products.

The Company's revenue from sales to distributors decreased by 13.9% from RMB261.4 million for the six months ended 30 June 2024 to RMB225.1 million for the Reporting Period, due to the Company's shift from sales to certain distributors to a direct sales model.

The Company's revenue from direct sales increased by 128.9% from RMB29.1 million for the six months ended 30 June 2024 to RMB66.6 million for the Reporting Period, primarily due to the Company expanding its new direct sales customer base, resulting in an increase in direct sales revenue.

Cost of Sales

The Company's cost of sales decreased by 0.6% from RMB141.6 million for the six months ended 30 June 2024 to RMB140.7 million for the Reporting Period, with little change in cost of sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

Due to the aforementioned reasons, the Company's gross profit increased by 1.3% from RMB149.0 million for the six months ended 30 June 2024 to RMB151.0 million for the Reporting Period, and the gross profit margin increased from 51.3% for the six months ended 30 June 2024 to 51.8% for the Reporting Period, with little change. The Company provides multi-variety products in small batches to customers, and the gross profit and gross profit margin largely depend on changes in the product portfolio.

Below are breakdowns of gross profit and gross profit margin of product portfolio by business line:

	Six months ended 30 June			
	2025		2024	
	Gross profit	Gross profit	Gross profit	Gross profit
	RMB'000	margin	RMB'000	margin
		%		%
Sales of power management products	135,067	51.3	129,803	50.6
Sales of signal chain products	15,908	55.6	19,156	56.3
Total	150,975	51.8	148,959	51.3

The Company's gross profit from sales of power management products increased by 4.1% from RMB129.8 million for the six months ended 30 June 2024 to RMB135.1 million for the Reporting Period, and the gross profit margin increased from 50.6% for the six months ended 30 June 2024 to 51.3% for the Reporting Period. The gross profit and gross profit margin remained relatively stable, as the Company provides multi-variety products in small batches to customers, and the gross profit and gross profit margin largely depend on the changes in the product portfolio.

The Company's gross profit from sales of signal chain products decreased by 16.7% from RMB19.2 million for the six months ended 30 June 2024 to RMB16.0 million for the Reporting Period, and the gross profit margin decreased from 56.3% for the six months ended 30 June 2024 to 55.6% for the Reporting Period. Due to changes in customer demand, the Company's revenue from signal chain products decreased, and gross profits decreased slightly, with no significant overall change.

Other Income, gains and losses

The Company's other income, gains and losses during the Reporting Period primarily include (i) interest income from bank deposits; and (ii) government grants. The Company's other income and net gain decreased by 60.2% from RMB17.1 million for the six months ended 30 June 2024 to RMB6.8 million for the Reporting Period, primarily due to the decrease in interest income as a result of the decline in HK\$ deposit interest rates. The Company has promptly adjusted its capital planning.

Distribution Costs

The Company's distribution costs during the Reporting Period primarily include (i) employee benefits expenses of our sales and marketing staff, which mainly consist of salaries, welfare, and share-based payments; and (ii) travel and entertainment expenses. The Company's distribution costs increased by 33.3% from RMB3.0 million for the six months ended 30 June 2024 to RMB4.0 million for the Reporting Period, primarily due to the Company's efforts to expand direct sales customers, resulting in an increase in distribution costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

The Company's administrative expenses during the Reporting Period primarily include (i) employee benefits expenses of our senior management (the **"Senior Management"**), business operations and administration staff, mainly comprising salaries and welfare; (ii) intermediary fees such as auditors and lawyers; (iii) depreciation and amortization; (iv) consultation and agency fees; (v) travel and entertainment expenses; and (vi) office expenses.

Our administrative expenses decreased by 30.3% from RMB21.8 million for the six months ended 30 June 2024 to RMB15.2 million for the Reporting Period, primarily due to the stable operation after the Listing, with a reduction in intermediary fees, consultation and agency fees.

R&D Expenses

The Company's R&D expenses during the Reporting Period primarily include (i) material costs for R&D projects; and (ii) employee benefits expenses, which mainly consist of salaries and welfare of R&D staff. The Company's R&D expenses decreased by 20.3% from RMB70.8 million for the six months ended 30 June 2024 to RMB56.4 million for the Reporting Period, primarily due to the reduction in material costs for R&D projects and employee benefits expenses. Among them, material costs for research and development decreased by RMB14.6 million, a year-on-year decrease of 26.0%, mainly due to improved research and development efficiency and a reduction in the number of wafer verification tests; total employee remuneration decreased by RMB1.9 million, a year-on-year decrease of 16.0%, mainly due to changes in the Company's remuneration system.

Finance Costs

The Company's finance costs during the Reporting Period primarily consist of (i) interest on loans and borrowings, which mainly include interest on short-term bank loans; and (ii) interest on lease liabilities. The Company's finance costs increased by 50.0% from RMB3.4 million for the six months ended 30 June 2024 to RMB5.1 million for the Reporting Period, primarily due to the increase in short-term bank loans.

Profit before Taxation

As a result of the foregoing, the Company's profit before taxation increased by 14.9% from RMB67.1 million for the six months ended 30 June 2024 to RMB77.1 million for the Reporting Period, primarily due to the improvement in management efficiency, which reduced administrative expenses, while R&D expenses decreased.

Income Tax

The Company's income tax expense was nil for the six months ended 30 June 2024, and was nil for the Reporting Period, primarily due to the Company's entitlement to preferential tax, such as favorable income tax and additional deduction on R&D expenses in 2024 and 2025.

Profit for the Period

As a result of the foregoing, the Company's profit for the period increased by 14.9% from RMB67.1 million for the six months ended 30 June 2024 to RMB77.1 million for the Reporting Period, primarily due to the improvement in management efficiency, which reduced administrative expenses, while R&D expenses decreased.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS Measure

To supplement the Company's historical financial information which are presented in accordance with HKFRS Accounting Standards, the Company also uses adjusted net profit (Non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. The Company believes that this non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of certain items. The Company believes that this measure provides useful information to investors and others in understanding and evaluating the Company's results of operations in the same manner as it helps our management. However, the Company's presentation of adjusted net profit (Non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has limitations as an analytical tool, and shareholders should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards.

The Company defines adjusted net profit (Non-HKFRS measure) as profit for the period adjusted by adding back share-based payments. Share-based payments are non-cash in nature.

The following table reconciles our adjusted net profit (Non-HKFRS measure) for the period presented to profit for the period:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit for the period	77,148	67,116
Add:		
Share-based payments	878	–
Adjusted net profit (non-HKFRS measure)	78,026	67,116

Risk Factors

Market Risk

Market risk is the risk that profitability will be impaired or the ability to meet business objectives will be affected by changes in market prices. The management of the Company manages and monitors these risks to ensure that appropriate measures can be taken in a timely and effective manner.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or missing internal processes, personnel or systems, or from external events. Responsibility for the management of operational risk rests primarily with the functional divisions and departments. The key functions of the Company are guided by its own standard operating procedures, authorities and reporting framework. The management will regularly identify and assess key operational risks in order to take appropriate risk response measures.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Risk

Investment risk is defined as the possibility that any particular investment will suffer a loss relative to its expected return. The key consideration of the investment framework is to balance the risks and returns of various types of investments, and risk assessment is therefore an important part of the investment decision-making process. The Company has an appropriate authorization system in place and will conduct a detailed analysis before approving an investment. The progress of the Company's investments is updated regularly and will be presented to the Board.

Risks to Manpower Supply and Retention

The Company may be exposed to the risk of not being able to attract and retain key personnel and talents with the appropriate and required skills, experience and aptitude, which are necessary to achieve the Company's business objectives. The Company will offer attractive remuneration packages to suitable candidates and personnel.

Financial Risk

The Company is also exposed to financial risks such as interest rate risk, credit risk and liquidity risk.

In response to the above risks, which are significant and potentially impactful to the Company's business, the Company has a number of risk management processes in place to minimize such risks and to manage, rather than eliminate, the risk of failure to achieve business objectives.

Foreign Exchange Risk

The Company's financial statements are presented in RMB. Fluctuations in exchange rates between other currencies in which the Company conducts its business may affect the Company's financial position and operation results. The Company currently does not have a foreign currency hedging policy. However, the Company's management will manage foreign currency risk through regular reviews and consider hedging significant foreign currency risk exposures when necessary.

Capital Management

The key objective of the Company's capital management is to ensure the Company's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximize shareholder value.

The Company manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the distribution of profits to shareholders, or issue new shares. The Company is not constrained by any external mandatory requirements on capital. The capital structure of the Company primarily consists of equity attributable to owners of the Company, comprising issued share capital and various reserves. There was no significant change in the capital management objectives, policies or procedures for the six months ended 30 June 2025 and 30 June 2024.

The Company manages its capital with the gearing ratio. The gearing ratio of the Company as of 30 June 2025, which is total loans and borrowings and lease liabilities divided by all components of equity attributable to equity shareholders and then multiplied by 100.0%, is approximately 30.6% (as of 30 June 2024: 32.4%).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The Company maintains an excellent financial position and sufficient liquidity for the Reporting Period. The Company's current assets amounted to RMB1,686.6 million as of 30 June 2025, representing an increase of 16.2% from RMB1,451.0 million as of 31 December 2024, primarily due to the increase in inventories, prepayments and cash and cash equivalents.

Of these assets, cash and cash equivalents (mainly denominated in USD, HK\$, and RMB) amounted to RMB636.4 million, representing an increase of 0.1% from RMB636.0 million as of 31 December 2024, primarily due to the increase in raised funds due to private placement in the current period.

As of 30 June 2025, the Company had bank loans of RMB362.1 million (as of 31 December 2024: RMB320.2 million), all of which are repayable within one year.

Capital Expenditures

The Company's capital expenditures during the Reporting Period consist of expenditures on the additions to property, plant and equipment and other non-current assets. The Company made prepayments for the non-current assets during the Reporting Period, and such prepayments were classified as other non-current assets in our statements of financial position, which affected the capital expenditures during the Reporting Period. For the six months ended 30 June 2025 and 30 June 2024, the capital expenditures of the Company were RMB1.0 million and RMB32.0 million, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations, proceeds from the Listing and bank borrowings.

It is expected that our capital expenditures will increase in the future as our business continues to grow. The Company expects to fund future capital expenditures through cash generated from operations, bank borrowings and the net proceeds from the global offering in relation to the Listing.

Capital Commitments

The Company's capital commitments as of the end of the Reporting Period primarily relate to additions to property, plant and equipment contracted but not provided for. The Company's capital commitments amounted to RMB65.9 million and RMB66.4 million as of 30 June 2025 and 31 December 2024, respectively.

Pledge of Assets

As of 30 June 2025, the Company's bank deposits totaling RMB60.2 million were pledged as a guarantee to issue bank acceptance bills. The deposits will be released upon the settlement of relevant bills payable. As of 30 June 2025, the Company did not pledge any assets other than the above.

Loans and Borrowings

The Company's total outstanding bank loans increased from RMB320.2 million as of 31 December 2024 to RMB362.1 million as of 30 June 2025, mainly to fulfil the capital requirements for its daily business activities. The business expansion of the Company led to increased financing activities to support our working capital, such as payment for raw materials, salaries and welfare of our employees, and office expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2025, the Company had interest-bearing borrowings of RMB361.9 million, all of which were unguaranteed and unsecured borrowings (mainly denominated in RMB), with effective interest rates ranging from 2.60% to 3.45% per annum. All borrowings will mature within one year. The Company's bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

As of 30 June 2025, the Company had unutilized banking facilities of RMB695.1 million.

Contingent Liabilities

The Company did not have any contingent liabilities as of 30 June 2025 (as at 31 December 2024: nil).

Property, Plant and Equipment

The Company's property, plant and equipment primarily consist of equipment and machinery, passenger vehicles, office equipment and furniture, construction in progress and leasehold improvements. The Company's construction in progress primarily consists of (i) R&D equipment that the Company purchased, which has been delivered to the Company and pending installation. When the Company completes substantially all of the activities necessary to prepare the R&D equipment for its intended use, the Company will transfer it from construction in progress to equipment and machinery; and (ii) renovation of the Company's R&D center in Suzhou. Our property, plant and equipment decreased from RMB62.1 million as of 31 December 2024 to RMB61.1 million as of 30 June 2025.

Right-of-use Assets

The Company's right-of-use assets represent carrying amounts of long-term leased properties. The lease terms typically range from two to three years for an initial period. The Company's right-of-use assets decreased from RMB4.0 million as of 31 December 2024 to RMB1.7 million as of 30 June 2025, primarily due to a reduction in rent, leading to a decrease in right-of-use assets. Additionally, as the lease term increased, the accumulated depreciation of right-of-use assets increased, resulting in a decrease in net amount of right-of-use assets.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 30 June 2025, the financial assets at fair value through other comprehensive income mainly represent the Company's 29.4% shareholding in a limited liability partnership as a limited partner for strategy development considerations.

Inventories

The Company's inventories primarily consist of (i) raw materials, including untested foundry-manufactured wafers; and (ii) finished goods. The Company's inventories increased from RMB315.4 million as of 31 December 2024 to RMB381.6 million as of 30 June 2025, primarily due to the inventories held in stock based on our customers' needs and the Company's judgement of market demand.

Trade and Other Receivables

The Company's trade receivables during the Reporting Period primarily represent receivables from customers for sales of analog IC patterned wafer products. The Company's other receivables and deposits primarily represent contingency cash for business trips and sporadic purchases and rental deposits. The Company's trade receivables increased from RMB50.5 million as of 31 December 2024 to RMB71.1 million as of 30 June 2025, primarily due to the fact that the Company appropriately extended the credit terms for customers with good credit so as to enhance customers' willingness to place orders and increase their order volume.

MANAGEMENT DISCUSSION AND ANALYSIS

Prepayments

The Company's prepayments during the Reporting Period primarily are prepayments to suppliers for the purchase of raw materials. The Company's prepayments increased from RMB396.3 million as of 31 December 2024 to RMB536.3 million as of 30 June 2025, primarily due to the fact that as the Company's business scale expanded and the purchase demand for raw materials increased as well.

Trade and Other Payables

The Company's trade and other payables during the Reporting Period mainly include (i) trade payables, which are primarily related to payments due to a supplier for chip probing services; (ii) bills payable, which are primarily related to payments due to our wafer channel partner; (iii) contract liabilities, which mainly arise from the advance payments made by customers before the Company provided the analog IC patterned wafer products, and the advance payments received for an entrusted R&D agreement; and (iv) other payables and accruals. The Company's trade and other payables decreased from RMB277.7 million as of 31 December 2024 to RMB259.7 million as of 30 June 2025, primarily due to the recognition of contract liability as of 31 December 2024 resulted in revenue recognition of RMB38.9 million during the reporting period.

Employees and remuneration policy

As of 30 June 2025, the Company had 112 full-time employees, all of whom were based in China. The following table sets forth the number of the Company's employees by function as of 30 June 2025:

Function	Number of employees
Chairman and Senior Management	3
R&D	68
Sales and marketing	10
Business operations and administration	31
Total	112

Relying on a full-stack design platform, the Company has established a comprehensive R&D system and training mechanism. From internship training and induction training to regular professional seminars, the Company trains R&D teams "from zero to one" and strives to create a diversified incentive mechanism and a friendly working environment. We have established a stable team of employees who continuously contribute to the Company, ensuring the sustainable development of talent.

The Company offers a comprehensive remuneration package to its employees, which is generally structured with reference to market terms and individual merits, and reviewed by the management on a regular basis. The Company offers employees relatively competitive salaries, performance-based bonuses, and other incentives. The Company regularly reviews the performance of our employees on the basis of, among other criteria, their abilities to achieve stipulated performance targets. As a result, the Company has generally been able to attract and retain qualified employees and maintain a stable core management team.

MANAGEMENT DISCUSSION AND ANALYSIS

Compliance with Laws and Regulations

The Board deems the compliance with laws and regulations as the cornerstone of corporate success and attaches great importance to it. Therefore, it has always strictly complied with the relevant laws and regulations of the PRC, mainly including laws and regulations concerning the IC industry, cyber security, data protection, intellectual property, labor, and product responsibility within China. The Company has allocated abundant resources to ensure ongoing compliance with applicable laws and regulations and to maintain healthy relationships with regulators through effective communications.

To the best knowledge of the Board and management, the Company has complied in all material respects with the relevant laws and regulations that have a significant impact on the Company's business and operations. During the Reporting Period, the Company had no material violations of or non-compliance with applicable laws and regulations.

Future plans for material investments and capital assets

Except as disclosed in the "Future Plans and Use of Proceeds" section of the Company's prospectus dated 18 December 2023, as of 30 June 2025, the Company had no other plan for material investments and capital assets.

Significant Investment, Material Acquisition And Disposal of Subsidiaries, Associates And Joint Ventures

During the Reporting Period, the Company did not have any material investments. For the six months ended 30 June 2025, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

The Company has adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Part 2 of Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own corporate governance code.

During the Reporting Period and up to the date of this report, the Company had complied with all the applicable Code Provisions of the Corporate Governance Code, except for Code Provisions C.2.1 as described below. The Code Provisions C.2.1 stipulates that the roles of the chairman of the board of directors and the chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Guangping has served as the chairman and general manager of the Company since 27 June 2025. Despite the deviation from Code Provisions C.2.1, given Mr. Zhang Guangping’s extensive knowledge and experience in the business of the Company, the Board believes that it is beneficial for the Company to have the roles of chairman and general manager of the Company held by the same person to ensure internal unity of leadership and effective execution of administrative functions within the Company. The Board believes that the balance of powers and authority under the current arrangements will not be impaired and is in the interests of the Company and its shareholders as a whole.

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

Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company (the “**Supervisors**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”). Having made specific enquiry of all Directors and Supervisors, the Directors and Supervisors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding Directors’ and Supervisors’ securities transactions during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures

As of 30 June 2025, the interests or short positions of the Directors, Supervisors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code, to be notified to the Company and the Stock Exchange will be as follows:

Name of Directors	Nature of Interest	Type of Shares ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Mr. Li Zhen	Beneficial owner	Unlisted Domestic Shares	1,049,632 (L)	2.33%	1.67%
	Interest in controlled corporation ⁽³⁾	Unlisted Domestic Shares	14,134,213 (L)	31.41%	22.44%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	252,800 (L)	0.56%	0.40%
Mr. Zhang Guangping	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	15,436,645 (L)	34.30%	24.50%
Mr. Li Yi	Beneficial owner	Unlisted Domestic Shares	252,800 (L)	0.56%	0.40%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	15,183,845 (L)	33.74%	24.10%
Mr. Kong Jianhua	Interest in controlled corporation ⁽⁵⁾	Unlisted Domestic Shares	2,846,352 (L)	6.33%	4.52%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) As of 30 June 2025, the Company issued 63,000,000 Shares, comprising 45,000,000 unlisted domestic Shares and 18,000,000 H Shares.
- (3) The general partner of Suzhou Backward Investment Partnership (Limited Partnership) (“**Backward Partnership**”) is Suzhou Backward Electronic Co., Ltd. (“**Backward Electronic**”), which is in turn owned as to 53.50% by Mr. Li Zhen. By virtue of the SFO, Mr. Li Zhen is deemed to be interested in the Shares held by each of Backward Electronic and Backward Partnership.
- (4) Pursuant to the acting in concert agreement dated 31 March 2022 and executed by Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi (the “**Concert Party Agreement**”), Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi (the “**Concert Parties**”) agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders to such date when all of them cease to be directly or indirectly interested in the Company, they had been and would continue to be acting in concert. Pursuant to the Concert Party Agreement, the Concert Parties had consulted and would consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on material operation and development affairs and/or all voting at Board meetings and the General Meetings. In the event that they are unable to reach consensus on any matter presented, it shall be resolved by a simple majority vote, with each Concert Party entitled to one vote. For details of the Concert Party Agreement, please see the section headed “History, Development and Corporate Structure” of the Prospectus. By virtue of the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi together with their respective investment holding companies (being Backward Electronic and Backward Partnership) are deemed to be interested in the Shares held by each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (5) The general partner of Suzhou Rongxiang Beiyong Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)) was Suzhou Hi-tech Venture Capital Group Rongxiang Investment Management Co., Ltd. (蘇州高新創業投資集團融享投資管理有限公司), which was ultimately controlled by Mr. Kong Jianhua, a non-executive Director. By virtue of the SFO, Mr. Kong Jianhua is deemed to be interested in the Shares held by Suzhou Rongxiang Beiyong Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)).

Save as disclosed above, as of 30 June 2025, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) are required to be entered in the register pursuant to Section 352 of the SFO, or (ii) are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As of 30 June 2025, to the best knowledge of the Directors, the following persons (excluding the Directors, Supervisors and chief executive of the Company) had, or were deemed or taken to have, an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Nature of interest	Type of Shares ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Ms. Zhang Jingwen (張靖雯)	Interest of spouse ⁽⁴⁾	Unlisted Domestic Shares	15,436,645 (L)	34.30%	24.50%
Backward Electronic	Beneficial owner	Unlisted Domestic Shares	8,753,678 (L)	19.45%	13.89%
	Interest in controlled corporation ⁽³⁾	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.54%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	1,302,432 (L)	2.89%	2.07%
Backward Partnership	Beneficial owner	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.54%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	10,056,110 (L)	22.35%	15.96%
Zhu Hai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,265,399 (L)	5.03%	3.60%
GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)	Interest in controlled corporation ⁽⁵⁾	Unlisted Domestic Shares	3,012,837 (L)	6.70%	4.78%
GF Securities Co., Ltd. (廣發證券股份有限公司)	Interest in controlled corporation ⁽⁵⁾	Unlisted Domestic Shares	3,012,837 (L)	6.70%	4.78%

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Name of Shareholders	Nature of interest	Type of Shares ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Suzhou Rongxiang Beiyang Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,846,352 (L)	6.33%	4.52%
Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)	Interest in controlled corporation ⁽⁶⁾	Unlisted Domestic Shares	4,906,092 (L)	10.90%	7.79%
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇惠泉元禾璞華股權投資合夥企業(有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,718,339 (L)	6.04%	4.31%
JoulWatt Technology Co., Ltd. (傑華特微電子股份有限公司)	Beneficial owner	Unlisted Domestic Shares	2,718,339 (L)	6.04%	4.31%
China International Capital Corporation Limited	Interest in controlled corporation ⁽⁷⁾	H Shares	2,351,500 (L) 2,351,500 (S)	13.06% 13.06%	3.73% 3.73%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	H Shares	1,448,600 (L)	8.04%	2.30%
RAYS Capital Partners Limited	Investment manager ⁽⁸⁾	H Shares	1,445,800 (L)	8.03%	2.29%
Morgan Stanley	Interest in controlled corporation ⁽⁹⁾	H Shares	915,100 (L) 11,800 (S)	5.08% 0.06%	1.45% 0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares, and the letter "S" denotes the person's short position in the Shares.
- (2) Unlisted domestic Shares and H Shares are regarded as two different types of Shares for the purpose of Part XV of the SFO. As of 30 June 2025, the Company issued 63,000,000 Shares, comprising 45,000,000 unlisted domestic Shares and 18,000,000 H Shares.
- (3) The general partner of Backward Partnership is Backward Electronic. By virtue of the SFO, Backward Electronic is deemed to be interested in the Shares held by Backward Partnership.
- (4) Pursuant to the Concert Party Agreement, Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders to such date when all of them cease to be directly or indirectly interested in the Company, they had been and would continue to be acting in concert. Pursuant to the Concert Party Agreement, the Concert Parties had consulted and would consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on material operation and development affairs and/or all voting at the General Meetings. In the event that they are unable to reach consensus on any matter presented, it shall be resolved by a simple majority vote, with each Concert Party entitled to one vote. For details of the Concert Party Agreement, please see the section headed "History, Development and Corporate Structure" of the Prospectus. By virtue of the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi together with their respective investment holding companies (being Backward Electronic and Backward Partnership) are deemed to be interested in the Shares held by each other. Ms. Zhang Jingwen is the spouse of Mr. Zhang Guangping and is deemed to be interested in all the Shares held by Mr. Zhang Guangping by virtue of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (5) The general partner of Zhuhai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥)) and Zhuhai Guangfa Xinde Environmental Industry Investment Fund Partnership (Limited Partnership) (珠海廣發信德環保產業投資基金合夥企業(有限合夥)) is GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司). By virtue of the SFO, GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司) is deemed to be interested in the Shares held by Zhuhai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥)) and Zhuhai Guangfa Xinde Environmental Industry Investment Fund Partnership (Limited Partnership) (珠海廣發信德環保產業投資基金合夥企業(有限合夥)). GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司) is ultimately controlled by GF Securities Co., Ltd. (廣發證券股份有限公司) (Stock Code: 000776.SZ).
- (6) As of 30 June 2025, Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司) is owned as to 57.93% by Suzhou Overseas Students Entrepreneurship Park Co., Ltd. (蘇州留學人員創業園有限公司) (which is ultimately controlled by Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)). Suzhou Rongxiang Beiyang Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)) is owned as to 59.01% by Suzhou High-Tech Venture Capital Group Co., Ltd. (蘇州高新創業投資集團有限公司) (ultimately controlled by the Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)) as a limited partner. By virtue of the SFO, Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府) is deemed to be interested in the Shares held by Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司) and Suzhou Rongxiang Beiyang Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)).
- (7) According to the disclosure of interest form filed by China International Capital Corporation Limited on 3 June 2025, which contains a relevant event date of 29 May 2025, these Shares are held by CICC Financial Trading Limited and CICC Wealth Investment Limited, the indirect wholly-owned subsidiaries of China International Capital Corporation Limited. By virtue of the SFO, China International Capital Corporation Limited is deemed to be interested in the Shares held by CICC Financial Trading Limited and CICC Wealth Investment Limited.
- (8) According to the disclosure of interest form filed by RAYS Capital Partners Limited on 19 June 2025, which contains a relevant event date of 17 June 2025, these shares are held by Asian Equities Special Opportunities Portfolio Master Fund Limited, the wholly-owned subsidiary of RAYS Capital Partners Limited. By virtue of the SFO, RAYS Capital Partners Limited is deemed to be interested in the shares held by Asian Equities Special Opportunities Portfolio Master Fund Limited.
- (9) According to the disclosure of interest form filed by Morgan Stanley on 5 June 2025, which contains a relevant event date of 2 June 2025, these shares are held by Morgan Stanley & Co. International plc and Morgan Stanley & Co. LLC, the indirect wholly-owned subsidiaries of Morgan Stanley. By virtue of the SFO, Morgan Stanley is deemed to be interested in the shares held by Morgan Stanley & Co. International plc and Morgan Stanley & Co. LLC.

Save as disclosed above, as of 30 June 2025, the Directors were not aware of any person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, the Company has not purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as of 30 June 2025.

Use of Proceeds from the Global Offering

On 28 December 2023 (the "**Listing Date**"), the Company completed a global offering of its H Shares (the "**Global Offering**"). The public offering and international placing totaled 15,000,000 H Shares at an issue price of HK\$27.47 per Share, and the net proceeds from the Global Offering amounted to approximately HK\$354.1 million (after deducting the listing expenses paid or payable).

CORPORATE GOVERNANCE AND OTHER INFORMATION

The use of proceeds from the Global Offering as of 30 June 2025 was as follows:

Intended use of proceeds	Approximate percentage of total amount	Approximate distribution of previously disclosed net proceeds (HK\$ million)	Approximate amount of net unutilized proceeds as of 1 January 2025 (HK\$ million)	Approximate utilization of proceeds during the Reporting Period (HK\$ million)	Approximate amount of net unutilized proceeds as of 30 June 2025 (HK\$ million)	Expected timing of utilization of unutilized proceeds
Enhance R&D and innovation capabilities	30%	106.2	106.2	5.3	100.9	Before 31 December 2028
Invest in R&D infrastructure and upgrade the R&D center	20%	70.8	70.8	1.0	69.8	Before 31 December 2028
Upgrade R&D technology	5%	17.7	17.7	4.3	13.4	Before 31 December 2028
Expand R&D team	5%	17.7	17.7	–	17.7	Before 31 December 2028
Enrich product portfolio and expand business	30%	106.2	106.2	13.6	92.6	Before 31 December 2028
Improve and upgrade the analog IC product line	20%	70.8	70.8	13.6	57.2	Before 31 December 2028
Develop a mixed-signal IC product line	10%	35.4	35.4	–	35.4	Before 31 December 2028
Expand customer base and strengthen relationship with customers	10%	35.4	35.4	3.6	31.8	Before 31 December 2028
Establish sales centers	5%	17.7	17.7	0.8	16.9	Before 31 December 2028
Maintain customer relationship and develop new customers	5%	17.7	17.7	2.8	14.9	Before 31 December 2028
Strategic investments and/or acquisition⁽¹⁾	20%	70.8	43.7	–	43.7	Before 31 December 2028
Working capital and general corporate purposes	10%	35.4	33.8	11.8	22.0	Before 31 December 2028
Total		354.1	325.3	34.3	291.0	–

Note:

- (1) The implementation timeline for strategic investments and/or acquisition depends on investment and acquisition opportunities and the selection process based on the Company's selection criteria.

The Company intends to utilize the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The net proceeds ultimately received from the Global Offering were lower than the estimated net proceeds as disclosed in the Prospectus, and the difference of approximately HK\$75.11 million has been adjusted in the same manner and in the same proportion as the use of proceeds as disclosed in the Prospectus.

As of 30 June 2025, the Company does not anticipate any changes to its plans for the use of proceeds.

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Placing of New Shares Under General Mandate

To raise funds and to concurrently broaden the Company's shareholder and capital base, the Company entered into a placing agreement (the **"Placing Agreement"**) with the placing agent on 21 May 2025, pursuant to a general mandate to issue Shares granted to the Board by a resolution passed by the Shareholders at the 2023 Annual General Meeting. All conditions precedent to the Placing Agreement (including the obtaining of the approval granted by the Listing Committee) have been fulfilled on 28 May 2025, and the Placing Agent placed an aggregate of 3,000,000 H Shares as Placing Shares (the **"Placing"**) to not less than six Placees (all of whom are professional, institutional or other investors that are independent third parties) at the price of HK\$40.00 per Placing Share, representing approximately 16.67% of the number of issued H Shares and approximately 4.76% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the placed Shares was RMB3,000,000. The closing price of each H-share as quoted on the Stock Exchange was HK\$47.60 on 21 May 2025, the date on which the Company entered into the Placing Agreement.

The net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing amounted to approximately HK\$116.58 million. Therefore, the net placing price was approximately HK\$38.86 per Placing Share. For further details, please refer to the announcements of the Company dated 21 May 2025 and 28 May 2025.

The use of proceeds from the Placing as of 30 June 2025 was as follows:

Intended use of proceeds	Approximate percentage of total amount	Approximate distribution of previously disclosed net proceeds (HK\$ million)	Approximate utilization of proceeds during the Reporting Period (HK\$ million)	Approximate amount of net unutilized proceeds as of 30 June 2025 (HK\$ million)	Expected timing of utilization of unutilized proceeds
Equipment procurement, development of manufacturing processes and production lines	90%	104.92	–	104.92	Before 31 December 2028
Working capital and general corporate purposes	10%	11.66	–	11.66	Before 31 December 2028
Total	100%	116.58	–	116.58	–

As of 30 June 2025, the total number of issued Shares of the Company was 63,000,000.

As of 30 June 2025, the Company has not yet utilised the net proceeds from the Placing. The unutilised proceeds will be used according to the intentions and in the same manner and proportions as previously disclosed by the Company in the announcements dated 21 May 2025 and 28 May 2025.

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Restricted Share Unit Scheme (the “RSU Scheme”)

The shareholders of the Company approved the adoption of the RSU Scheme at the 2024 first extraordinary general meeting held on 2 December 2024 (the “**Adoption Date**”). The Board confirms that the terms of the RSU Scheme are in compliance with Chapter 17 of the Listing Rules. For further details, please refer to the circular dated 15 November 2024 issued by the Company. A summary of the principal terms of the RSU Scheme is set out below:

Purpose

The purpose of the RSU Scheme is to attract new talents and retain employees whose contributions are important to the long-term growth and success of the Company, to recognise and reward employee participants under the RSU Scheme (the “**Employee Participants**”) for their contributions to the Company, to provide Employee Participants with the opportunity to acquire proprietary interests in the Company and to encourage Employee Participants to further contribute to the Company and work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The RSU Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Employee Participants.

Employee Participants

Employee Participants who may participate in the RSU Scheme include any Director (executive Directors or non-executive Directors but does not include independent non-executive Directors), member of the management team, senior management and current employee of the Company or any of its subsidiaries (if established) (including any persons who are granted Share Awards under the RSU Scheme as an inducement to enter into employment contracts with these companies). The above is subject to the Board’s consideration, in its sole discretion, that the Employee Participants have contributed or will contribute to the Company.

Maximum Number of RSUs

The total number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the RSU Scheme and any other share scheme(s) adopted by the Company must not in aggregate exceed 6,000,000 Shares (the “**Scheme Mandate Limit**”), which at the Adoption Date represents 10% and at the date of this report represents approximately 9.52% of the total number of Shares in issue, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit. Share awards of the Company (the “**Share Award(s)**”) which have lapsed in accordance with the terms of the RSU Scheme without Shares being issued and options and awards lapsed in accordance with any other share scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit.

As at 1 January 2025, and 30 June 2025, the total number of shares available for grant under the RSU Scheme was 5,505,405 Shares.

Maximum Entitlement to Each Employee Participant

According to the RSU Scheme, there are no restrictions on the maximum entitlement of Share Awards to be granted to an Employee Participant (save for any requirements under the Listing Rules).

Where any grant of Share Awards to an Employee Participant would result in the Shares issued and to be issued in respect of all options and awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options and awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) granted to such person in the 12-month period up to and including the date of such grant representing in aggregate over 1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding treasury shares), such grant must be separately approved by Shareholders in general meeting with such Employee Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting.

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Where any grant of Share Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company (or any of their associates) would result in the number of Shares issued and to be issued in respect of all awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any awards lapsed in accordance with the terms of the RSU Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding treasury shares), such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Where any grant of Share Awards to a substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued in respect of all options and awards involving issue of new Shares granted under the RSU Scheme and any other share scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of the Scheme or any other share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue (excluding treasury shares), such further grant of Share Awards shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Duration

Subject to any early termination provisions pursuant to the RSU Scheme, the RSU Scheme shall be valid and effective for the award period (the period commencing on the Adoption Date, and ending on the business day immediately prior to the tenth (10th) anniversary of the Adoption Date). After the expiry of the Award Period, no further Share Awards shall be offered or granted, but in all other respects the provisions of the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to the settlement of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the RSU Scheme.

As at the date of this report, the remaining life of the RSU Scheme is approximately nine years and three months.

Vesting Period

Save for the circumstances described below, the vesting period in respect of any Share Award granted shall be no less than twelve (12) months from (and including) the date of such grant. Share Awards granted to an Employee Participant may be subject to a shorter vesting period in the following circumstances at the sole discretion of the Board or the remuneration and evaluation committee of the Company (the “**Remuneration and Evaluation Committee**”) (as the case may be):

- (i) grants of “make-whole” Share Awards to new joiners to replace the share awards they forfeited when leaving their previous employers;
- (ii) grants that are made in batches during a year for administrative or compliance reasons, which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch; in this case, the vesting period may be shortened to reflect the time when the Share Awards should have been granted;
- (iii) grants with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of twelve (12) months, or where the Share Awards may vest by several batches with the first batch to vest within 12 months of the date of such grant and the last batch to vest twelve (12) months after the date of such grant;

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- (iv) grants with performance-based vesting conditions provided in the RSU Scheme or as specified in the offer documentation in lieu of time-based vesting criteria; and
- (v) grants with a total vesting and holding period of more than twelve (12) months.

Purchase Price of RSU

The Board may, in its discretion, require the grantee to pay the purchase price (per RSU) which (i) shall not be less than RMB1.00; and (ii) shall not exceed the average closing price of the H Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of such grant, as consideration for the grant of each RSU or purchase price of each Share Award to the Company, unless otherwise determined by the Board at its sole discretion or as required by applicable law. Such purchase price shall be paid by the Grantee within one (1) month upon the date of such grant in general. Such payment is not refundable in principle unless the Board determines otherwise. The Board considers that such arrangement aligns with the purpose of the RSU Scheme where the Share Awards are intended to be granted to the Employee Participants to reward their contributions to the Company.

Performance Targets and Clawback Mechanism

Vesting of Share Award shall be subject to the performance targets, if any, to be satisfied by the grantees as determined by the Remuneration and Evaluation Committee from time to time. The Remuneration and Evaluation Committee shall have the authority, after the grant of any Share Award which is performance-linked, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Remuneration and Evaluation Committee. The performance targets, which may vary among the grantees, shall be set out in the grant letter. The Remuneration and Evaluation Committee shall assess from time to time, comparing performance with pre-set objectives, past or current performance, or internal targets or industry performance, to determine whether such objectives have been achieved and the extent to which they have been achieved. If, after assessment, the Remuneration and Evaluation Committee determines that any prescribed performance targets have not been achieved, then the unvested Share Awards shall automatically lapse.

The RSU Scheme will give the Board discretion (but not obligation) to impose that any Share Award shall be subject to a clawback under certain circumstances. Upon occurrence of such circumstances, the Board may (but is not obliged to) by notice in writing to the relevant grantee (in the case of a Share Award) claw back such number of Share Awards granted (to the extent not already vested) as the Board may consider appropriate. The Share Awards that are clawed back shall be regarded as cancelled and the Share Awards so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

During the Reporting Period, there were no changes to the RSUs under the RSU Scheme. Details are set out below:

Type of Grantee	Date of Grant	Number of awards granted	Grant price (RMB/RSU)	Vesting period	Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2025
Employee A	5 December 2024	371,876	1	5 December 2028: 25% 5 December 2029: 25% 5 December 2030: 25% 5 December 2031: 25%	371,876	-	-	-	-	371,876

CORPORATE GOVERNANCE AND OTHER INFORMATION

Important Corporate Governance Matters During and After the Reporting Period

CHANGE OF DIRECTORS AND SUPERVISORS

As the term of the first session of the Board has expired, in accordance with the relevant provisions of the Company Law of the People's Republic of China (the “**Company Law**”), the articles of association of the Company (the “**Articles of Association**”) and the Listing Rules, the Company proceeded with the re-election of the Board during the Reporting Period. At the 2024 annual general meeting of the Company (the “**Annual General Meeting**”) held on 27 June 2025, Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi were elected as executive Directors of the second session of the Board, Mr. Kong Jianhua was elected as non-executive Director of the second session of the Board, and Mr. Zhao Heming, Mr. Wen Chengge, Mr. Ma Ming and Ms. Kang Yuanshu were elected as independent non-executive Directors of the second session of the Board. For the biographical details of the Directors of the second session of the Board and other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, please refer to the circular of the Company dated 6 June 2025.

In accordance with the provisions of the Company Law, at the Annual General Meeting, the Company abolished the supervisory committee of the Company (the “**Supervisory Committee**”) and transferred its powers and responsibilities to the Audit Committee. The Rules of Procedure of the Supervisory Committee of the Company have been abolished accordingly.

CHANGES IN INFORMATION OF DIRECTORS

Changes in Directors' information since the date of the 2024 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

With effect from 27 June 2025,

- (1) Mr. Zhang Guangping was elected as the chairman of the Board, ceased to act as a member of the Remuneration and Evaluation Committee, and has been appointed as a member of the nomination committee of the Company (the “**Nomination Committee**”);
- (2) Mr. Li Zhen ceased to act as the chairman of the Board;
- (3) Mr. Li Yi ceased to act as a member of the Nomination Committee and has been appointed as a member of the Remuneration and Evaluation Committee;
- (4) Mr. Zhao Heming ceased to act as the chairman of the Nomination Committee and has been appointed as the chairman of the Remuneration and Evaluation Committee;
- (5) Mr. Wen Chengge ceased to act as the chairman of Remuneration and Evaluation Committee and has been appointed as the chairman of the Nomination Committee; and
- (6) Ms. Kang Yuanshu has been appointed as a member of the Nomination Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

With effect from 3 July 2025,

- (1) Mr. Zhang Guangping has been appointed as an authorized representative of the Company pursuant to Rule 3.05 of the Listing Rules; and
- (2) Mr. Li Zhen has ceased to act as an authorized representative of the Company pursuant to Rule 3.05 of the Listing Rules.

Save as disclosed above, there has not been any other change in information relating to any Directors, Supervisors or chief executive of the Company that is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Amendments to Articles of Association

Based on the actual circumstances and business development needs of the Company, the Board proposes to change the domicile of the Company to “Building 3, JITRI, No. 7 Huaifu Road, Pukou District, Nanjing”, and to change the Company name in Chinese to “貝克微電子(江蘇)股份有限公司” and that the Articles of Association be amended accordingly. On 3 June 2025, the above matters were approved by the Shareholders in 2025 first extraordinary general meeting and are subject to obtaining all necessary approvals, authorizations or registrations (if applicable) from the relevant government or regulatory authorities or filing with the relevant government or regulatory authorities before they can take effect. For details, please refer to the announcements of the Company dated 15 May 2025 and 3 June 2025.

In accordance with the provisions of the Company Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies and other relevant laws and regulations, and in light of the actual situation of the Company, the Company has amended the registered capital, the total amount of shares and the abolition of the Supervisory Committee as set out in the Articles of Association. For details, please refer to the announcement and circular of the Company dated both 6 June 2025 and the announcement of the Company dated 27 June 2025. The full text of the revised Articles of Association has been published on the websites of the Stock Exchange and the Company.

Amendment to the Terms of Reference of the Nomination Committee

The Company has adopted a diversity policy for the members of the Nomination Committee in order to comply with the revised Corporate Governance Code effective from 1 July 2025. In order to comply with the Diversity Policy and other requirements of the revised Corporate Governance Code, the Board reviewed and revised the terms of reference of the Nomination Committee on 27 June 2025. For details, please refer to the announcement of the Company dated 27 June 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Change of Auditor

On 27 June 2025, KPMG retired as the auditor of the Company (the “**Auditor**”) upon the expiry of its term of office at the conclusion of the Annual General Meeting. The Board recommended the appointment of Rongcheng (Hong Kong) CPA Limited (“**Rongcheng**”, formerly known as CL Partners CPA Limited) as the new Auditor, which was approved by the Shareholders at the Annual General Meeting. The aforesaid appointment took effect from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. Considering that Rongcheng previously served as the Company’s domestic audit institution and has maintained continuous communication, the Board hereby recommends the appointment to ensure consistency between domestic and overseas audit services. For details, please refer to the announcement and circular of the Company dated both 6 June 2025 and the announcement of the Company dated 27 June 2025.

Review of Interim Results by the Audit Committee

The Audit Committee has reviewed the unaudited interim results of the Company for the Reporting Period and discussed with the management of the Company and the auditor the accounting principles and practices adopted by the Company, risk management and internal controls and financial reporting. The Audit Committee is of the opinion that the relevant statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that appropriate disclosures have been made.

Interim Dividend

The Board does not recommend the payment of the interim dividend for the six months ended 30 June 2025 (for the year ended 31 December 2024: Nil).

Subsequent events

Mr. Cheung Kai Cheong Willie resigned as the joint company secretary, agent for service of process and the authorized representative of the Company with effect from 3 July 2025. On the same day, Mr. Chung Ming Fai was appointed as the joint company secretary, agent for service of process and authorized representative of the Company, and Mr. Zhang Guangping, the chairman and executive Director of the Company, succeeded Mr. Li Zhen as the authorized representative, all with effect from 3 July 2025. For details, please refer to the announcement of the Company dated 3 July 2025.

Subsequent to 30 June 2025 and up to the date of this report, except as disclosed above, there have been no events that have materially affected the Company.

INDEPENDENT AUDITOR'S REVIEW REPORT

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Review report to the board of directors of BaTeLab Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial statements of BaTeLab Co., Ltd. (the “**Company**”) set out on pages 14 to 33, which comprise the statement of financial position as at 30 June 2025 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors are responsible for the preparation and presentation of these interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the HKICPA. A review of these interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other matter

The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2024 and the relevant explanatory notes included in these interim financial statements were extracted from the interim financial statements of the Company for the six-month period ended 30 June 2024, which were reviewed by another auditor who expressed an unmodified conclusion on that interim financial statements on 15 August 2024.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Hong Kong

22 August 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue	4	291,701	290,554
Cost of sales		(140,731)	(141,595)
Gross profit		150,970	148,959
Other income, gains and losses	5	6,834	17,082
Distribution costs		(3,903)	(2,960)
Administrative expenses		(15,243)	(21,773)
Research and development expenses		(56,364)	(70,812)
Profit from operations		82,294	70,496
Finance costs	6(a)	(5,146)	(3,380)
Profit before taxation	6	77,148	67,116
Income tax	7	–	–
Profit and total comprehensive income for the period		77,148	67,116
Earnings per share	8		
Basic (RMB)		1.274	1.119
Diluted (RMB)		1.266	1.119

STATEMENT OF FINANCIAL POSITION

At 30 June 2025

(Expressed in Renminbi)

	Notes	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	61,082	62,114
Right-of-use assets	10	1,682	4,033
Intangible assets		575	619
Financial assets measured at fair value through other comprehensive income ("FVOCI")	11	30,000	30,000
Other non-current assets	12	35,193	61,073
		128,532	157,839
Current assets			
Inventories	13	381,586	315,402
Trade and other receivables	14	72,098	51,503
Prepayments	15	536,303	396,291
Pledged bank deposits	16	60,166	51,757
Cash and cash equivalents	17	636,439	636,020
		1,686,592	1,450,973
Current liabilities			
Loans and borrowings	18	362,144	320,173
Trade and other payables	19	259,691	277,667
Lease liabilities		1,797	3,986
		623,632	601,826
Net current assets		1,062,960	849,147
Total assets less current liabilities		1,191,492	1,006,986

STATEMENT OF FINANCIAL POSITION

At 30 June 2025
(Expressed in Renminbi)

	Note	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		522	1,061
Deferred tax liabilities		921	921
		1,443	1,982
NET ASSETS		1,190,049	1,005,004
CAPITAL AND RESERVES			
Share capital	20	63,000	60,000
Reserves		1,127,049	945,004
TOTAL EQUITY		1,190,049	1,005,004

Approved and authorised for issue by the board of directors on 22 August 2025.

Zhang Guangping
Chairman

Li Yi
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

(Expressed in Renminbi)

	Notes	Attributable to equity shareholders of the Company					
		PRC					Total equity
		Share capital	Share premium	Capital reserve	statutory reserves	Retained profits	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (audited)		60,000	530,648	10,169	30,000	374,187	1,005,004
Changes in equity for the six months ended 30 June 2025							
Profit and total comprehensive income for the period		-	-	-	-	77,148	77,148
Placing of shares, net	20(a)	3,000	104,072	-	-	-	107,072
Equity-settled share-based transactions	21	-	-	825	-	-	825
At 30 June 2025 (unaudited)		63,000	634,720	10,994	30,000	451,335	1,190,049

	Note	Attributable to equity shareholders of the Company					
		PRC					Total equity
		Share capital	Share premium	Capital reserve	statutory reserves	Retained profits	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)		60,000	530,648	9,995	25,169	212,417	838,229
Changes in equity for the six months ended 30 June 2024							
Profit and total comprehensive income for the period		-	-	-	-	67,116	67,116
At 30 June 2024 (unaudited)		60,000	530,648	9,995	25,169	279,533	905,345

Note: The capital reserve comprises (i) the portion of the capital injection agreement date fair value of equity interest of the Company subscribed by the employee of the company (see note 21) that has been recognised in accordance with the accounting policy adopted for share-based payments and (ii) the portion of the grant date fair value of unexercised restricted share units granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments.

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Net cash used in operating activities	(163,464)	(90,119)
Investing activities:		
Payment for the purchase of property, plant and equipment and other non-current assets	(181)	(32,013)
Payment for purchase of intangible assets	–	(24)
Interest received	6,456	–
Release from payment for investment deposits	24,525	–
Purchase of property, plant and equipment	(744)	–
Placement of restricted bank deposits	(8,409)	–
Net cash generated from/(used in) investing activities	21,647	(32,037)
Financing activities:		
Proceeds from placing of shares	110,293	–
Transaction costs attributable to placing of shares	(3,221)	–
Capital element of lease rentals paid	(1,661)	(3,327)
Interest element of lease rentals paid	(60)	(153)
Proceeds from loans and borrowings	113,030	104,321
Repayment of loans and borrowings	(71,059)	(34,184)
Interest paid	(5,086)	(3,194)
Listing expense paid	–	(6,540)
Net cash generated from financing activities	142,236	56,923
Net increase/(decrease) in cash and cash equivalents	419	(65,233)
Cash and cash equivalents at the beginning of the period	636,020	550,838
Effect of foreign exchange rate changes	–	(2,312)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	636,439	483,293

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1 General Information

BaTeLab Co., Ltd. (the “**Company**”) (蘇州貝克微電子股份有限公司) was incorporated in Suzhou, Jiangsu Province, People’s Republic of China (the “**PRC**”) on 12 November 2010 as a limited liability company. In November 2021, the Company was converted from a limited liability company into a joint stock limited liability company. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2023 (the “**Listing**”).

The Company is principally engaged in research, development and sale of high-performance analog integrated circuit design products. In the opinion of the directors, the Company’s immediate holding company is Suzhou Backward Electronic Co., Ltd, a company incorporated in the PRC and its ultimate controlling parties are Mr. Li Zhen, Mr. Li Yi and Mr. Zhang Guangping.

The interim financial statements are presented in *Renminbi* (“**RMB**”) which is same as the functional currency of the Company.

These interim financial statements have not been audited.

2 Basis of Preparation

The interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. These interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA, and any public announcement made by the Company during the interim reporting period.

3 Principal accounting policies

The interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies used in the interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2024 except as described below.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Company has applied, the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Company’s annual period beginning on 1 January 2025 for the preparation of the Company’s condensed consolidated financial statements.

Amendments to HKAS 21 *Lack of Exchangeability*

The application of all the amendments to HKFRS Accounting Standards in the current interim period had no material impact on the Company’s financial performance and financial positions for the current and prior periods and on the disclosures set out in these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of analog IC patterned wafers	291,701	290,554

All revenue was recognised at a point in time.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Company has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for analog IC patterned wafers that the Company will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of analog IC patterned wafers that had an original expected duration of one year or less.

(b) Segment reporting

HKFRS 8 “Operating Segments” requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company’s chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Company has determined that it only has one operating segment which is the sales of analog IC patterned wafers.

Information about geographical area

All of the Company’s revenue is derived from the sales of analog IC patterned wafers in mainland China and the principal non-current assets employed by the Company are located in mainland China. Accordingly, no analysis by geographical segments has been provided for the reporting periods.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5 Other income, gains and losses

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	6,456	8,045
Government grants (Note)	5,817	6,338
Rental income	373	387
Net foreign exchange (loss)/gain	(5,812)	2,312
	6,834	17,082

Note: The government grant primarily comprise subsidies received from government for the encouragement of research and development projects and activities carried out in IC industry and high-technology advancement, incentive for the initial listing of the Company's shares and additional deduction on input value-added tax. No other specific conditions are attached to the grant.

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(a) Finance costs:		
Interest on		
– loans and borrowings	5,086	3,227
– lease liabilities	60	153
Total interest expense	5,146	3,380
(b) Staff costs:		
Salaries, wages and other benefits	16,378	21,246
Contributions to defined contribution retirement plans (note)	3,186	585
Equity-settled share-based payments	825	–
	20,389	21,831

Note: Employees of the Company are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Company has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6 Profit before taxation (continued)

(c) Other items:

	Note	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cost of inventories	13(b)	181,825	197,327
Depreciation:			
– owned property, plant and equipment		3,312	2,219
– right-of-use assets		1,284	1,630
Impairment loss on trade and other receivables		1,084	3,517
Research and development expenses (note)		56,364	70,812
Amortisation of intangible assets		44	26

Note: Included in research and development expenses were staff costs and depreciation of RMB10,048,000 and RMB1,271,000 (six months ended 30 June 2024: RMB11,967,000 and RMB517,000), respectively.

7 Income tax

Pursuant to the Enterprise Income Tax (the “EIT”) Law of the PRC (the “EIT Law”), the Company is liable to EIT at a rate of 25% unless otherwise specified.

According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era, from the year of being profitable, the Company can enjoy the exemption from EIT for the first two years and half reduced rate on statutory rate at 25% for the following three years (the “Tax Holiday”). The Company has entered into the first tax profitable year in 2023, therefore it applies tax exemption in 2023 and 2024.

In May 2025, the Company has obtained government approval to be a key integrated circuit design enterprise encouraged by the state. According to the announcement on Enterprise Income Tax Policies for Promoting the High Quality Development of the Integrated Circuit Industry and the Software Industry, from the year of being profitable, the enterprise can enjoy the exemption from EIT from the first to the fifth year, and will be taxed at a reduced rate of 10% in the following years. The Company has entered into the first tax profitable year in 2023, and it applies tax exemption from 2024 to 2027, and income tax rate of 10% in the following years.

Additionally, the Company is entitled to a 100% super-deduction for qualified research and development expenses incurred from taxable income, in accordance with relevant regulatory.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB77,148,000 (six months ended 30 June 2024: RMB67,116,000) and the weighted average of 60,550,000 ordinary shares (six months ended 30 June 2024: 60,000,000) in issue during the six months ended 30 June 2025.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB77,148,000 (six months ended 30 June 2024: RMB67,116,000) and the weighted average number of 60,922,000 ordinary shares (six months ended 30 June 2024: 60,000,000) after adjusting for the effect of all dilutive potential ordinary shares under the Company's employee Restricted Share Unit Scheme (note 21) during the six months ended 30 June 2025.

9 Property, plant and equipment

During the six months ended 30 June 2025, the Company acquired items of property, plant and equipment with a cost of RMB2,280,000 (six months ended 30 June 2024: RMB5,722,000).

10 Right-of-use assets

During the six months ended 30 June 2025, the Company modified a tenancy agreement (2024: entered into a new tenancy agreement), and therefore recognised a deduction to right-of-use assets of RMB1,067,000 (six months ended 30 June 2024: additions to right-of-use assets of RMB494,000).

11 Financial assets measured at FVOCI

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Investment in a Limited Liability Partnership ("LLP")	30,000	30,000

The investment as at 30 June 2025 represent 29.4% (31 December 2024: 29.4%) of the LLP in the venture capital partnership as a limited partner. The Company designated its investment in the LLP at FVOCI as the investment is held for strategic purposes. No dividends were received on this investment during the six months ended 30 June 2025 (year ended 31 December 2024: Nil).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12 Other non-current assets

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Prepayments for construction and property, plant and equipment	35,193	36,548
Investment deposits (note)	–	24,525
	35,193	61,073

Note: The investment deposits are the deposits paid by the Company for investment in a semiconductor manufacturing project.

13 Inventories

(a) Inventories in the statement of financial position comprise:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Raw materials	284,153	194,149
Finished goods	97,433	121,253
	381,586	315,402

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June 2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Carrying amount of inventories sold	135,992	122,677
Write-down of inventories	4,461	18,712
	140,453	141,389
Cost of inventories directly recognised as research and development expenses	41,372	55,938
	181,825	197,327

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14 Trade and other receivables

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Amounts due from third parties:		
Bills receivable, net of loss allowance	83	–
Trade receivables, net of loss allowance	71,057	50,541
	71,140	50,541
Other receivables and deposits, net of loss allowance	958	962
	72,098	51,503

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Within 1 month	49,667	20,482
1 to 2 months	5,964	20,132
2 to 3 months	3,602	9,415
Over 3 months	11,907	512
	71,140	50,541

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15 Prepayments

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Prepayments to suppliers	535,907	396,053
Others	396	238
	536,303	396,291

All of the prepayments are expected to be recovered or recognised as expense within one year.

16 Pledged bank deposits

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Pledged bank deposits	60,166	51,757

As at 30 June 2025 and 31 December 2024, the Company's bank deposits were pledged as a guarantee to issue bank acceptance bills, which will be released upon the settlement of relevant bills payable.

17 Cash and cash equivalents

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Cash at bank and on hand	636,439	636,020

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18 Loans and borrowings

As of the end of each reporting period, loans and borrowings were repayable as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Bank loans, within 1 year or on demand	362,144	320,173

19 Trade and other payables

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Amounts due to third parties:		
Trade payables	4,359	4,897
Bills payable	243,188	211,666
	247,547	216,563
Contract liabilities	1,281	40,138
Other payables and accruals	10,863	20,966
Trade and other payables	259,691	277,667

- (a) All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.
- (b) As of the end of each reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
Within 3 months	195,133	110,802
After 3 months but within 6 months	52,414	105,761
	247,547	216,563

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

20 Capital, reserves and dividends

(a) Capital

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Ordinary shares of RMB 1 each				
Issued and fully paid:				
At 1 January 2024 (audited),				
30 June 2024 (unaudited) and				
31 December 2024 (audited)	60,000	60,000	530,648	590,648
Placing of shares (note)	3,000	3,000	104,072	107,072
At 30 June 2025 (unaudited)	63,000	63,000	634,720	697,720

Note: On 28 May 2025, the Company placed 3,000,000 H shares to not less than six placees at the placing price of HK\$40.00 per placing share with total gross proceeds of HK\$120,000,000 (equivalent to RMB110,293,000) and net proceeds of HK\$116,580,000 (equivalent to RMB107,072,000).

All shares issued rank pari passu in all respects with all shares then in issue.

(b) Dividends

No dividends were paid or declared by the Company during the six months ended 30 June 2025.

21 Equity-settled share-based transaction

Restricted Share Unit Scheme ("RSUs")

The Company has adopted a share award scheme on 2 December 2024 (the "**Share Award Scheme**") for the purpose of incentivise one key employee for their contribution to the Company, and to attract and retain skilled and experienced personnel for the future growth of the Company by providing them with the opportunity to own equity interests in the Company.

On 5 December 2024, an aggregate of 371,876 restricted shares were granted at an exercise price of RMB1.00 per share to one eligible employee of the Company under the Share Award Scheme. Each 25% of the RSUs will vest on 5 December 2028, 5 December 2029, 5 December 2030 and 5 December 2031, respectively, and be exercisable until 1 December 2034. In addition to the service condition, there are other vesting conditions related to the employee's performance and the market condition about the underlying stock price.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

21 Equity-settled share-based transaction (continued)

Restricted Share Unit Scheme (continued)

(i) *The terms and conditions of the grants are as follows:*

	Number of RSUs	Vesting Conditions	Contractual life of RSUs
RSUs granted to the employee:			
– 5 December 2024	371,876	25% on 5 December 2028 25% on 5 December 2029 25% on 5 December 2030 25% on 5 December 2031	ten years

(ii) *The number of RSUs are as follows:*

	Number of RSUs
At 31 December 2024 (audited)	371,876
Granted during the period	–
At 30 June 2025 (unaudited)	371,876

(iii) *Fair value of RSUs*

The fair value of services received in return for RSUs is measured by reference to the fair value of RSUs granted. The estimate of the fair value of the newly granted RSUs is measured based on a binary tree model. Fair value of RSUs and assumptions are as follows:

Fair value at measurement date	RMB24.44 to RMB25.02
Share price	RMB26.78
Exercise price	RMB1.00
Expected dividend yield	0%

22 Commitments

As at 30 June 2025, the Company has capital commitments amounted to approximately RMB65,887,000 (31 December 2024: RMB66,376,000) in relation to the acquisition of new plant and equipment.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

23 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Salaries, allowance and benefits in kind	4,276	2,460
Contributions to retirement benefit schemes	105	57
Equity-settled share-based payments	825	–
	5,206	2,517

Total remuneration is included in staff costs (see note 6(b)).

24 Fair value measurements

Fair value hierarchy

The following table presents the fair value of the Company's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, "Fair Value Measurement." The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3: Fair value measured using significant unobservable inputs.

The Company has a team headed by the finance manager performing valuations for the financial instruments, including Investment in the LLP which is categorised into Level 2 of the fair value hierarchy. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

24 Fair value measurements (continued)

Recurring fair value measurement

	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)	Fair value as at 30 June 2025 RMB'000 (unaudited)
Financial assets at FVOCI	–	30,000	–	30,000

	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)	Fair value as at 31 December 2024 RMB'000 (audited)
Financial assets at FVOCI	–	30,000	–	30,000

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

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of Level 2 assets is generally obtained through the use of valuation methodologies with observable market inputs or by reference to the latest round of financing, i.e. the prior transaction price or the third-party pricing information. As the investees are in normal operation without any significant business milestone events during the period, the fair value of the LLPs is determined with reference to the latest round of financing price, adjusted by unobservable inputs based on information such as its latest available financial information, where applicable as at 30 June 2025 and 31 December 2024.