

# 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)

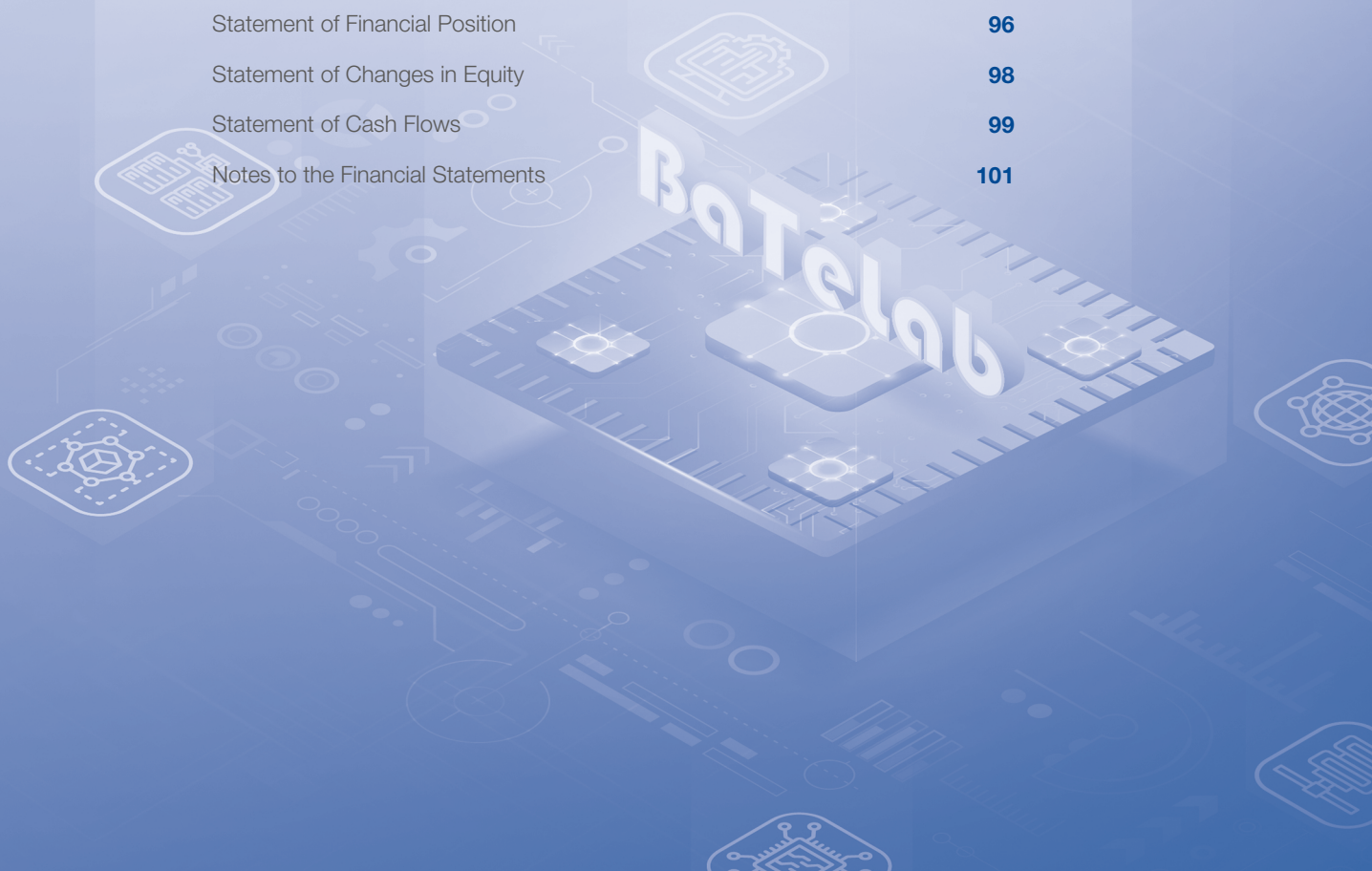
Stock Code: 2 1 4 9



2025  
Annual Report

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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

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

## Authorized Representatives

Mr. Zhang Guangping (張廣平) (*appointed on 3 July 2025*)  
Mr. Chung Ming Fai (鍾明輝) (*appointed on 3 July 2025*)  
Mr. Li Zhen (李真) (*resigned on 3 July 2025*)  
Mr. Cheung Kai Cheong Willie (張啟昌)  
(*resigned 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*)  
(*appointed on 27 June 2025*)  
Mr. Li Yi (李一) (*appointed on 27 June 2025*)  
Mr. Ma Ming (馬明)  
Mr. Zhang Guangping (張廣平) (*ceased on 27 June 2025*)  
Mr. Wen Chengge (溫承革) (*ceased on 27 June 2025*)

## Nomination Committee

Mr. Wen Chengge (溫承革) (*Chairman*)  
(*appointed on 27 June 2025*)  
Mr. Zhang Guangping (張廣平) (*appointed on 27 June 2025*)  
Ms. Kang Yuanshu (康元書) (*appointed on 27 June 2025*)  
Mr. Li Yi (李一) (*ceased on 27 June 2025*)  
Mr. Zhao Heming (趙鶴鳴) (*ceased on 27 June 2025*)

## Strategy Committee

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

## Auditor

Rongcheng (Hong Kong) CPA Limited  
Public Interest Entity Auditor registered in accordance with  
the Accounting and Financial Reporting Council Ordinance  
Certified Public Accountants  
Unit 4301-4307, 43/F  
COSCO Tower  
183 Queen's Road Central  
Central and Western District  
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

## 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

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

## Investor Relations

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Technology Town, Gaoxin District, Suzhou,  
Jiangsu Province, PRC

Contact person: Li Yi (李一)

# CHAIRMAN'S STATEMENT

Dear shareholders (the “**Shareholders**”),

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of BaTeLab Co., Ltd. (the “**Company**” “**our Company**” or “**we**”), I am pleased to present the annual report of the Company for the year ended 31 December 2025 (the “**Reporting Period**”).

In 2025, the global analog integrated circuits (or analog IC) industry was generally characterised by a coexistence of cyclical recovery and structural opportunities. On one hand, demand for high-end industrial analog chips continued to grow steadily, with import substitution further deepening. On the other hand, amid fluctuations in the external trade environment, the Company proactively adjusted its distributor structure. Overall, the Company maintained an operational pace characterised by stability with progress in 2025.

For the Reporting Period, the Company achieved revenue of approximately RMB584.1 million, representing a year-on-year increase of approximately 0.9%, with a gross profit margin of approximately 51.7%.

Looking ahead, the Company will remain market-demand oriented. While continuously expanding product coverage and enhancing product competitiveness, we will maintain moderate investment in process capabilities. Leveraging our long-term accumulated advantages, we aim to explore emerging market segments and further strengthen our layout across the entire industry chain, ensuring the Company is well-equipped to address various challenges, including those related to the supply chain, in a complex external environment.

On behalf of the Board and the management, I would like to express my sincere gratitude to each of the Shareholders, investors and partners for their longstanding support.

*Chairman and Executive Director*

**Zhang Guangping**

25 March 2025

# FINANCIAL HIGHLIGHTS

A summary of the results and the assets and liabilities of the Company for the last five financial years, as extracted from the audited financial information and financial statements, is set out below:

	Year ended 31 December (RMB'000)				
	2025	2024	2023	2022	2021
Revenue	<b>584,123</b>	578,807	463,881	352,510	212,711
Gross profit	<b>302,252</b>	306,917	257,111	199,324	120,000
Profit from operations	<b>131,011</b>	173,950	113,427	98,475	60,846
Profit for the year	<b>122,005</b>	166,601	109,158	95,262	56,969
Earnings per share (basic and diluted) (RMB)	<b>Basic: 1.97</b> <b>Diluted: 1.96</b>	2.78	2.42	2.12	N/A

	As at 31 December (RMB'000)				
	2025	2024	2023	2022	2021
Total assets	<b>1,840,804</b>	1,608,812	1,270,927	595,528	356,052
Total liabilities	<b>557,985</b>	603,808	432,698	199,693	55,479
Net assets	<b>1,282,819</b>	1,005,004	838,229	395,835	300,573

# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

### Market Overview

In 2025, the global analog integrated circuit (or analog IC) industry was generally characterised by a coexistence of cyclical recovery and structural opportunities. Leading global analog companies saw a rebound in revenue in early 2025, which persisted throughout the year. On the demand side, areas such as AI servers, new energy vehicles, and industrial electrification and automation continued to drive the explosive growth potential of high-end power management chips. On the supply side, overseas companies took the lead in raising prices, while domestic manufacturers accelerated their consolidation, resulting in relatively constrained global manufacturing capacity for high-end analog chips.

The intense competition in the external trade environment in 2025 posed considerable challenges for the highly globalised chip industry. China possesses the world's largest single market for analog chips, with the domestic substitution rate remaining below 20%, presenting domestic manufacturers with a vast substitution opportunity exceeding US\$10 billion.

### Business Overview

Given the current market environment and outlook for the global analog chip market, the Company remains focused on the high-end industrial-grade analog chip market, adopting a flexible patterned wafer delivery model to build long-term sustainable competitiveness. In terms of technology, the Company's strategic goal is to achieve full-stack capabilities encompassing tool iteration, chip design, and process research and development ("**R&D**"), while integrating proprietary IP throughout the entire workflow to achieve full-process autonomy and control. Building on this foundation, the Company strives to become an analog chip enterprise with global competitiveness.

During the Reporting Period, the Company continued to optimize its semi-automated chip design methods based on machine learning and launched new industrial-grade products with efficiency and cost-effectiveness. This effectively advanced its customer demand-oriented business expansion strategy, consolidating its differentiated competitive advantages and maintaining profitability in the industrial-grade analog chip sector characterised by R&D cost-sensitivity.

For the Reporting Period, the Company recorded a revenue of RMB584.1 million, representing a year-on-year increase of 0.9%, and a gross profit margin of 51.7%.

### 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, our 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 package testing.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Company focuses on the 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 1,000 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.

For the year ended 31 December 2025, the Company accumulated a total of 147 domestic and international invention patents. The Company focused on R&D of a series of patents in the field of highly integrated analog computer chips, enhancing the Company’s R&D capabilities in analog artificial intelligence chips. The objective is to leverage the unique advantages of analog chips over digital chips within the artificial intelligence domain. Currently, the Company has accumulated more than 800 IP modules and expanded its 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.

## Financial Review

### Revenue

#### Revenue by Product 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 product line, in absolute amounts and as a percentage of the total revenue, for the periods indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales of power management products	514,869	88.1	507,679	87.7
Sales of signal chain products	69,254	11.9	64,749	11.2
Sales of electronic component products	–	–	6,379	1.1
<b>Total</b>	<b>584,123</b>	<b>100.0</b>	<b>578,807</b>	<b>100.0</b>

# 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:

	Year ended 31 December			
	2025		2024	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales to distributors	385,248	66.0	467,954	80.8
Direct sales	198,875	34.0	110,853	19.2
<b>Total</b>	<b>584,123</b>	<b>100.0</b>	<b>578,807</b>	<b>100.0</b>

The Company's revenue increased by 0.9% from RMB578.8 million for the year ended 31 December 2024 to RMB584.1 million for the Reporting Period. On one hand, demand for high-end industrial analog chips continued to grow steadily, with import substitution further deepening. On the other hand, amid fluctuations in the external trade environment, the Company proactively adjusted its distributor structure. Overall, the Company maintained an operational pace characterised by stability with progress in 2025.

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 1.4% from RMB507.7 million for the year ended 31 December 2024 to RMB514.9 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 increased by 7.1% from RMB64.7 million for the year ended 31 December 2024 to RMB69.3 million for the Reporting Period, primarily due to the launch of new products and the growth of downstream demand, and these products returned to a relatively stable growth trend during the Reporting Period.

The Company's revenue from sales to distributors decreased by 17.7% from RMB468.0 million for the year ended 31 December 2024 to RMB385.2 million for the Reporting Period, primarily due to the decrease in demand from distribution customers and the Company's focus on expanding new direct sales customers.

The Company's revenue from direct sales increased by 79.4% from RMB110.9 million for the year ended 31 December 2024 to RMB198.9 million for the Reporting Period, primarily due to the fact that the Company expanded its new direct sales customer base in 2025, resulting in a substantial increase in direct sales revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales

The Company's cost of sales increased by 3.7% from RMB271.9 million for the year ended 31 December 2024 to RMB281.9 million for the Reporting Period, primarily due to the increase in the revenue of the Company during the Reporting Period which led to the increased cost of sales accordingly.

## Gross Profit and Gross Profit Margin

Based on the foregoing, the Company's gross profit decreased by 1.5% from RMB306.9 million for the year ended 31 December 2024 to RMB302.3 million for the Reporting Period, and the gross profit margin decreased from 53.0% for the year ended 31 December 2024 to 51.7% for the Reporting Period, primarily due to the fact that our gross profits and gross profit margins largely depend on the variety of our product mix, as we provide multi-variety products in small batches to our customers. As the Company expanded its business scale, the Company's inventory balance also increased accordingly, and provision for inventory impairment was higher than that of last year, which led to a decrease in gross profit margin accordingly. In terms of the provision for inventory impairment, it is mainly due to the expansion of the Company's business scale, the inventory amount and the aging of inventory have also increased accordingly. Therefore, more provision for inventory was accrued during the Reporting Period as compared with that of the same period last year. Eliminating the impact of provision for inventory impairment, there was no significant change in gross profit margin during the Reporting Period as compared with that of the last year. Below are breakdowns of gross profit and gross profit margin of product portfolio by business line:

	Year ended 31 December			
	2025		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Sales of power management products	262,473	51.0	268,687	52.9
Sales of signal chain products	39,779	57.4	38,102	58.8
Sales of electronic component products	–	–	128	2.0
<b>Total</b>	<b>302,252</b>	<b>51.7</b>	<b>306,917</b>	<b>53.0</b>

The Company's gross profit from sales of power management products decreased by 2.3% from RMB268.7 million for the year ended 31 December 2024 to RMB262.5 million for the Reporting Period, and the gross profit margin decreased from 52.9% for the year ended 31 December 2024 to 51.0% for the Reporting Period. The change in gross profit margin was mainly due to the impact of provision for inventory impairment during the Reporting Period.

The Company's gross profit from sales of signal chain products increased by 4.4% from RMB38.1 million for the year ended 31 December 2024 to RMB39.8 million for the Reporting Period, and the gross profit margin decreased from 58.8% for the year ended 31 December 2024 to 57.4% for the Reporting Period. The change in gross profit margin was mainly due to the impact of provision for inventory impairment during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Income and Net Gain

The Company's other income and net gain during the Reporting Period primarily consist of (i) interest income from bank deposits; (ii) government grants; and (iii) net foreign exchange loss. The Company's other income and net gain decreased by 63.8% from RMB34.8 million for the year ended 31 December 2024 to RMB12.6 million for the Reporting Period, primarily due to the net exchange loss on US dollar deposits of the Company at the end of the period as a result of appreciation of RMB against US dollars.

## Distribution Costs

The Company's distribution costs during the Reporting Period primarily consist of (i) employee benefits expenses of our sales and marketing staff, which mainly include salaries and welfare; and (ii) travel and entertainment expenses. The Company's distribution costs increased by 30.4% from RMB6.9 million for the year ended 31 December 2024 to RMB9.0 million for the Reporting Period, primarily due to an increase of RMB1.6 million in share-based payment expenses recognised for sales personnel during the Reporting Period compared with the corresponding period of the previous year.

## Administrative Expenses

The Company's administrative expenses during the Reporting Period primarily consist of (i) employee benefits expenses of the senior management (the "**Senior Management**") and business operations and administration staff, which mainly include salaries and welfare; (ii) consultation and agency fees; (iii) depreciation and amortization; (iv) professional fees such as auditors and lawyers; (v) travel and entertainment expenses; and (vi) office expenses. The Company's administrative expenses decreased by 13.6% from RMB31.7 million for the year ended 31 December 2024 to RMB27.4 million for the Reporting Period, primarily due to the decrease in professional fees such as auditors and lawyers during the Reporting Period.

## R&D Expenses

The Company's R&D expenses during the Reporting Period primarily consist of (i) material costs for R&D projects; and (ii) employee benefits expenses, which mainly include salaries and welfare of our R&D staff. The Company's R&D expenses increased by 14.1% from RMB129.2 million for the year ended 31 December 2024 to RMB147.4 million for the Reporting Period, primarily due to the recognition of share-based payment expenses of RMB51.0 million for R&D personnel during the Reporting Period. On 11 November 2025, Suzhou Backward Electronic Co., Ltd. ("**Backward Electronic**") entered into a capital injection agreement with the Company's employee Mr. Shi Chao for his contribution to the Company and incentivising him for his future performance. Pursuant to the agreement, Mr. Shi Chao agreed to subscribe for the increased registered capital of RMB250,000 of Backward Electronic at a subscription price of RMB250,000, which represented 11.11% of Backward Electronic's equity interest, equivalent to indirect interest in approximately 1,222,000 shares of the Company. The subscription price was fully paid in November 2025.

The transaction is, in substance, a transfer of equity interests from the other shareholders of Backward Electronic (the Company's founding team) to Mr. Shi Chao. The Company recognised this transaction as equity-settled share-based payments with no vesting conditions in recognition of Mr. Shi Chao's contribution to the Company. The Company recognised a share-based compensation expenses of approximately RMB50,951,000, being the difference between the fair value of equity interest of the Company and the consideration received by Backward Electronic. It has no impact on cash flow, the number of issued shares of the Company. The Company's profit from principal operation for the Reporting Period remained stable.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 12.5% from RMB8.0 million for the year ended 31 December 2024 to RMB9.0 million for the Reporting Period, primarily due to the increase in interest on short-term bank loans.

## Profit before Taxation

As a result of the foregoing, the Company's profit before taxation decreased by 26.5% from RMB166.0 million for the year ended 31 December 2024 to RMB122.0 million for the Reporting Period, primarily due to the recognition by the Company of share-based payment expenses of RMB51.0 million for R&D personnel during the Reporting Period.

## Income Tax

The Company recorded no income tax for the year ended 31 December 2025, primarily due to the Company's entitlement to preferential tax, such as favorable income tax and additional deduction on R&D expenses for the Reporting Period.

## Profit for the Year

As a result of the foregoing, the Company's profit for the year decreased by 26.8% from RMB166.6 million for the year ended 31 December 2024 to RMB122.0 million for the Reporting Period, primarily due to the recognition by the Company of share-based payment expenses of RMB51.0 million for R&D personnel during the Reporting Period.

## 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 year excluding equity-settled share-based payments and net foreign exchange gains or losses. The presentation of adjusted net profit (non-HKFRS measure), together with the relevant HKFRS measures, is intended to eliminate the impact of items that are non-cash in nature or not directly indicative of the core operating performance. Specifically, equity-settled share-based payments is a non-cash expense that does not require future cash outlays, while net foreign exchange gains or losses primarily result from market fluctuations and do not reflect the Company's underlying business operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>	<b>122,005</b>	166,601
Add:		
Equity-settled share-based payments	<b>52,706</b>	174
Net foreign exchange loss/(gain)	<b>14,247</b>	(7,267)
<b>Adjusted net profit (non-HKFRS measure)</b>	<b>188,958</b>	159,508

## 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.

## 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 talent 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 year ended 31 December 2025 and 31 December 2024.

The Company manages its capital with the gearing ratio. The gearing ratio of the Company as of 31 December 2025, which is total loans and borrowings and lease liabilities of the Company divided by all components of equity attributable to equity shareholders and then multiplied by 100.0%, is approximately 18.8% (as of 31 December 2024: 32.4%).

## 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 RMB1,587.2 million as of 31 December 2025 (as of 31 December 2024: RMB1,451.0 million), representing an increase of 9.4% as compared to the previous year, primarily due to the increase in inventories and prepayments. Of these assets, cash and cash equivalents (mainly denominated in USD and RMB) amounted to RMB546.9 million (as of 31 December 2024: RMB636.0 million), primarily due to proceeds from fundraising and loans.

As of 31 December 2025, the Company had loans and borrowings of RMB236.8 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. The Company's capital expenditures amounted to RMB105.2 million (primarily comprising RMB104.6 million for the purchase of equipment) and RMB33.9 million for the year ended 31 December 2025 and 31 December 2024, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations and proceeds from the Listing.

## Capital Commitments

The Company's capital commitments during the Reporting Period primarily relate to additions to property, plant and equipment contracted but not provided for. The Company's capital commitments amounted to RMB49.8 million and RMB66.4 million for the year ended 31 December 2025 and 31 December 2024, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Restricted Assets

As of 31 December 2025, the Company's bank deposits totaling RMB51.6 million were restricted as a guarantee to issue bank acceptance bills, which will be released upon the settlement of relevant bills payable. As of 31 December 2025, the Company did not restrict any assets other than the above.

## Loans and Borrowings

The Company's total outstanding loans and borrowings decreased from RMB320.2 million as of 31 December 2024 to RMB236.8 million as of 31 December 2025, primarily due to the fulfillment of capital requirements for its daily operating activities. Financing activities of the Company were used to support our working capital, such as payment for raw materials, salaries and welfare of our employees and office expenses.

As of 31 December 2025, the Company had interest-bearing borrowings of RMB236.8 million, all of which were unguaranteed and unsecured borrowings (mainly denominated in RMB), with effective interest rates ranging from 2.43% to 3.60% per annum. All borrowings will mature in 2026. The Company's bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

As of 31 December 2025, the Company had unutilized banking facilities of RMB1,473.1 million.

## Contingent Liabilities

The Company did not have any contingent liabilities as of 31 December 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. The amount of the Company's property, plant and equipment as of 31 December 2025 was RMB58.3 million, representing a slight decrease compared to RMB62.1 million as of 31 December 2024, attributable to the increase in depreciation of fixed assets.

## 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 increased from RMB4.0 million as of 31 December 2024 to RMB4.5 million as of 31 December 2025, primarily due to the additions of leased properties during the Reporting Period, resulting in the increase in right-of-use assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Assets at Fair Value Through Other Comprehensive Income

As at 31 December 2025, the financial assets at fair value through other comprehensive income mainly consist of (i) the Company's 29.4% shareholding in a limited liability partnership as a limited partner for strategic development considerations; and (ii) bills receivables measured at fair value through other comprehensive income.

## 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 RMB467.0 million as of 31 December 2025, primarily due to the inventories held in stock based on our customers' needs and the Company's judgment 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 VAT (value-added tax) recoverable, contingency cash for business trips and sporadic purchases and rental deposits. The Company's trade and other receivables increased from RMB51.5 million as of 31 December 2024 to RMB53.0 million as of 31 December 2025, representing a relatively stable change.

## 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 RMB467.1 million as of 31 December 2025, primarily due to the Company holds a long-term positive view of the future sales market and, based on strategic development needs, it is necessary to secure a stable supply of patterned wafer for a relatively long period in the future. The Company's principal business focuses on multi-variety chips in small batches, resulting in relatively weak bargaining power when reserving production capacity with wafer suppliers. By paying a relatively high proportion of prepayments, the Company can effectively enhance its leverage in obtaining production capacity. The Company has conducted comprehensive assessments of the background, qualification, credibility and supply capability of its major suppliers. These suppliers are mainly large-scale enterprises in Mainland China, Taiwan Province and South Korea, as well as local state-owned procurement platforms, which have no default records and very low credit risk. Based on financial condition analysis, no potential financial difficulties have been identified among these suppliers. As of 25 March 2026, the amount of goods delivered under the aforementioned prepayment contracts was RMB142.4 million, which is consistent with the terms of the prepayment contracts. During the period of cooperation, all suppliers have delivered products in accordance with the terms of the contract, and there has been no case of breach of contract. Under the terms of the contracts signed by both parties, in the event of a default by a supplier, the related losses shall be borne by the seller. In the event that a supplier fails to perform its supply obligations, the Company is entitled to demand the refund of the payment made in accordance with the Civil Code of the People's Republic of China.

## Trade and Other Payables

The Company's trade and other payables during the Reporting Period mainly include (i) bills payable, which are primarily related to payments due to our wafer channel partner; (ii) trade payables, which are primarily related to payments due to a supplier for chip probing services; (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 increased from RMB277.7 million as of 31 December 2024 to RMB315.7 million as of 31 December 2025, mainly as a result of the increase in contract liabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employees and Remuneration Policies

As of 31 December 2025, the Company had 111 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 31 December 2025:

<b>Function</b>	<b>Number of employees</b>
Chairman and Senior Management	2
R&D	68
Sales and marketing	11
Business operations and administration	30
<b>Total</b>	<b>111</b>

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 recognizes the importance of talents for sustainable business growth and competitive advantages. The Company believes that our success depends on our ability to attract, retain and motivate qualified personnel. As part of human resources strategy, the Company offers employees relatively competitive salaries, performance-based bonuses, and other incentives. The Company typically signs non-competition agreement with our Senior Management or other key employees. 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.

## Compliance with Laws and Regulations

The Directors deem the compliance with laws and regulations as the cornerstone of a business and attach considerable importance to it; therefore, they strictly comply with laws and regulations of PRC, mainly including laws and regulations of PRC on IC industry, cyber security, data protection, intellectual property, labor and product liability. 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 (the "Prospectus") dated 18 December 2023, as of 31 December 2025, the Company had no other plan for material investments and capital assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

As at 31 December 2025, the Company did not have any material investments. For the year ended 31 December 2025, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, the Company has not purchased, sold or redeemed any of the Company's listed securities (including the sale or transfer of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as of 31 December 2025.

## Significant Events after the End of the Reporting Period

Subsequent to 31 December 2025 and up to the date of this report, so far as the Directors are aware, there have been no events that have materially affected the Company.

## 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.

To achieve the above vision and address the related challenges, on the supply side, the Company will continue its transition from a Fabless to a Fablite model, maintaining moderate investment in process capabilities. It is expected that this will gradually align the existing R&D system with the development of in-house process capabilities. On the demand side, the Company will continue to leverage its advantages accumulated over a long period in the industrial sector to explore emerging market areas, particularly those represented by artificial intelligence.

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and Senior Management of the Company are set out as follows:

## Directors

### Executive Directors

**Mr. Zhang Guangping**, born in June 1985, is our co-founder. He was our supervisor from November 2010 to September 2013. He served as our sales director from November 2010 to January 2021. Mr. Zhang Guangping was appointed as our Director on 15 December 2015 and our general manager on 15 January 2021. He was re-designated as our executive Director on 27 April 2023 and elected as the chairman of the Board on 27 June 2025. He is currently also a member of the Nomination Committee and the Strategic Committee of our Company. Mr. Zhang Guangping is primarily responsible for the overall operation and management of our Company. Mr. Zhang Guangping obtained his bachelor's degree in mathematics and physics from Tsinghua University in the PRC in July 2008.

**Mr. Li Zhen**, born in February 1986, is our co-founder. He was appointed as our executive Director on 12 November 2010 and served as the chairman of the Board from 15 December 2015 to 27 June 2025. He currently also serves as the chairman of the Strategy Committee. Mr. Li Zhen served as the head of our R&D department from November 2010 to January 2023. After obtaining his master's degree in the United States, Mr. Li Zhen returned to China in 2010 to start his own business, exploring and leading the continuous innovation of efficient analog IC design and patterned wafer delivery business model. Led by Mr. Li Zhen, our management team possesses a wealth of experience in enterprise management, product development and marketing. Mr. Li Zhen studied in the Basic Science Class of Tsinghua University in the PRC in 2004, majoring in mathematics and physics of the department of physics. He was later admitted as a regular student for fall term 2005–2006 from Tsinghua University to Massachusetts Institute of Technology in the United States in 7 September 2005, and obtained his bachelor's degree in electronic science and engineering in June 2009 and his master's degree in electrical engineering and computer science in February 2010. Mr. Li Zhen was recognized as Leading Talent in Science and Technology Innovation and Entrepreneurship of Suzhou New District (Class A) by the CPC Working Committee of Suzhou New District in September 2010 and Leading Talent in Innovation and Entrepreneurship of Gusu District by Suzhou Municipal People's Government in July 2012. Mr. Li Zhen is a cousin of Mr. Li Yi (who serves as an executive Director, a deputy general manager, the head of the finance department and a joint company secretary of the Company).

**Mr. Li Yi**, born in March 1979, is our co-founder. He served as our general manager from November 2010 to January 2021. He has been serving as our Director since 15 December 2015, the deputy general manager and the head of our financial department since 15 January 2021. He was re-designated as our executive Director on 27 April 2023 and appointed as a joint company secretary on 1 June 2023. He is currently also a member of the Remuneration and Evaluation Committee, and a member of the Strategic Committee of our Company. Mr. Li Yi is primarily responsible for financial management and company secretarial matters of our Company and assisting the operation of the Board. From August 2002 to July 2003, Mr. Li Yi worked at Jiangsu Vocational College of Business (formerly known as Jiangsu Nantong Vocational Supply and Marketing School, where he was primarily responsible for education and teaching. From March 2004 to September 2008, he worked at Jiangsu Suzhou Steel Group Co., Ltd., an industrial company, where he was primarily responsible for accounting affairs. Mr. Li Yi obtained his bachelor's degree in accounting from Shanxi University of Finance and Economics in the PRC in July 2002. Mr. Li Yi is a cousin of Mr. Li Zhen (who serves as the executive Director of our Company).

# BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

## Non-executive Directors

**Mr. Kong Jianhua** (“**Mr. Kong**”), born in October 1983, was appointed as our Director on 15 December 2015 and re-designated as our non-executive Director on 27 April 2023. Mr. Kong is primarily responsible for the provision of guidance for the overall development of our Company. Mr. Kong served as a staff of business development division at Jiangsu Branch of China Export & Credit Insurance Corporation, an insurance company. From August 2010 to March 2012, he served as the investment manager at Suzhou High-Tech Venture Capital Group Co., Ltd., an investment company, where he was primarily responsible for investment management. He served consecutively as the investment director, the deputy general manager and the general manager from March 2012 to April 2019, and has been serving as the director since August 2015 of Suzhou High-tech Venture Capital Group Ronglian Management Co., Ltd., an investment company, where he was primarily responsible for investment management, the overall strategic planning and management and supervision of the daily affairs. Since December 2017, he has served as the director and general manager at Suzhou High-tech Venture Capital Group Rongxiang Investment Management Co., Ltd., a venture capital company, where he is primarily responsible for the overall management. Mr. Kong also holds directorship in several technology, manufacture and other companies concurrently, including Jiangsu Tiangong Information Technology Co., Ltd. and Suzhou ITImotor Technology Co., Ltd., etc., where he is primarily responsible for the overall management of the aforementioned companies. Mr. Kong obtained his bachelor’s degree in English from China University of Mining and Technology in the PRC in July 2005 and his master’s degree in laws from Peking University in the PRC in July 2008.

## Independent Non-executive Directors

**Mr. Zhao Heming** (“**Mr. Zhao**”), born in August 1957, was appointed as our independent Director on 12 November 2021 and re-designated as our independent non-executive Director on 27 April 2023. Mr. Zhao is currently also the chairman of the Remuneration and Evaluation Committee and a member of the Audit Committee of our Company. Mr. Zhao is primarily responsible for the provision of independent advice to the Board. Mr. Zhao joined Soochow University in 1993 and served as the assistant professor from 1993 to 1999. He was then appointed as the professor in 1999 and the doctoral supervisor in 2002, and currently serves as the professor, the doctoral supervisor and the dean of the department of information engineering. He has been engaged in teaching and scientific research in the field of speech signal processing, intelligent computing, and digital signal processing systems. Mr. Zhao served as a member of the Jiangsu Provincial People’s Political Consultative Conference from February 2003 to January 2018. Mr. Zhao is currently a member of the National Signal Processing Society, a standing director of Jiangsu Electronic Society, and the president of Suzhou Electronic Society. In addition, he is also an editorial board member of the “Acta Acustica”, the “Journal of Electronics & Information Technology” and the “Journal of Signal Processing”. In addition to the aforesaid working experiences, Mr. Zhao served as an independent director of New SEA UNION Technology Group Co., Ltd., a technology company listed on the Shenzhen Stock Exchange (stock code: 002089), from March 2007 to May 2013, served as an independent director of Suzhou TFC Optical Communication Co., Ltd., a technology company listed on the Shenzhen Stock Exchange (stock code: 300394), from December 2011 to November 2017, served as an independent Director of Suzhou Anjie Technology Co., Ltd., a technology company listed on the Shenzhen Stock Exchange (stock code: 002635), from September 2014 to June 2019 and since June 2022, and provided independent advice to the board. Mr. Zhao obtained his bachelor’s degree in physics from Soochow University (formerly known as Jiangsu Normal College in the PRC in January 1982. He has obtained the independent director qualification certificate from Shenzhen Stock Exchange in April 2008.

## BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

**Mr. Wen Chengge** (“**Mr. Wen**”), born in May 1969, was appointed as our independent Director on 12 November 2021 and re-designated as our independent non-executive Director on 27 April 2023. Mr. Wen is currently also the chairman of the Nomination Committee and a member of the Audit Committee of our Company. Mr. Wen is primarily responsible for the provision of independent advice to the Board. Mr. Wen has been serving as the associate professor of the School of Business in Suzhou University of Science and Technology since June 2000, where he is primarily responsible for scientific research and teaching. Mr. Wen obtained his bachelor’s degree in electromechanical foreign trade from Chongqing University in the PRC in July 1990. He obtained a master’s degree in business administration in July 1999 and a doctor’s degree in enterprise management in June 2007 from Renmin University of China in the PRC.

**Mr. Ma Ming** (“**Mr. Ma**”), born in September 1977, was appointed as our independent Director on 12 November 2021 and re-designated as our independent non-executive Director on 27 April 2023. Mr. Ma is currently also the chairman of the Audit Committee and a member of the Remuneration and Evaluation Committee of our Company. Mr. Ma is primarily responsible for the provision of independent advice to the Board. Mr. Ma joined Ningxia Tianhua Accounting Firm (Co., Ltd.) (“**Ningxia Tianhua**”) in October 2003, where he served as the director and deputy chief accountant from May 2018 to April 2022. Ningxia Tianhua was transferred into a partnership enterprise and renamed as Tianhua (Ningxia) Accounting Firm (Special General Partnership) in May 2022 and Mr. Ma has been serving as the managing partner and deputy chief accountant since then. Apart from the aforementioned working experience, he also has been the director of Ningxia Zhengyetong Management Consulting Co., Ltd., a management consulting company, since May 2018 and Ningxia Construction Investment Group Co., Ltd., a company principally engaged in housing construction, project contracting of municipal infrastructure and investment management, from March 2017 to September 2023, where he was primarily responsible for the provision of guidance for the overall business development. Mr. Ma obtained his bachelor’s degree in accounting from Shanxi University of Finance and Economics in the PRC in June 2002. Mr. Ma has obtained the certified public accountant certificate from the Chinese Institute of Certified Public Accountants in October 2004 and the legal professional qualification certificate issued by the Ministry of Justice of the PRC in March 2012.

**Ms. Kang Yuanshu** (“**Ms. Kang**”), born in March 1986, was appointed as our independent non-executive Director on 1 December 2023 and currently also serves as a member of Nomination Committee of our Company. Ms. Kang is primarily responsible for the provision of independent advice to the Board. Ms. Kang joined Q8 Aviation in 2008. Q8 Aviation is one of the world’s leading jet fuel marketers, providing fuel to airlines at airports across Europe, Africa, the Middle East and the Far East. She consecutively served as the new business analyst from October 2008 to February 2011, the aviation business coordinator from March 2011 to May 2014, the assistant account manager from June 2014 to December 2014, the account manager from January 2015 to February 2022 and the senior account manager since March 2022, where she is primarily responsible for directing marketing and sales affairs in throughout Asia and Australasia areas. Ms. Kang obtained her bachelor’s degree in arts from the University of Sheffield in the United Kingdom in June 2007. She obtained her master’s degree in science from the City University of London in the United Kingdom in February 2009.

### Senior Management

**Mr. Zhang Guangping** is the executive Director, chairman of the Board and general manager of our Company. For the biographical details of Mr. Zhang Guangping, please refer to the “Directors” in this section.

**Mr. Li Yi** is an executive Director, deputy general manager, head of the financial department and a joint company secretary of our Company. For the biographical details of Mr. Li Yi, please refer to the “Directors” in this section.

# CORPORATE GOVERNANCE REPORT

## Corporate Culture

As the Company believes that a healthy corporate culture is at the core of good corporate governance, all Directors are committed to promoting corporate culture by setting an example. The Company attaches great importance to the communication and promotion of corporate culture, so as to enable all management and employees to understand the core values of corporate culture and the expected behaviors. The Company has strengthened and perfected the communication mechanism between the management and employees, and understood employees' recognition of corporate culture or problems identified through various channels. The Company's culture is also designed to strike a balance between the benefits and risks of short-term goals and long-term strategies.

The Board is collectively responsible for promoting sound corporate governance, the core of which is embedded in the Company's corporate culture and has the following characteristics:

- Transparency

The Directors and management of the Company shall be shaped into making decisions and conducting the business of the Company on the basis of the best information available to them and shared among them.

- Integrity and objectivity

The Directors and management of the Company shall undertake to make decisions and conduct business with integrity and objectivity in the best interests of the Company and its Shareholders.

- Accountability

The Directors and management of the Company shall be rewarded appropriately based on the performance of the Company for their decisions and actions.

Based on the review of a series of culture-related factors, such as compliance history, employee turnover rate, number of complaints from stakeholders, and the Company's performance, the Board is confident that the Company's corporate culture is well promoted and maintained.

## Corporate Governance Practices

The Board is committed to maintaining high standards of corporate governance and believes that good corporate governance is essential to the Company's sustainable development and healthy business growth. We safeguard the interests of the Shareholders and enhance corporate value through robust corporate governance.

The Company's general meetings (the "**General Meetings**"), the Board, and each of the special Board committees (the "**Special Board Committees**") have established a clear governance structure under the relevant laws, the articles, and their respective working rules. The Board and the four Special Board Committees under the Board perform their respective duties and works in collaboration and under adequate supervision to continuously improve the Company's corporate governance and form an excellent corporate governance structure. The Company ensures the regular operations under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") through this governance structure.

# CORPORATE GOVERNANCE REPORT

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 Listing Rules as its own corporate governance code.

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

## Board of Directors

### Responsibilities

The Company has clearly defined the responsibilities of the Board and the Senior Management. The powers and duties of the Board include determining the business and investment plans of the Company, preparing the annual financial budget and final report of the Company, formulating profit distribution plan and exercising other powers, functions and duties conferred by the Articles of Association of the Company (the “**Articles of Association**”). The Board has delegated to the Senior Management the authority and responsibility for the day-to-day management and operations of the Company. For the purpose of overseeing specific aspects of the Company’s affairs, the Board has established four Special Board Committees, including the Audit Committee (the “**Audit Committee**”), the Remuneration and Evaluation Committee (the “**Remuneration and Evaluation Committee**”), the Nomination Committee (the “**Nomination Committee**”) and the Strategy Committee (the “**Strategy Committee**”). The Board has assigned a number of responsibilities to the Special Board Committees, which are set out in their respective terms of reference.

All Directors shall ensure that they fulfill their duties in good faith, comply with applicable laws and regulations and act in the interests of the Company and its Shareholders at all times.

### Composition of the Board

As the term of the first session of the Board has expired, in accordance with the relevant provisions of the Company Law of the PRC (the “**Company Law**”), 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 “**2024 AGM**”) 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. On the same day, at the meeting of the second session of the Board, Mr. Zhang Guangping was elected as the chairman of the second session of the Board.

During the Reporting Period and up to the date of this report, save as disclosed above, there has not been any change in information relating to any Directors 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.

# CORPORATE GOVERNANCE REPORT

As at 31 December 2025, the Board consisted of eight members, including three executive Directors, one non-executive Director and four independent non-executive Directors, as detailed below:

## Executive Directors

Mr. Zhang Guangping (*Chairman and general manager*)

Mr. Li Zhen

Mr. Li Yi

## Non-executive Director

Mr. Kong Jianhua

## Independent Non-executive Directors

Mr. Zhao Heming

Mr. Wen Chengge

Mr. Ma Ming

Ms. Kang Yuanshu

The biographical details of the Directors as at the date of this report are set out in section headed “Biographical Details of Directors and Senior Management” in this report.

During the Reporting Period, the Board complied with Rule 3.10A of the Listing Rules relating the appointment of independent non-executive Directors representing at least one-third of the Board, as well as Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

All Directors, including the independent non-executive Directors, have brought to the Board a diverse range of valuable business experience, knowledge and expertise to enable it to operate efficiently and effectively. Independent non-executive Directors are invited to serve on the Audit Committee and the Remuneration and Evaluation Committee, and the Nomination Committee.

Mr. Li Zhen, an executive Director, is a cousin of Mr. Li Yi, who serves as an executive Director, a deputy general manager, the head of the finance department and the joint company secretary of the Company. Save as disclosed above, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

## Induction and Continuous Professional Development

All newly appointed Directors would be provided with necessary induction training and information to ensure that they have a proper understanding of the Company’s operations and businesses as well as their responsibilities under relevant statutes, laws, rules, and regulations. The Company would also arrange regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company’s performance, position, and prospects to enable the Board as a whole and each Director to discharge their duties.

# CORPORATE GOVERNANCE REPORT

In accordance with the principle of good corporate governance under provision C.1 of the Code Provisions, all Directors should engage in continuing professional development to develop and update their knowledge and skills to ensure that they can continue to contribute to the Board in a fully informed and appropriate manner. During the Reporting Period, all Directors received the following training and updates according to the records maintained by the Company:

<b>Name of Directors</b>	<b>Attendance at seminars and/or training relevant to the professional knowledge and skills of Directors in discharging their duties and responsibilities</b>	<b>Reading materials relevant to the professional knowledge and skills of Directors in discharging their duties and responsibilities</b>
Mr. Zhang Guangping	✓	✓
Mr. Li Zhen	✓	✓
Mr. Li Yi	✓	✓
Mr. Kong Jianhua	✓	✓
Mr. Zhao Heming	✓	✓
Mr. Wen Chengge	✓	✓
Mr. Ma Ming	✓	✓
Ms. Kang Yuanshu	✓	✓

## Chairman and General Manager

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 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.

# CORPORATE GOVERNANCE REPORT

## Appointment of Directors

Paragraph B.2 of the Code Provisions provides that all Directors should be re-elected at certain intervals; provision B.2.2 of the Code Provisions provides that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The term of office of each Director is three years or until the expiration of the term of office of the first session of the Board. During the Reporting Period, the Company completed the election of new term at the 2024 AGM. For details regarding the second session of the Board, please refer to the “Composition of the Board” in this section.

## Independence of the Board

The Company believes that the independence of the Board is essential to good corporate governance and the effectiveness of the Board. The Board has established mechanisms to ensure that the independent views of any Director can be communicated to the Board to enhance the objectivity and effectiveness of decision-making. The Board has reviewed the following key features or mechanisms under the Company’s governance structure and considers that they are effective in ensuring the provision of independent views and advice to the Board, which include, but not limited to, all Directors having the right to engage independent professional advisers as and when required, all Directors being encouraged to express their views openly and honestly at meetings of the Board or of Special Board Committees, and the number of independent non-executive Directors complying with the requirement of at least one-third of the Board as required by the Listing Rules for independent non-executive Directors, etc. The Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee of the Company are all chaired by independent non-executive Directors, and review annually the implementation and effectiveness of the relevant mechanism. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the Board’s independent assessment mechanism and the results were satisfactory.

## Structure of the Board and Special Board Committees

The Company has been led by a Board whose members are mostly non-executive Directors. As at 31 December 2025, the Board consists of three executive Directors, one non-executive Director and four independent non-executive Directors.

All members of the Audit Committee are independent non-executive Directors, and the majority of the members of the Remuneration and Evaluation Committee and the Nomination Committee are independent non-executive Directors.

## Remuneration of independent non-executive Directors

Independent non-executive Directors receive a fixed fee for their membership of the Board and the Special Board Committees, where appropriate.

# CORPORATE GOVERNANCE REPORT

## Appointment of Independent Non-executive Directors

The Company is committed to establishing an effective Board with members who have the appropriate competencies for the scale, complexity and strategic positioning of our business. In view of this, the independent non-executive Directors play an essential role in the Board through their independent professional judgment, and their views play an important role in the decisions of the Board. When assessing the suitability of a candidate, the Nomination Committee will review the candidate's curriculum vitae (including his qualifications and available time) and take into account the composition of the Board, the skills and experience of the Directors, the selection criteria approved by the Board, the nomination policy and the Board diversity policy. The independence of independent non-executive Directors will be reviewed annually.

The Board will evaluate the annual confirmations of independence received from each of the independent non-executive Directors, taking into account the relevant criteria under Rule 3.13 of the Listing Rules.

## Management of Conflict of Interest

The Articles of Association and the internal guidelines of the Company provide guidance to Directors on the avoidance of conflicts of interest and the appropriate action to be taken by Directors involved in conflicts of interest.

## Professional Opinions

To assist Directors in the proper discharge of their duties, all Directors may seek advice from the joint company secretaries of the Company or the in-house legal team, or from independent professional advisers at the Company's expense.

## Board Review

The quality and efficiency of Board discussions are reviewed each year in the annual review of Board performance.

The Company has reviewed the implementation of the mechanisms relating to the independence of the Board and considers them to be effective during the Reporting Period.

## Board and General Meetings

The Company has adopted the practice of holding regular Board meetings, that is, the Board shall hold at least four regular meetings each year, roughly once a quarter, which shall be convened by the chairman and notified to all the Directors 14 days prior to the meeting in writing.

In respect of meetings of the Audit Committee, the Remuneration and Evaluation Committee and the Nomination Committee, notice of any meeting must be given at least five business days (excluding Saturdays, Sundays and public holidays in Mainland China and Hong Kong) before such meeting is to be held, unless all members of the said Special Board Committees unanimously waive such notice. Notwithstanding the notice period, the attendance of the members of the said Special Board Committees at a meeting shall be deemed to be a waiver of the requisite notice period by such members. No notice needs to be given for any adjourned meeting if it is held within 14 days of the meeting. For meetings of the Strategy Committee, all members shall be notified three days prior to the date of the meeting, provided that such notice period may be waived by unanimous agreement of all members of the Strategy Committee.

# CORPORATE GOVERNANCE REPORT

Minutes of the Board meetings and Special Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Special Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Special Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

The General Meetings shall be the supreme authority of the Company, and all Shareholders exercise their power through the General Meetings. The Company ensures that all Shareholders enjoy equal status and that the rights of all Shareholders are protected. The General Meeting shall be divided into the annual general meeting (the “**AGM**”) and the extraordinary general meeting (the “**EGM**”). The AGM shall be convened once a year, and shall be held within 6 months after the prior accounting year ends. The Company shall notify all Shareholders by way of announcement at least 21 days previous to the AGM, and shall notify all Shareholders by way of announcement at least 15 days or 10 business days (whichever is longer) prior to the EGM. If laws, administrative regulations and rules of the securities regulatory authorities where the shares of the Company (the “**Shares**”) are listed stipulate otherwise, the relevant provisions shall prevail.

During the Reporting Period, the Company held six Board meetings and two General Meetings. The attendance record of each Director is set out below:

<b>Name of Directors</b>	<b>Attendance/qualified to attend the Board meeting</b>	<b>Attendance/qualified to attend the General Meeting</b>
Mr. Zhang Guangping	6/6	2/2
Mr. Li Zhen	6/6	2/2
Mr. Li Yi	6/6	2/2
Mr. Kong Jianhua	6/6	2/2
Mr. Zhao Heming	6/6	2/2
Mr. Wen Chengge	6/6	2/2
Mr. Ma Ming	6/6	2/2
Ms. Kang Yuanshu	6/6	2/2

## Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less favourable 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 inquiry of all Directors of the Company, the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

## Delegation by the Board

The Board reserves the right to make decisions on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors, and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. The Company also encourages the Directors to consult with its Senior Management independently.

The daily management, administration, and operation of the Company are delegated to the Senior Management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

## Corporate Governance Functions

The Board recognizes that corporate governance is a collective responsibility of the Directors as set out in provision A.2.1 of the Code Provisions, and the corporate governance responsibilities include:

- (a) To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) To review and monitor the training and continuous professional development of the Directors and Senior Management;
- (c) To review and monitor the Company's policies and practices in complying with legal and regulatory requirements;
- (d) To develop, review, and monitor the code of conduct and compliance manual applicable to employees and the Directors; and
- (e) To review the Company's compliance with the Code Provisions and the disclosure in the corporate governance report of the Company.

During the Reporting Period, the Board has performed the above-mentioned corporate governance functions, including reviewing a series of corporate governance documents and monitoring the implementation of such documents from time to time; reviewing and actively organizing the training and continuous professional development of Directors and Senior Management; reviewing and monitoring whether the Company has violated laws and regulatory requirements; reviewing and monitoring the Shareholders' communication policy to ensure its effectiveness.

## Remuneration of Directors and Senior Management

The Company has established a formal and transparent process for setting the remuneration policy of the Directors and Senior Management. The remuneration of Directors and Senior Management is determined by the Board taking into account their respective responsibilities, duties, experience, personal performance and time devoted to the Company, and may be adjusted according to the suggestions of the Remuneration and Evaluation Committee. Details of the remuneration of each Director for the Reporting Period are set out in note 10 to the financial statements in this annual report.

No Directors have waived or agreed to waive any emoluments during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

The biographies of the Senior Management as at the date of this report are set out in section headed “Biographical Details of Directors and Senior Management” in this annual report. For the Reporting Period, the remuneration paid to the Senior Management falls within the following ranges:

Remuneration level (HK\$)	Number of individuals
1–1,000,000	1
1,000,001–1,500,000	1
1,500,001–2,000,000	–

## Director liability insurance

The Company has made appropriate insurance arrangements against any legal proceedings that its Directors may face.

## Special Board Committees

During the Reporting Period, the Company has held 4 Audit Committee meetings, 2 Remuneration and Evaluation Committee meeting, 2 Nomination Committee meetings and 1 Strategy Committee meeting. Attendance records of each Director are set out below<sup>(Note)</sup>:

Name of Directors	Attendance/ qualified to attend the Audit Committee meeting	Attendance/ qualified to attend the Remuneration and Evaluation Committee meeting	Attendance/ qualified to attend the Nomination Committee meeting	Attendance/ qualified to attend the Strategy Committee meeting
Mr. Zhang Guangping	–	2/2	–	1/1
Mr. Li Zhen	–	–	–	1/1
Mr. Li Yi	–	–	2/2	1/1
Mr. Kong Jianhua	–	–	–	–
Mr. Zhao Heming	4/4	–	2/2	–
Mr. Wen Chengge	4/4	2/2	2/2	–
Mr. Ma Ming	4/4	2/2	–	–
Ms. Kang Yuanshu	–	–	–	–

Note: For details regarding the composition of the Special Board Committees, please refer to the announcement of the Company dated 27 June 2025.

# CORPORATE GOVERNANCE REPORT

## Audit Committee

The Audit Committee is composed of three independent non-executive Directors, namely Mr. Ma Ming, Mr. Zhao Heming and Mr. Wen Chengge. The chairman of the Audit Committee is Mr. Ma Ming, who is an independent non-executive Director of the Company and has the appropriate professional qualifications or relevant financial management expertise required under Rule 3.10(2) of the Listing Rules.

The terms of reference of the Audit Committee are in compliance with paragraph D.3 of the Code Provisions. The principal duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising the Company's financial reporting process and internal control system, risk management and internal audit; (ii) making recommendations to the Board on the appointment, reappointment and removal of the external auditors; (iii) providing recommendations and advice to the Board; and (iv) performing such other duties and responsibilities as may be assigned by the Board. Terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee held four meetings in 2025. The work performed by the Audit Committee is summarized as follows:

- (1) Reviewed the financial statements and reports of the Company for the year ended 31 December 2024 including the accounting policies, financial performance and position contained therein;
- (2) Reviewed the 2024 annual results, 2025 interim results, quarterly internal audit report, annual profit distribution plan and other matters;
- (3) Reviewed the findings and recommendations of the external auditor and the independent internal control reviewer;
- (4) Reviewed the independence and the appointment of the external auditor;
- (5) Reviewed the audit plan, internal control plan, development of accounting standards and their impact on the Company, financial statements and risk management matters;
- (6) Reviewed the adequacy of the Company's resources, the qualifications and experience of its staff for the accounting and financial statements functions; and
- (7) Reviewed the effectiveness of the Company's risk management and internal control system.

# CORPORATE GOVERNANCE REPORT

## Remuneration and Evaluation Committee

The Remuneration and Evaluation Committee was previously composed of two independent non-executive Directors, namely Mr. Wen Chengge and Mr. Ma Ming, and one executive Director, Mr. Zhang Guangping. With effect from 27 June 2025, the Remuneration and Evaluation Committee is composed of two independent non-executive Directors, namely Mr. Zhao Heming and Mr. Ma Ming, and one executive director, Mr. Li Yi, with Mr. Zhao Heming serving as the chairman.

The terms of reference of the Remuneration and Evaluation Committee are in compliance with paragraph E.1 of the Code Provisions. The principal duties of the Remuneration and Evaluation Committee include, but are not limited to, (i) formulating, reviewing and making recommendations to the Board on the development of policies and structures relating to the remuneration of Directors and Senior Management and the establishment of a formal and transparent procedure for setting up the remuneration policy; (ii) determining the terms of the specific remuneration packages of each of the executive Directors and Senior Management; and (iii) reviewing and approving the performance-based remuneration, with reference to the Company's goals and objectives as resolved by the Directors from time to time. Terms of reference of the Remuneration and Evaluation Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration and Evaluation Committee held two meetings in 2025 to assess the performance of the Directors and Senior Management in 2024, and to review the policy on the remuneration of Directors and Senior Management and make recommendations to the Board.

## Nomination Committee

The Nomination Committee was previously composed of two independent non-executive Directors, namely Mr. Zhao Heming and Mr. Wen Chengge, and one executive Director, Mr. Li Yi. With effect from 27 June 2025, the Nomination Committee is composed of two independent non-executive Directors, namely Mr. Wen Chengge and Ms. Kang Yuanshu, and one executive director, Mr. Zhang Guangping, with Mr. Wen Chengge serving as the chairman.

The terms of reference of the Nomination Committee are in compliance with paragraph B.3 of the Code Provisions. The principal duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board on any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the nomination of persons to become Directors and ensuring the diversity of the Board's membership; (iii) evaluating the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on matters relating to the appointment, reappointment and removal of Directors and succession planning for Directors. Terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee held two meetings in 2025 to review proposals related to the composition of the Board, evaluate its performance and nominate candidates for the new session of the Board. Before recommending a proposed candidate to the Board for election as a Director by the Shareholders at a General Meeting or for appointment as a Director to fill a casual vacancy, the Nomination Committee will, in order to assess the suitability of the proposed candidate, take into account, including but not limited to, the following factors: the character and integrity of the proposed candidate; the qualifications of the proposed candidate (including the professional qualifications, skills, knowledge and experience); the achievements and experience in the business of the proposed candidate from time to time; the time and attention the proposed candidate is capable of devoting to the relevant areas; the diversity and balance of the Board membership; and any other factors appropriate to the business of the Company.

# CORPORATE GOVERNANCE REPORT

## *Nomination Policy*

The Board has adopted a Director nomination policy (the “**Nomination Policy**”) to enhance the transparency and accountability of the Director nomination process and enable the Company to ensure that the Board has a balanced mix of skills, experience and diversity of perspectives appropriate to the business needs of the Company.

The selection criteria that the Nomination Committee will use as reference to assess the suitability of the nominated candidates include: character and integrity, professional qualifications, skills, knowledge and experience relevant to the Company’s business and strategy, potential contribution to board diversity (including but not limited to age, gender, international background and professional experience), the candidate’s time commitment to the Company, the candidate’s service to other boards of the Company or other companies (whether listed or not) and any other factors which the Nomination Committee may deem to be in the best interests of the Company and its Shareholders. The above selection criteria are not exhaustive or decisive. The Nomination Committee will consider any other factors that it may deem to be in the best interests of the Company and its Shareholders.

In respect of the relevant potential new Director candidate who is considered by the Board to meet the selection criteria in the first instance, the Nomination Committee will meet to discuss and consider making a recommendation to the Board for the appointment of the candidate as a Director once the prescribed information on the candidate is available. The Nomination Committee will review the eligibility of candidates for appointment, election or re-election to the Board in accordance with the relevant Listing Rules and the Company’s policies.

The Board and the Nomination Committee intend to review the Nomination Policy at least annually and anticipate that it may be revised from time to time as necessary to meet the evolving needs and circumstances of the Company and where statutory obligations or requirements under the Listing Rules or the laws of Hong Kong or the laws of the PRC or other regulatory changes apply.

## *Board Diversity Policy and Employee Diversity*

The Board has adopted a Board Diversity Policy, which sets out the guidelines for achieving diversity on the Board. The Company recognizes and embraces the benefits of diversity on the Board and considers the enhancement of the level of diversity at the Board level as an important factor in supporting the achievement of the Company’s strategic objectives and sustainable development. The Company seeks to diversify its Board by taking into account a number of factors, including, but not limited to, talent, skills, gender, age, ethnicity, experience, independence and knowledge. The Company will screen potential Director candidates on the basis of their merit and their likely contribution to the Board, taking into account the Board’s diversity policy and other factors. The Company will also take into account its own business model and specific needs from time to time. All appointments to the Board will be made on the basis of merit and candidates will be considered on the basis of objective criteria with due regard to the benefits of diversity on the Board.

Directors have a balanced mix of knowledge and skills, including electronic science, mathematics, physics, engineering, business management, strategic planning, accounting and financial management, investments, jurisprudence and corporate governance. They have obtained degrees in a variety of disciplines, including electrical science and engineering, computer science, mathematics and physics, accounting, business administration and law. The Company has four independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board. The age range of the Directors is wide, from 39 to 68 years old. The composition of the Board is in line with the Board Diversity policy, taking into account the existing business model and specific needs of the Company and the diverse backgrounds of the Directors.

# CORPORATE GOVERNANCE REPORT

The Company will continue to take measures and steps to promote and enhance gender diversity at all levels of the Company. The Company will screen potential Director candidates on the basis of their merit and their likely contribution to the Board, taking into account the Board's diversity policy and other factors. The Company will also take into account its own business model and specific needs from time to time. All appointments to the Board will be made on the basis of merit and candidates will be considered on the basis of objective criteria with due regard to the benefits of diversity on the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the Board Diversity Policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness and disclose the same in the Corporate Governance Report in accordance with the Listing Rules. Directors recognize that gender diversity is particularly important. The Board currently consists of one female Director and seven male Directors. The Company will continue to take measures to promote and enhance gender diversity at all levels of the Company, including but not limited to, the Board and Senior Management level.

In order to ensure diversity of the Board to develop the pool of potential successors to the Board and Senior Management, the Company will also (i) ensure that gender diversity is maintained in the recruitment of mid- and senior-level employees, the retention of sufficient female talent and the promotion of employees; (ii) devote more resources to train female employees who, in the opinion of the Company, possess the appropriate experience, skills and knowledge required for the Company's business, so as to assist them in developing the character and competence required for serving as members of the Board in accordance with the Company's strategic needs and the industries in which the Company operates, with a view to promoting them to the Board in a few years; (iii) conduct an annual review of the structure and composition of the Board with due regard to gender diversity; (iv) request the Nomination Committee to screen and recommend suitable candidates for appointment to the Board on the basis of merit, with preference given to female candidates, with the aim of bringing a more diverse range of perspectives to the Board; and (v) make appointments on the basis of merit with reference to the diversity of the Board as a whole. The Company expects more female members to become eligible to serve on the Board in the future as the number of female representatives and eligible women in senior positions continues to increase throughout the industry. The Company will ensure that an appropriate balance of gender diversity is achieved, with the ultimate goal of achieving gender parity on the Board, taking into account the expectations of stakeholders and the recommended international and local best practices.

As at 31 December 2025, approximately 61.26% of the Company's employees (including its Senior Management) were male and 38.74% were female. Due to the nature of work in the IC industry, the Company mainly considers factors such as the candidates' ability and experience rather than their gender when recruiting employees.

## Strategy Committee

The Strategy Committee comprises three executive Directors, namely Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi. The chairman of the Strategy Committee is Mr. Li Zhen.

The principal duties of the Strategy Committee include, but are not limited to, (i) reviewing and advising on the Company's overall development and strategic plans and making recommendations to the Board on the related matters; (ii) reviewing and advising on operational, investment and financing plans and making recommendations to the Board on the related matters; and (iii) overseeing the implementation of plans and corporate governance matters and making recommendations to the Board. Terms of reference of the Strategy Committee are available on the websites of the Stock Exchange and the Company.

# CORPORATE GOVERNANCE REPORT

In 2025, the Strategy Committee held a meeting to discuss the 2025 development strategy from the aspects of market, marketing, research and development, talent, etc., based on the company's development situation in 2024 and the market study and judgment.

## Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors are fully aware of their responsibilities for the preparation of financial statements for the year ended 31 December 2025 that give a true and fair view of the Company, the Company's affairs and the Company's results and cash flows.

The management has provided the Board with the relevant explanations and information necessary for the Board to make an informed assessment of the financial statements of the Company, which shall be submitted to the Board for approval. The Company will provide monthly updates to all members of the Board on the Company's performance, position and prospects.

The Directors are not aware of any material uncertainties relating to matters or circumstances which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditor regarding their responsibility for the Company's financial statements is set out in the Independent Auditor's Report of this Annual Report.

## Risk Management and Internal Control

The Board is fully aware that it is accountable for the risk management and internal control system to safeguard Shareholders' investment and the Company's assets. The Board reviews the effectiveness of the system on an annual basis. According to the Board, such systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance that there will be no material misrepresentation or loss.

The Company has established an internal audit department to review the Company's financial position, operating conditions, risk management, compliance monitoring and internal controls. The management is responsible for performing risk assessments and implementing and maintaining internal controls. It is essential to the risk management and internal control system that clearly and properly written policies and procedures are established and communicated to employees.

The Board reviews the effectiveness of the Company's risk management and internal control systems at least once a year through the Audit Committee, including the adequacy of the Company's resources, the qualifications and experience of its staff, its training programmes and budget for the accounting and financial reporting functions, and considers the internal control systems to be effective and adequate. During the Reporting Period, the Board reviewed the effectiveness of the Company's risk management and internal control systems through the Audit Committee, including the adequacy of the Company's resources, the qualifications and experience of its staff, its training programmes and budget for the accounting and financial reporting functions, and considered the risk management and internal control systems to be effective and adequate.

# CORPORATE GOVERNANCE REPORT

The risk management and internal control systems have been integrated into the business processes and become an integral part of the Company's overall operations. The system includes a comprehensive organizational structure in which each position is assigned clear responsibilities and delegated appropriate authority. The Company has established a reporting system in accordance with the organizational structure, which includes a channel for the heads of each major business unit to report to the Board.

The Company has established risk management and internal control system and an accounting system to identify and assess the Company's risks, develop strategies to mitigate the risks, and provide reasonable assurance that assets are not used or sold without authorization, that transactions are carried out with the management's authorization, and that the accounts can be reliably used to prepare the financial information in the business for publication, maintain accountability for assets and liabilities, and ensure that the business is conducted in accordance with the relevant statutes, regulations and internal guidelines.

The Company has an organizational structure with clear lines of authority and responsibility. Each department is responsible for its day-to-day operations and is required to report regularly to the Executive Directors. Each department has established policies and procedures, which include establishing and maintaining effective policies to ensure that the Company's risks are properly identified and that appropriate action is taken to manage those risks; establishing a structure with clear lines of authority and responsibility and proper segregation of duties; monitoring the strategic plan and performance, designing an effective accounting and information system; controlling sensitive information affecting the price of the shares; and ensuring that fast and timely communications are maintained with the Company's stakeholders.

Based on the internal control review conducted during the Reporting Period, the Company did not identify any material internal control deficiencies.

## **Whistle-blowing Policy**

The Company has a whistle-blowing policy in place for employees of the Company and others who deal with the Company to raise their concerns, covertly and anonymously, with the Audit Committee about any possible improprieties regarding the Company.

## **Anti-fraud and Anti-bribery Policy**

The Company also has an anti-fraud and anti-bribery policy in place to prevent fraud and bribery within the Company. The Company has an internal whistle-blowing channel which is open to the Company's employees to report any suspected fraud and bribery. Employees may also make anonymous reports as set forth in the Whistle-blowing Policy.

# CORPORATE GOVERNANCE REPORT

## Release of Inside Information

To enhance the Company's system for handling and releasing inside information and ensure the authenticity, accuracy, completeness and timeliness of its public disclosure, the Company has adopted and implemented inside information policies and procedures. The Company has from time to time taken a number of reasonable steps to ensure that it is in possession of potential inside information and to maintain the confidentiality of such information, with a view to preventing breaches of the disclosure requirements relating to the Company, including:

- Access to the information is limited to a small number of employees on a "need-to-know" basis. Employees in possession of inside information are fully aware of their duty of confidentiality.
- Confidentiality agreements will be entered into when the Company engages in significant negotiations.
- Different operating units have reporting channels to report potential inside information to the designated departments.
- The Executive Director is the designated person who speaks on behalf of the Company when communicating with external parties such as the media, analysts or investors and responding to external inquiries.

## Auditor's Remuneration

For the Reporting Period, an analysis of the fees paid or payable to the Company's auditor, Rongcheng (Hong Kong) CPA Limited ("RCHK"), is set forth below:

Service provided	Amount (RMB'000)
Audit service	1,200
<b>Total</b>	<b>1,200</b>

## Joint Company Secretaries

Mr. Li Yi and Mr. Cheung Kai Cheong Willie have been appointed as the joint company secretaries of the Company effective on 1 June 2023, and such appointments took effect on 1 December 2023. On 3 July 2025, Mr. Cheung Kai Cheong Willie has resigned as the joint company secretary of the Company. On the same day, Mr. Chung Ming Fai was appointed as the joint company secretary of the Company. He is a senior vice president of SWCS Corporate Services Group (Hong Kong) Limited (a service provider of corporate secretarial services) and is primarily responsible for managing the company secretarial and compliance matters of companies listed on the Stock Exchange. Mr. Chung Ming Fai's principal contact person in the Company is Mr. Li Yi.

For the Reporting Period, Mr. Li Yi and Mr. Chung Ming Fai have undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

The Company did not pay or declare any dividend for the Reporting Period. There can be no assurance that dividends of any amount will be declared or distributed in any year. Although the Company currently does not have a formal dividend policy or a fixed dividend distribution ratio, the Board may declare dividends in the future after taking into account various factors including the Company's future earnings and cash inflows, future plans for the use of funds, long-term development of the business, statutory reserves, discretionary provident funds, legal and regulatory restrictions, and other factors that the Directors consider relevant. Dividend distribution will be at the discretion of the Board and subject to Shareholders' approval. In addition, the Company's dividend policy will be subject to the Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations. In any event, the Company will only pay dividends out of profits after tax after making the following allocations:

- (a) To cover accumulated losses, if any;
- (b) To allocate 10% of the Company's profit after tax determined in accordance with the Accounting Standards for Business Enterprises (the "**PRC GAAP**") issued by the Ministry of Finance to a statutory reserve until such reserve reaches a level of more than 50% of the Company's registered capital; and
- (c) To allocate the amount approved by the Shareholders at the General Meetings to the discretionary provident fund, if any.

The payment of dividends is subject to restrictions under PRC law. Under PRC law, dividends may only be paid out of distributable profits. Distributable profit represents the net profit of the Company determined in accordance with PRC GAAP less any accumulated losses made good and any appropriations to statutory and other reserves that the Company is required to make.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and informing the investors about the Company's business, performance, and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

In order to facilitate effective communication, the Company has adopted a shareholder communication policy (the "**Shareholder Communication Policy**") which aims to build up mutual relationship and communication between the Company and its Shareholders, and maintains a website at [www.batelab.com](http://www.batelab.com) where updated information on its business operations and development, financial information, corporate governance practices and other information are published and made available to the public. The Board has reviewed the implementation of the Shareholder Communication Policy and considers its implementation to be effective. Having considered the various channels of communication available, the Board is satisfied that the Shareholder Communication Policy has been properly implemented and is effective.

# CORPORATE GOVERNANCE REPORT

Shareholders may at any time send their inquiries and concerns to the Board by post or email through the joint company secretaries of the Company:

Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, 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

Email: securities@suzhou.batelab.com

Shareholders may also make inquiries to the Board at General Meetings. The Shareholders are encouraged to attend General Meetings or to appoint proxies to attend and vote at the meetings for them if they are unable to attend the meetings. The Board and the management are eager to meet and interact with Shareholders at the General Meetings.

Pursuant to Code provision F.1.1, during the Reporting Period, the Board has engaged in constructive engagement with Shareholders to understand their views on matters affecting the Company, including governance and performance against the Company's corporate strategy. The nature of Shareholders engagement comprised General Meetings, specific target surveys and roadshows, covering the Company's institutional shareholders and investors. Leveraging a diversified investor communication mechanism, the Company follows up on Shareholder engagement outcomes by conducting surveys, compiling and analyzing Shareholder enquiries on a regular basis, and providing timely professional responses and clarifications.

Having considered the multiple channels of Communications and Shareholders' engagement in the General Meetings, the Board is satisfied that the Shareholders Communication Policy has been properly implemented and is effective.

## Shareholders' Rights

To safeguard the Shareholders' interests and rights, the Company will propose a separate resolution for each issue at General Meetings, including the election of individual Directors. All resolutions put forward at General Meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each General Meeting.

## Holding of EGM

In accordance with Article 51 of the Articles, when a Shareholder requests to convene an EGM, the following procedures shall be followed:

Shareholders individually or jointly holding more than 10% of the Shares shall have the right to request the Board to convene an EGM, and shall make such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations, securities regulatory rules of the place where the Shares are listed and the Articles, give a written reply on whether or not to convene the EGM within 10 days upon the receipt of the written request.

If agreeing to convene the EGM, the Board shall serve a notice of the EGM within five days after the resolution is made by the Board. In the event of any change to the original proposal, the consent of the relevant Shareholder(s) shall be obtained.

# CORPORATE GOVERNANCE REPORT

If the Board does not agree to convene the EGM or fails to give a reply within 10 days after receipt of the request, Shareholder(s) severally or jointly holding no less than 10% Shares shall be entitled to request in writing the Audit Committee to convene an EGM.

If agreeing to convene an EGM, the Audit Committee shall, within 5 days upon receipt of the request, issue a notice calling for the EGM. Changes to the original request in the notice shall be subject to the approval of the relevant Shareholders.

Where the Audit Committee fails to issue a notice about convening of the EGM within the said time limit, it will be deemed that the Audit Committee refuses to convene and preside over an EGM, and in this case, Shareholders holding, individually or in aggregate, 10% or more of the Shares for more than 90 consecutive days may convene and preside over such meeting on their own.

## Putting Forward Proposals at General Meetings

According to Article 56 of the Articles, where the Company convenes a General Meeting, the Board, the Audit Committee, and the Shareholder(s) holding more than 1% of the Shares individually or in aggregate may make proposals to the Company. The Shareholders individually or jointly holding more than 1% of the Shares may raise temporary proposal and submit it to the convener in writing 10 days before the General Meeting is held. The convener shall, within 2 days after the receipt of such proposals, issue a supplemental notice of the General Meeting, announce the contents of the interim proposals, and submit the new proposals to the General Meeting for discussion, except for a proposal that violates any law, administrative regulation, or the Articles of Association or does not fall within the scope of powers of the General Meeting. If it is otherwise provided in the laws, administrative regulations and the regulatory rules of the securities regulatory authority of the place where the Company's Shares are listed, the latter shall prevail. The convening of the General Meeting must be postponed if such postponement results from the publication of a supplemental notice thereof, as required by the provisions of the regulatory rules of the securities regulatory authority of the place where the Company's Shares are listed.

## 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 Huafu 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, 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.

# REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the report of the Board of Directors and the audited financial statements of the Company for the Reporting Period.

## Corporate Information

The Company was incorporated in the PRC as a limited liability company on 12 November 2010 and was restructured into a joint stock limited company on 15 November 2021 in accordance with the PRC Company Law. The H Shares have been listed on the Main Board of the Stock Exchange since 28 December 2023 onwards.

## Principal Business

The Company is one of the analog IC patterned wafer providers with a prominent market position in China. The Company's deliverable products are analog IC patterned wafers with completed built-on circuits, which can then be fabricated into individual IC chips at the discretion of downstream customers after standard and straightforward packaging and testing steps or using the Company's packaging and testing solutions.

## Business Review and Performance

An impartial review of the Company's business for the Reporting Period, including an analysis using key indicators of financial performance and the outlook for the Company's business, is set out in the section headed "Management Discussion and Analysis" in this report, the discussion of which forms part of this "Report of the Board of Directors".

## Final Dividend

To preserve capital for business operations and to drive future development, the Board does not recommend the payment of the final dividend for the Reporting Period (For the year ended 31 December 2024: Nil).

## 2025 Annual General Meeting

The notice of the 2025 annual general meeting of the Company (the "2025 AGM"), which contains the date, time and place of the 2025 AGM, as well as details of the period during which the register of members and the registration of share transfers is closed, will be published and dispatched to the Shareholders of the Company who requested for a printed copy in due course.

## Financial Summary

A summary of the results, assets and liabilities of the Company for the last five financial years is set out in the section headed "Financial Highlights" of this report. This summary does not form part of the audited financial statements.

# REPORT OF THE BOARD OF DIRECTORS

## Risks and Uncertainties Relating to the Company's Business

The Company's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties related directly or indirectly to the Company's business. Below sets out the main risks and uncertainties of which the Company is aware. In addition to those listed below, there may be other risks and uncertainties not known to the Company or which may not be material at present but may become material in the future.

### 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.

### 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 talent 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. Details of these financial risks are set out in note 29 to the Company's financial statements.

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. For the policies on the Company's risk management system, please refer to the section headed "Risk Management and Internal Controls" in the Corporate Governance Report.

# REPORT OF THE BOARD OF DIRECTORS

## Environmental Policies and Performance

The Company believes the continued growth rests on integrating social values into the Company's business and is committed to being a responsible corporate citizen. The Company is committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of the Company's business operations. The Company is also committed to complying with PRC regulatory requirements, abiding by environmental protection laws and regulations, and ensuring the health and safety of its employees. For further discussion of the environmental policies and performance of the Company, see the section headed "Environmental, Social and Governance Report" in this report.

## Key Relationships with Employees, Customers and Suppliers

The Company adheres to a people-oriented approach and ensures that all employees are reasonably remunerated, while continuously improving and regularly reviewing and updating its policies on remuneration and benefits, training, and occupational health and safety.

The Company maintains a good relationship with its customers and has established a customer complaint handling mechanism to receive, analyze and study complaints and to recommend remedial measures with a view to enhancing the quality of its products and services.

The Company maintains good relationships with its suppliers and conducts fair and rigorous evaluations of its suppliers on an annual basis.

## Major Customers and Suppliers

For the Reporting Period, purchases made from the Company's five largest suppliers accounted for approximately 99.8% of total annual purchases, with purchases from the largest supplier accounting for 64.5% of total annual purchases.

For the Reporting Period, sales to the Company's five largest customers accounted for approximately 91.1% of total annual sales, with sales to the largest customer accounting for 46.9% of total annual sales.

So far as the Directors are aware, for the Reporting Period, none of the Directors or their respective close associates or Shareholders who are interested in more than 5% of the issued share capital of the Company had any interest in the top five customers and suppliers of the Company.

# REPORT OF THE BOARD OF DIRECTORS

## Property, Plant and Equipment

Details of the movements in the Company's property, plant and equipment during the Reporting Period are set out in note 13 to the financial statements in this annual report.

## Share Capital

On 28 May 2025, the Company allotted and issued 3,000,000 H Shares at a price of HK\$40.00 per H Share in connection with the Placing (as defined below). As at 31 December 2025, the Company issued 63,000,000 Shares, comprising 45,000,000 unlisted domestic shares (the "**Unlisted Domestic Shares**") and 18,000,000 H Shares.

Details of the movements in the Company's share capital during the Reporting Period are set out in note 28(a) to the financial statements in this report.

## Distributable Reserves

As at 31 December 2025, the Company's total reserves available for distribution to equity Shareholders of the Company amounted to approximately RMB494.7 million. Details of the movements in the Company's reserves during the year are set out in the statement of changes in equity on pages 98 of this report.

## Bank Loans and Other Borrowings

Details of the Company's bank loans as at 31 December 2025 are set out in note 23 to the financial statements in this report.

## Donations

For the Reporting Period, the Company has not made any donations.

# REPORT OF THE BOARD OF DIRECTORS

## Use of Proceeds from the Global Offering

On 28 December 2023, the Company completed a global offering of its H Shares. The public offering and international placing totaled 15,000,000 H Shares at an issue price of HK\$27.47 per Share. As of 31 December 2025, the net proceeds from the Global Offering amounted to approximately HK\$354.1 million (after deducting the listing expenses paid or payable).

The use of proceeds from the Global Offering as of 31 December 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 31 December 2025 (HK\$ million)	Expected timing of utilization of unutilized proceeds
<b>Enhance R&amp;D and innovation capabilities</b>	<b>30%</b>	<b>106.2</b>	<b>106.2</b>	<b>66.1</b>	<b>40.1</b>	<b>Before 31 December 2028</b>
Invest in R&D infrastructure and upgrade the R&D center	20%	70.8	70.8	59.6	11.2	Before 31 December 2028
Upgrade R&D technology	5%	17.7	17.7	6.2	11.5	Before 31 December 2028
Expand R&D team	5%	17.7	17.7	0.2	17.5	Before 31 December 2028
<b>Enrich product portfolio and expand business</b>	<b>30%</b>	<b>106.2</b>	<b>106.2</b>	<b>23.4</b>	<b>82.8</b>	<b>Before 31 December 2028</b>
Improve and upgrade the analog IC product line	20%	70.8	70.8	22.7	48.1	Before 31 December 2028
Develop a mixed-signal IC product line	10%	35.4	35.4	0.8	34.6	Before 31 December 2028
<b>Expand customer base and strengthen relationship with customers</b>	<b>10%</b>	<b>35.4</b>	<b>35.4</b>	<b>4.8</b>	<b>30.6</b>	<b>Before 31 December 2028</b>
Establish sales centers	5%	17.7	17.7	1.0	16.7	Before 31 December 2028
Maintain customer relationship and develop new customers	5%	17.7	17.7	3.7	14.0	Before 31 December 2028
<b>Strategic investments and/or acquisition<sup>(1)</sup></b>	<b>20%</b>	<b>70.8</b>	<b>43.7</b>	<b>-</b>	<b>43.7</b>	<b>Before 31 December 2028</b>
<b>Working capital and general corporate purposes<sup>(2)</sup></b>	<b>10%</b>	<b>35.4</b>	<b>33.8</b>	<b>20.0</b>	<b>13.8</b>	<b>Before 31 December 2028</b>
<b>Total</b>		<b>354.1</b>	<b>325.3</b>	<b>114.3</b>	<b>211.0</b>	<b>-</b>

Notes:

(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.

(2) Working capital and general corporate purposes primarily include expenditures on the purchase of raw materials.

# REPORT OF THE BOARD OF DIRECTORS

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 31 December 2025, the Company does not anticipate any changes to its plans for the use of proceeds.

## 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 31 December 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 31 December 2025 (HK\$ million)	Expected timing of utilization of unutilized proceeds
Equipment procurement, development of manufacturing processes and production lines	90%	104.92	104.92	-	N/A
Working capital and general corporate purposes <sup>(1)</sup>	10%	11.66	11.66	-	N/A
<b>Total</b>	<b>100%</b>	<b>116.58</b>	<b>116.58</b>	<b>-</b>	<b>-</b>

As of 31 December 2025, the total number of issued Shares of the Company was 63,000,000.

As of 31 December 2025, all of the net proceeds from the Placing of the Company have been fully utilized.

Note:

(1) Working capital and general corporate purposes primarily include expenditures on the purchase of raw materials.

# REPORT OF THE BOARD OF DIRECTORS

## Directors

Directors for the Reporting Period and up to the disclosure date of this report include:

### Executive Directors:

Mr. Zhang Guangping (*Chairman and general manager*)

Mr. Li Zhen

Mr. Li Yi

### Non-executive Director:

Mr. Kong Jianhua

### Independent non-executive Directors:

Mr. Zhao Heming

Mr. Wen Chengge

Mr. Ma Ming

Ms. Kang Yuanshu

## Directors and Senior Management

Biographical details of the Directors and Senior Management as at the disclosure date of this report are set out in the section headed “Biographical Details of the Directors and Senior Management” of this report.

## Confirmation of Independence of Independent Non-executive Directors

The Company has received annual confirmation of independence from each of the independent non-executive Directors, namely Mr. Zhao Heming, Mr. Wen Chengge, Mr. Ma Ming and Ms. Kang Yuanshu, pursuant to Rule 3.13 of the Listing Rules. Each independent non-executive Director should inform the Company as soon as possible if there is any change of circumstances which may affect his/her independence pursuant to Rule 3.13 of the Listing Rules. No such notification was received by the Company during the Reporting Period. Pursuant to Rule 3.13 of the Listing Rules, the Company considers that all the independent non-executive Directors are independent during the Reporting Period.

## Directors’ Service Contracts and Letters of Appointment

Each of the Directors has entered into a service contract or letter of appointment with the Company. The key details of such service contracts and letters of appointment include (a) the term of service; (b) the termination clause; and (c) the dispute resolution clause. The service contract and the letter of appointment may be renewed from time to time in accordance with the Articles of Association and applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has signed any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

# REPORT OF THE BOARD OF DIRECTORS

## Directors' Material Interests in Significant Transactions, Arrangements or Contracts

So far as the Directors are aware, during the Reporting Period, none of the Directors or any entity connected with the Directors had a material interest, whether directly or indirectly, in a transaction, arrangement or contract of significance in relation to the business of the Company to which the Company or any of its subsidiaries was a party.

## Management Contract

During the Reporting Period, the Company did not enter into or had in existence any contracts relating to the management and administration of all or any substantial part of the Company's business.

## Share-linked Agreement

Save as disclosed herein, the Company has not entered into any share-linked agreements during the Reporting Period that will or may result in the issuance of Shares by the Company or require the Company to enter into an agreement that will or may result in the issuance of Shares by the Company, and there were no such agreements subsisting at the end of the current year.

## Retirement Benefit Plan

All full-time employees of the Company participate in the defined contribution retirement plan administrated and operated by the local municipal government in accordance with the national policy, namely the basic pension insurance. The Company contributed to basic pension insurance for the Reporting Period in accordance with the base and ratio of social basic pension insurance set by local government and at a portion not exceeding the upper limit prescribed by government authorities, and the employees contribute to basic pension insurance at a government-prescribed percentage of their own salaries. Upon reaching the statutory retirement age, employees receive a monthly basic pension. The Company paid basic pension insurance premiums of approximately RMB1.26 million for the year 2025 (2024: RMB1.28 million). Corresponding expenditures are recognized in profit or loss or in the cost of the related assets when incurred. During the Reporting Period, the Company did not have the right to utilize the forfeited contributions to the above plan available to reduce the current level of contributions, and therefore no contribution was utilized. During the Reporting Period, the Company did not have any defined benefit plans. Please refer to note 8 to the financial statements in this report for further details regarding employee retirement benefits.

## Employee and Training and Development

As at 31 December 2025, the Company had 111 employees (31 December 2024: 116 employees), all of whom were based in China. For the Reporting Period, the total staff costs of the Company were approximately RMB90.41 million (31 December 2024: approximately RMB41.26 million).

Based on the full-stack design platform, the Company has established a comprehensive R&D system and training mechanism to cultivate R&D team from scratch, which has broken through the bottleneck of experienced talents in the field of analog IC design and ensured sustainable supply of talent. The Company prioritizes internal training, supplemented by external training and encouragement of self-directed learning, to ensure the continuous development of its employees. Based on specific needs, the Company selectively conducts pre-employment training, on-the-job skills training, corporate culture training, and training on Company policies and specialized knowledge. The Company strives to create diversified incentives and a friendly working environment in order to fully utilize the potential of its employees and to maintain a stable and continuously contributing team of employees.

# REPORT OF THE BOARD OF DIRECTORS

## Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the remuneration of Directors and five individuals with highest emoluments of the Company are set out in note 10 and note 11 to the financial statements in this report respectively.

## Restricted Share Unit Scheme (the “RSU Scheme”)

The Shareholders 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.

### 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).

# REPORT OF THE BOARD OF DIRECTORS

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.

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 eight years and eight months.

# REPORT OF THE BOARD OF DIRECTORS

## 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 (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;
- (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.

# REPORT OF THE BOARD OF DIRECTORS

## 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, no RSUs were granted by the Company and 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	Vested	Cancelled	Lapsed	Unvested	Closing price	Fair value of RSUs at the Date of Grant
						during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at 31 December 2025	of the Shares immediately before the Date of Grant	
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	HK\$29.05	HK\$29.00 <sup>(1)</sup>

As at 1 January 2025 and 31 December 2025, the number of Shares available for grant under the RSU Scheme were 5,628,124 Shares and 5,628,124 Shares respectively, representing approximately 9.38% and 8.93% of the Company's total issued Shares as of 1 January 2025 and 31 December 2025. As at 1 January 2025 and 31 December 2025, the number of Shares represented by RSUs granted and pending vesting under the RSU Scheme was 371,876 Shares, which represented approximately 0.62% and 0.59% respectively, when divided by the weighted average of the Company's total issued Shares (excluding treasury shares) as at 1 January 2025 and 31 December 2025.

Note:

(1) The fair value of the RSUs was calculated based on the price of the Company's Shares at the date of grant.

# REPORT OF THE BOARD OF DIRECTORS

## Changes in Information of Directors

As the term of the first session of the Board has expired, in accordance with the relevant provisions of the Company Law, 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 AGM, 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. The Company abolished the supervisory committee of the Company and its powers and responsibilities have been assumed by the Audit Committee. The Rules of Procedure of the supervisory committee of the Company have been abolished accordingly.

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;
- (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.

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 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.

# REPORT OF THE BOARD OF DIRECTORS

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

As of 31 December 2025, the interests or short positions of the Directors 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 <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximately percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
Mr. Li Zhen	Beneficial owner	Unlisted Domestic Shares	1,049,632 (L)	2.33%	1.67%
	Interest in controlled corporation <sup>(3)</sup>	Unlisted Domestic Shares	14,134,213 (L)	31.41%	22.44%
	Interest held jointly with other persons <sup>(4)</sup>	Unlisted Domestic Shares	252,800 (L)	0.56%	0.40%
Mr. Zhang Guangping	Interest held jointly with other persons <sup>(4)</sup>	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 <sup>(4)</sup>	Unlisted Domestic Shares	15,183,845 (L)	33.74%	24.10%
Mr. Kong Jianhua	Interest in controlled corporation <sup>(5)</sup>	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 31 December 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 47.56% 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.

# REPORT OF THE BOARD OF DIRECTORS

- (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.
- (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 31 December 2025, none of the Directors 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.

## Directors’ Rights to Acquire Shares or Debentures

Save as otherwise disclosed herein, no rights to acquire benefits by means of the acquisition of Shares or debentures of the Company have been granted to, or any such rights have been exercised by, any Directors or their respective spouses or children under the age of 18 years; or during the year ended 31 December 2025, the Company has not entered into any arrangement to permit the Directors or their respective spouses or children under the age of 18 years to acquire rights in respect of any other body corporate.

# REPORT OF THE BOARD OF DIRECTORS

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

As of 31 December 2025, to the best knowledge of the Directors, the following persons (excluding the Directors 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 <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximately percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
Ms. Zhang Jingwen (張靖雯)	Interest of spouse <sup>(4)</sup>	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 <sup>(3)</sup>	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.54%
	Interest held jointly with other persons <sup>(4)</sup>	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 <sup>(4)</sup>	Unlisted Domestic Shares	10,056,110 (L)	22.35%	15.96%
Zuhai 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 <sup>(5)</sup>	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 <sup>(5)</sup>	Unlisted Domestic Shares	3,012,837 (L)	6.70%	4.78%
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))	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 <sup>(6)</sup>	Unlisted Domestic Shares	4,906,092 (L)	10.90%	7.79%
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇漣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%

# REPORT OF THE BOARD OF DIRECTORS

Name of Shareholders	Nature of interest	Type of Shares <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximately percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
China International Capital Corporation Limited	Interest in controlled corporation <sup>(7)</sup>	H Shares	1,069,700 (L)	5.94%	1.70%
			1,069,700 (S)	5.94%	1.70%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	H Shares	2,590,600 (L)	14.39%	4.11%
RAYS Capital Partners Limited	Investment manager <sup>(8)</sup>	H Shares	2,701,600(L)	15.01%	4.29%
Macquarie Group Limited	Interest in controlled corporation <sup>(9)</sup>	H Shares	929,900(L)	5.17%	1.48%
			929,900(S)	5.17%	1.48%
Value Partners High-Dividend Stocks Fund	Beneficial owner	H Shares	945,900(L)	5.26%	1.50%
Value Partners Group Limited	Interest in controlled corporation <sup>(10)</sup>	H Shares	901,600(L)	5.01%	1.43%

## 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 31 December 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.
- (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).

# REPORT OF THE BOARD OF DIRECTORS

- (6) As of 31 December 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 Beiyong 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 Beiyong Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)). 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.
- (7) According to the disclosure of interest form filed by China International Capital Corporation Limited on 10 November 2025, which contains a relevant event date of 5 November 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 21 November 2025, which contains a relevant event date of 20 November 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 Macquarie Group Limited on 27 August 2025, which contains a relevant event date of 21 August 2025, these shares are held by Macquarie B.H. Pty Ltd, the indirect wholly-owned subsidiary of Macquarie Group Limited. By virtue of the SFO, Macquarie Group Limited is deemed to be interested in the shares held by Macquarie B.H. Pty Ltd.
- (10) According to the disclosure of interest form filed by Value Partners Group Limited on 19 August 2025, which contains a relevant event date of 15 August 2025, these shares are held by Value Partners Hong Kong Limited, the wholly-owned subsidiary of Value Partners Group Limited. By virtue of the SFO, Value Partners Group Limited is deemed to be interested in the shares held by Value Partners Hong Kong Limited.

Save as disclosed above, as of 31 December 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 the Company's Listed Securities

During the Reporting Period, the Company did not purchase, sell or redeem any of the Company's listed securities ((including the sale or transfer of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as of 31 December 2025.

## Tax Relief

The Company is not aware of any tax relief available to Shareholders as a result of their holding of the Company's securities.

## Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new Shares on a pro rata basis to its existing Shareholders.

# REPORT OF THE BOARD OF DIRECTORS

## Permitted Indemnity Provision

The Company has taken out Directors' liability insurance to protect the Directors of the Company against any loss they may incur as a result of their factual or alleged misconduct. For the Reporting Period, such Directors' liability insurance has been in force.

## Material Contract with the Single Largest Group of Shareholders

During the Reporting Period, the Company has not entered into any material contracts with the single largest group of Shareholders of the Company comprising Mr. Li Zhen, Mr. Zhang Guangping, Mr. Li Yi, Backward Partnership and Backward Electronic (the "**Single Largest Group of Shareholders**") and there are no material contracts for the provision of services by the Single Largest Group of Shareholders to the Company.

## Interests of the Single Largest Group of Shareholders and Directors in Competing Businesses

The Single Largest Group of Shareholders and the Directors confirm that for the Reporting Period, apart from the business of the Company, they did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## Deed of Non-Competition

As disclosed in the Prospectus, each of the Single Largest Group of Shareholders has entered into a Deed of Non-Competition dated 2 December 2023 in favor of the Company (for itself and as a trustee for the Company's subsidiaries, as applicable), pursuant to which each of them has unconditionally and irrevocably undertaken to our Company that it will not, and will procure its close associates (save for members of our Company and its subsidiaries) not to directly or indirectly be involved in, interested in or undertake any business that directly or indirectly competes, or may compete, with our business which includes the provision of Analog IC Patterned Wafers (referred to as the "**Restricted Businesses**"), or hold shares or interest in any company or business that competes or may compete directly or indirectly with the business engaged by the Company from time to time, or conduct any Restricted Businesses, except where the Single Largest Group of Shareholders and their close associates hold less than 30% of interest of any company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Company and its subsidiaries and they do not possess the right to control the board of directors of such company.

The Deed of Non-Competition will lapse automatically if the Single Largest Group of Shareholders together ceases to control, whether directly or indirectly, 20% or above of the Shares with voting rights or the H Shares cease to be listed on the Stock Exchange.

Each of the Single Largest Group of Shareholders has confirmed in writing to the Company that it has complied with the Deed of Non-Competition for the Reporting Period as disclosed herein. The independent non-executive Directors have also reviewed the compliance of each of the Single Largest Group of Shareholders with the undertakings in the Deed of Non-Competition and confirmed that, so far as they are able to ascertain, there has been no breach of any of the undertakings in the Deed of Non-Competition.

# REPORT OF THE BOARD OF DIRECTORS

## Connected Transactions and Related Party Transactions

The Company has not entered into any “Connected Transaction” or “Continuing Connected Transaction” under Chapter 14A of the Listing Rules during the Reporting Period.

Details of material related party transactions entered into by the Company during the year ended 31 December 2025 are set out in note 31 to the financial statements. The related party transactions set out in the above note do not fall within the definition of “Connected Transaction” or “Continuing Connected Transaction” under Chapter 14A of the Listing Rules.

The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## Significant Events after the End of the Reporting Period

Subsequent to 31 December 2025 and up to the date of this report, so far as the Directors are aware, there have been no events that have materially affected the Company.

## Review of Annual Accounts by the Audit Committee

The Audit Committee has reviewed the audited financial statements during the Reporting Period of the Company 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.

## Sufficient Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, during the Reporting Period and up to the date of this report, the Company has maintained sufficient public float in compliance with the Listing Rules.

## Change of Auditor

On 27 June 2025, KPMG retired as the auditor of the Company upon the expiry of its term of office at the conclusion of the 2024 AGM. The Board recommended the appointment of RCHK as the new auditor, which was approved by the Shareholders at the 2024 AGM. The aforesaid appointment took effect from the conclusion of the 2024 AGM until the conclusion of the next Annual General Meeting of the Company. 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.

On behalf of the Board

*Chairman*

**Zhang Guangping**

25 March 2026

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About This Report

### Report Overview

This report is the second Environmental, Social and Governance Report (the “**ESG Report**”) of BaTeLab Co., Ltd. (the “**Company**”) and is designed to present the Company’s performance in fulfilling its environmental responsibility and social responsibility practices in 2025, covering the environmental, social and governance (ESG) issues that stakeholders are concerned about.

### Basis of Preparation

This report has been formulated in accordance with Appendix C2 the Environmental, Social and Governance Reporting Guide and its “comply or explain” provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and covers the period from 1 January 2025 to 31 December 2025, with some parts providing a brief review of previous relevant activities. This report is published on the website of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the official website of the Company.

### Reporting Period

This is an annual report starting from 1 January 2025 to 31 December 2025 (the “**Reporting Period**”), and the report for the next reporting period (the year 2026) is expected to be issued in 2027.

### Reporting Scope

The subject of this report is the Company and the data in the scope of policy, society and environment covers all its business.

### Data Source

The data as used in this report is sourced from internal documents and relevant statistics of the Company.

### Reporting Principles

**Materiality:** The Company has identified important stakeholders and determined the key ESG issues through materiality assessment as a basis for determining the focus of disclosure in this report, and the relevant process and results have been disclosed in this report.

**Quantitative:** In accordance with the “Key Performance Indicators” requirement in Appendix C2 the Environmental, Social and Governance Reporting Guide of the Listing Rules, the Company makes quantitative disclosure of key performance in the environmental and social categories with historical data, and quantitative disclosure of forward-looking information such as targets as far as possible, and plans to improve the statistical process for future full disclosure.

**Balance:** The disclosure of this report is designed to objectively, impartially and truthfully reflect the Company’s performance and practices on environmental and social affairs in 2025, and this report responsibly discloses the problems we have encountered and improvement measures we have taken.

**Consistency:** The Company follows a consistent approach to disclosure statistics and for the information disclosed for the first time, the Company will use such an approach for ESG information disclosure in subsequent years to facilitate meaningful comparisons from year to year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Directors' Declaration

The Board of Directors (the “**Board**”) and all directors of the Company guarantee that there are no false records, misleading statements or major omissions in this report, and bear individual and joint responsibility for the truthfulness, accuracy and completeness of the contents.

During the Reporting Period, the Board, as the highest decision-making organization for the Company’s ESG efforts, joined by the management team, was responsible for monitoring and managing material ESG issues. The Board is primarily responsible for mapping out the Company’s overall ESG vision, direction and strategy, and monitoring and reviewing the Company’s ESG performance. The Board has also assigned the general manager to oversee the coordination between teams for the consistency between the Company’s operations and practices and the relevant ESG strategies.

The Board is also responsible for deliberating and making decisions on major ESG issues for the year and closely following up on them and keeping abreast of the latest requirements on ESG disclosure and regulatory compliance. Given the big picture and the Company’s development strategy, the Company during the Reporting Period communicated with stakeholders and identified key ESG issues in order to clarify its work priorities, including: employee rights and benefits, R&D and innovation, product and service quality, and supply chain management and more, and focused on the above issues in its daily work to scrutinize and improve its performance, and managed its targets accordingly. The Board and the general manager supervise the formulation of the Company’s ESG Report and review the content and quality of the report to ensure that the disclosure of information herein complies with the ESG requirements of the Stock Exchange. Striving forward, the Company will continue to adjust its sustainable development management strategies and promotion methods in accordance with the expectations of our stakeholders and the realities of the Company’s operations, so as to bolster the sustainable development of the Company.

## Stakeholder Communication

The Company conducts adequate stakeholder communication on ESG objectives and results for stakeholder feedback and integrates it into the ESG management system to guide its daily operating activities through information disclosure, regular meetings, interviews and questionnaires.

Stakeholders	Concerns	Communication channels and means	Key actions
Government and regulatory authority	Compliant operation Technological enhancement Tax paying according to the law Economic and social benefits	On-site investigation, talks and exchanges Proactive taxation Filling in with the relevant government systems	Compliance with laws and regulations Daily policy implementation
Shareholders and investors	Operation strategy Corporate governance Business sustainability R&D investment Information disclosure transparency	General Meeting/Board meeting Performance announcement meetings Regular reports Interim announcements Web portals	Holding General Meetings on a regular basis Holding Board meetings on a regular basis Hold performance investor presentation on an annual basis Timely information disclosure

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Concerns	Communication channels and means	Key actions
Customers	Technology and service quality Technological innovation Business development Information protection	Customer satisfaction survey Customer business/quality/ technical review conferences Other daily customer communication	Mapping out the customer satisfaction survey system Visiting customers Collecting customer feedback
Suppliers	Business ethics Transparent procurement Technological enhancement	Daily business communication Procurement activities Document and correspondence exchanges	Conducting supply chain audits and assessments
Employees	Compensation benefits and care Health and safety Training and development Talent retention Corporate culture	Physical examination of employees Employee training Employee activities	Organizing regular meetings Issuing employee benefits Organizing sports activities Making possible complaints and feedback
Industry associations	Economic benefits External cooperation	Industry association activities Cooperation in projects	Joining several industry associations and chambers of commerce Involvement in R&D cooperation
The public	Support social development Community involvement	Web portals Public welfare activities	Additional notice by the official website Mapping out public welfare services

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Materiality Assessment

The Company has formed the following materiality assessment matrix based on the analysis and summary of the materiality assessment results of all stakeholders. Given the stakeholders' concerns on corporate operations and environmental and social governance and the Environmental, Social and Governance Reporting Guide under Appendix C2 of the Listing Rules, the Company focuses on social aspects such as employees' rights and benefits, R&D and innovation, supply chain management, product and service quality, environmental aspects such as energy management, GHG emissions, and governance issues such as business ethics and more.



## 1. Sustainable Operations

### 1.1 ESG Governance

The Company is committed to working on sustainable corporate governance and including ESG in its business management by cementing its ESG governance framework. Having formulated its Corporate Social Responsibility Management System, the Company aims for a responsible corporate citizen by regulating the specific efforts of its social responsibility management. The Company works on its corporate social responsibility and sustainable development and embeds them into all material aspects of its business operations. The Company is a strong champion of the regulatory requirements of the PRC by observing environmental protection laws and regulations to ensure the health and safety of its employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board is responsible for monitoring and managing material ESG issues and has the following key control points over the Company's ESG governance:

- The Board assigns the general manager to oversee the coordination between teams in identifying, monitoring and evaluating major environmental, social and governance issues.
- The Board has specified the fulfillment of social responsibility, so that the Company and its department have clear guidelines for the fulfillment of social responsibility.
- The Board is responsible for providing publicity and training on the fulfillment of social responsibility within the Company, so that the Company and its employees can enhance their awareness of the fulfillment of social responsibility.
- The Board regularly summarizes and reports on the fulfillment of social responsibility to serve as a basis and reference for future efforts.
- The Board sets ESG objectives, including the development of policies, systematic measures, and one- and five-year budgets, to balance business growth and environmental protection and manage material ESG issues for sustainable development.

During the Reporting Period, the Company implemented the concept of sustainable development and was not subject to any fines or other penalties for violations of the relevant ESG regulations, nor the Company's employees subject to any accident or claim relating to personal or property damage that would have had a material adverse effect on the Company's financial position or business operations.

## 1.2 Anti-corruption

The Company is committed to establishing transparent and effective anti-bribery and anti-corruption compliance management and has had in place anti-bribery and fraud prevention management mechanisms. The Company firmly complies with the Company Law of the People's Republic of China, the Law of the People's Republic of China Against Unfair Competition, the Interim Provisions on the Prohibition of Commercial Bribery, the Criminal Law of the People's Republic of China, and other laws and regulations related to anti-corruption and anti-corruption, and has formulated and enforces the internal systems of the Fraud Prevention and Management System, the Employee Handbook, and the Declaration of Interests System and more for standardizing and improving the code of conduct and requirements related to business ethics, so as to cover the requirements of anti-corruption and other requirements for all the employees. The Company prohibits the acceptance of bribes and kickbacks in all business processes, from procurement throughout the supply chain and chip testing to customer sales and delivery of patterned wafer products. In 2025, we have signed integrity commitment with more than 90% of our large clients, those with over 10 million registered capitals.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure compliance and integrity, the Company has taken the following measures:

- **System construction.** The Company has improved its internal control system for its culture of integrity and compliance, and provided good education, prevention, inspection, supervision and timely correction of fraudulent behavior.
- **Training and publicity.** The Company has sought education and training in regular daily meetings of each department and utilized daily emails for standardized supervision and implementation. The Board meeting involves a management discussion of the relevant content, aiming to strengthen the integrity and compliance training of officers and employees within the department and proactively prevent fraudulent behavior.
- **Advocating self-discipline.** All employees shall abide by the ethics of integrity and establish a sense of honesty and self-discipline and compliance with the law against the temptation of improper interests and fraudulent behavior. If an employee accepts a gift from a supplier, he/she shall take the initiative to report the details via email. The gift shall be handed over and handled by the Company for unified arrangement in light of the actual situation.

The Company advocates a clean corporate culture and emphasizes anti-corruption and integrity education. The Company offered anti-corruption training in 2025 and the Directors and employees were trained for 200 hours in total. The Company conducted one anti-corruption training for all the members of the Board, with 8 participants, realizing a 100% full coverage of the Directors.

## *Whistle-blowing and whistle-blower protection mechanism*

The Company prioritizes the management of whistle-blowing by ramping up the protection of whistle-blowers. Employees of the Company who find the fraudulent behavior may whistle-blow it through letters and visits. Upon the whistle-blowing, the Audit Department may set up an investigation panel to investigate and verify the contents of the whistle-blowing through letters and visits through access to information, interviews and other ways and issue a written investigation report, which shall be timely filed and archived for the integrity of the relevant materials. In handling whistle-blowing, justice, fairness, principles, impartiality shall be followed to safeguard the lawful rights and interests of the Company and the whistle-blower. It is not allowed without authorization to offer any department or individual the materials about the whistle-blowing through letters and visits, investigation and verification, accountability or the information about the whistle-blower.

During the Reporting Period, the Company had no improper behavior in its operations or received any relevant whistle-blowing and there was no filing of corruption lawsuits against the Company or its employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.3 Supply Chain Management

The Company follows responsible sourcing and sound supply chain management. The Company has established a comprehensive procurement process and formulated the Purchasing and Payment Management System to ensure reliable product quality and supply chain sustainability.

### *Responsible procurement*

The Company has inked the Business Ethics Responsibility Statement annexed to the Supplier Framework Agreement with its major suppliers, which prohibits the suppliers from providing improper benefits to the staff of the Company or its associates, and the Company shall have the right to immediately terminate the cooperative relationship with the suppliers if the bribery of the suppliers is found to be substantiated and at the same time to take other punitive measures, such as the return of goods and the charging of fines. Meanwhile, suppliers are obliged to report relevant misconduct of the Company and its associates' staff to the Company, and the Company will investigate and deal with the matter in a timely manner.

The distribution of suppliers with whom the Company has established cooperative relationships in all aspects is as follows:

<b>Unit: supplier</b>	<b>2025</b>	2024
Jiangsu Province	<b>226</b>	208
Other domestic provinces	<b>234</b>	205
<b>Total</b>	<b>460</b>	413

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Supplier access*

The Company has had in place a supply chain approval process through which suppliers must provide relevant qualifications or certifications and demonstrate legal compliance with environmental and social policies prior to approval. The Company investigates the details of suppliers through interviews, on-site visits, open channel searches, and sample testing. For new foundries, the Company mainly evaluates them based on their process technology and compatibility criteria with its products. Additionally, the Company tends to select suppliers that meet environmental requirements and have a high sense of social responsibility.

## *Supplier evaluation*

The Company periodically evaluates selected foundries to ensure their always compliance with its internal controls and timely qualified supplies. For existing suppliers, the Procurement Department conducts a comprehensive supplier evaluation at the end of each year. The Company puts strict and precise demands on product quality to minimize material waste for the environment. The Company reserves the right to terminate the contract where the supplier fails to comply with the applicable laws and regulations on safety and quality or commits an improper act. The Company also requires that all products obtained from patterned wafer channel partners are in full conformity with applicable industry standards. The Company expects its foundries to meet its supplier access standards and to take proactive measures in environmental protection, labor standards, and employee health. In 2025, the Company conducted performance evaluations of certain wafer-based suppliers and found no exceptions.

## *Supply chain stability*

The Company has always attached great importance to supply chain stability. During the Reporting Period, the Company signed annual framework agreements with major wafer-based and testing suppliers, and further adopted a prepayment approach to lock in wafer production capacity in advance, ensuring the continuity and stability of production capacity supply in all aspects.

## **1.4 Product Responsibility**

The Company places product quality control at the core of its business. The Company has been certified with ISO9001 and strictly controls the quality of R&D and suppliers. All of the Company's products are tested and certified for reliability according to product level requirements. The Company's tests cover a wide range of scenarios and applications to ensure that the products work stably and meet customer expectations under all conditions. This rigorous testing process not only contributes to the reliability and stability of our products, but also demonstrates the Company's unswerving pursuit of and commitment to quality for minimized risk of product recalls.

During the Reporting Period, there was no recall of products for safety and health reasons.

The Company observes the Advertising Law of the People's Republic of China by regularly reviewing its management system for the safety, advertising, labeling and privacy of its products and services. The Company was not subject to litigation and there were no violations or breaches of laws and regulations relating to the safety, advertising, labeling and privacy of its products and services in 2025.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.5 Intellectual Property Rights Protection and R&D Innovation

### *Intellectual property rights protection*

The Company puts the protection of intellectual property rights high on its priority list by following the Patent Law of the People's Republic of China and its implementation rules, and has been certified with GB/T29490-2023, which covers the R&D and sales of power management chips and the development of analog integrated circuit design software. The Company also regularly conducts Freedom to Operate (FTO) searches and power management chip patents navigational analyses. In 2025, the Company added 32 authorized invention patents and developed a number of core technologies. Investment in R&D expenses as a percentage of revenue was approximately 25%.

As of the end of the Reporting Period, the Company's patents were as follows:

<b>Patent type</b>	<b>Number (patent)</b>
Cumulative number of patents granted	150
Among them: cumulative number of invention patents	147
cumulative number of utility patents	3
Cumulative number of software copyrights	20
Cumulative number of exclusive rights for layout design of integrated circuits	425
Cumulative number of trademarks registered	97

The Company has revised the Invention Patent "Growth" Incentive Measures (2025 Edition), simplified the reward process to mobilize the employee's initiative and creativity in technological innovation for the output of intellectual property achievements in order to strengthen its independent innovation for better competitiveness and respond to the call for high-quality patents in the National 14th Five-Year Plan. In addition, the Company stresses the training and cultivation of scientific research talents, and offers intellectual property training every year, teaching all R&D personnel patent basics and layout, patent mining and proposal writing. Going forward, the Company will continue to work on the protection of intellectual property and accelerate the transformation and application of knowledge results to optimize the intellectual property management system.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *R&D and Innovation*

The Company has had in place a sound R&D management mechanism by formulating and implementing the Rules for the Management of the Work of the Research and Development Department, which specifies the process, the management mode, and the duties and authorities of the personnel for R&D projects, to ensure that the R&D efforts are on course for a better R&D cycle, quality and cost. The Company conducts regular evaluations for improvements, and has continued to enhance the innovation and execution capabilities of its R&D team to sustain the Company's development. During the Reporting Period, the valid honors of the Company include the National Intellectual Property Advantageous Enterprise, the National Specialized, Sophisticated, Distinctive and Innovative Small Giant Enterprise, the National High-tech Enterprise, the Private Science and Technology Enterprise in Jiangsu Province and the Top 32 Private Enterprise in Innovation in Suzhou and the Gazella Company in Jiangsu Province.

Apart from its self-developed analog integrated circuits (IC) business, during the Reporting Period, the Company was tasked with the R&D of provincial scientific and technological topics as a provincial-level engineering technology research center. Furthermore, the Company continues to cooperate with Tsinghua University, Jiangsu Ocean University and other colleges and universities in cooperation between enterprises, universities and research institutes. Additionally, the Company also regularly participates in activities organized by semiconductor and integrated circuit industry associations and hosts technical seminars on the integrated circuit industry.

As of the end of the Reporting Period, the Company has joined the following industrial associations:

<b>Industry Association Name</b>	<b>Role</b>
Jiangsu Youth Chamber of Commerce	Director
Suzhou Integrated Circuit Industry Association	Vice president
Suzhou Institute of Electronics	Vice president
Chamber of Commerce of Taihu Lake Science City of Suzhou New District (Huqiu District)	Supervisor
Intellectual Property Association of Suzhou New District(Huqiu District)	Member
Youth Chamber of Commerce of Suzhou New District, Huqiu District	Member

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.6 Customer Services

The Company applies itself to a superior customer service experience by mapping out the Customer Service Policy and System. The Company, driven by the service aim of being “customer-centered, providing professional, efficient, and caring services to win customers’ trust and satisfaction”, refreshes its efforts to improve its customer management for better customer service experiences. As a company boasting the self-developed full-stack analog IC design platform, the Company has opened up the whole process of analog IC “EDA+IP+Design”, and is committed to forging a close relationship with our customers and understanding their needs for customized solutions.

The Company responds to the needs of customers timely to provide technical support and product consulting services, covering the whole process of services such as reception of customers, understanding of needs, provision of solutions, implementation of services, completion of services, and follow-up. The Company has also established the Customer Satisfaction Survey Procedures, according to which it organizes customer satisfaction surveys every year, and implements improvement measures by the relevant departments based on feedback evaluations.

### *Customer complaint handling*

In terms of the handling of customer complaints, the Company has established the Customer Complaint Management Standards to clarify the handling and process of customer complaint information feedback for information support for its products and services.

The Company categorizes customer complaints into the following types to improve the customer complaint process:

- **General customer complaint:** they refer to the problems that do not affect the actual application of or cause property damage to the customer, including but not limited to: packaging, customer misunderstanding, and express logistics.
- **Quality customer complaint:** they refer to the problems that affect the actual application of the customer due to the product itself, causing controllable losses to the customer within a certain range, including but not limited to, failing to cater to customers, product failure, functional parameters deviating from the scope of the instruction manual and more.
- **Serious customer complaint:** they refer to the problems that have a material impact or cause major losses to the customer, which involve the Company in the compensation.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Upon receiving the customer complaint feedback from the Marketing Department, the Quality Department shall assign the receiver to fill in the Customer Complaint Acceptance Form (the “**Form**”). Upon the receipt of the Form, the head of the responsible department shall immediately convene the staff in question to form a customer complaint handling team to fill out the 8 Disciplines Report on Customer Complaints (the “**8D Report**”), propose Makeshift Measures within 3 days and report them to the acceptor. Based on the results of the feedback communication with the Marketing Department and customers and listening to the customer’s views on the handling of the complaint, the acceptor shall fill out the Form again according to the customer feedback. Following the acceptance of the complaint handling method by the customer, the Quality Department shall handle the defective products (if any), and the person who receives the Form and the 8D Report shall fill in the electronic and textual information and close the customer complaint.

During the Reporting Period, the Company received a total of 2 customer complaint, which was general and did not involve quality issues. The complaint has been handled with the above method with a 100% rate.

## *Information Security*

The Company has established the Internal Control Management System of the Information and Software Department for better data security management following the Data Security Law of the People’s Republic of China, the Cyber Security Law of the People’s Republic of China, and the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation), and more. The Company regularly conducts security assessments and rectification of its IT systems to strengthen cyber security management, technical monitoring and software maintenance. In the event of such an incident, the Company will immediately cut off the leakage channel, notify the relevant parties to take remedial measures, such as providing network privilege monitoring, changing passwords, etc., and fix the vulnerabilities to improve security measures after determining the cause through investigation. The Company also requires all its employees to implement the requirements related to information security and privacy protection in the Employee Handbook.

During the Reporting Period, there were no breaches of data security or customer privacy protection.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.7. Social Contribution

The Company prioritizes social responsibility by participating in public welfare activities. During the reporting period, and Mr. Zhang Guangping, co-founder of the Company, delivered a lecture at Nanjing University's Suzhou Campus for students with different educational backgrounds, sharing his practical experience in innovation and entrepreneurship along with industry insights. Corporate Social Responsibility is part of the Company's core development philosophy, and it means that safeguarding the public interest can largely enhance the Company's capacity to create sustainable value for its Shareholders.

In its business activities, the Company follows the development of the local economy and the cultivation of human resources, and contributes to the development of education, science, culture, health, sports and environmental protection in the local community within its reach.

## 2. Environment Responsibility

### 2.1 Emissions Management

#### *Responsibility management*

The Company does not involve production in its daily operations and is not a key emission enterprise as announced by the environmental protection authority. The Company has incorporated major energy-saving and emission reduction measures into its daily office. The Company works as a strong champion of the green development and emission reduction concept by ramping up the management of emissions in strict accordance with the Environmental Protection Law of the People's Republic of China and the Environmental Impact Assessment Law of the People's Republic of China and more.

#### *Exhaust emissions*

The Company's emissions are mainly from vehicle exhaust, including sulfur dioxide, nitrogen oxides and soot as it doesn't involve any production equipment in its operations. The Company has two official vehicles, which are primarily for business trips. Following the Law of the People's Republic of China on Prevention and Control of Atmosphere Pollution, the Company's exhaust emissions in 2025 were as follows:

	2025 <sup>1</sup>	2024
Sulfur dioxide emissions (kg)	0.06	0.02
Nitrogen oxide emissions (kg)	56.01	20.22
Dust (kg)	5.21	1.88

During the Reporting Period, the Company had no failure to meet the exhaust emission standard.

In terms of the management of exhaust emissions, the Company aims for compliant emissions and will work to improve its management system. That means strengthening the management of official vehicles, i.e. recording their fuel consumption, regularly overhauling them and reducing their non-essential use. Furthermore, the Company maps out its reduction targets in response to the ever-demanding regulatory requirements.

<sup>1</sup> In 2025, the Company's efforts to expand its business resulted in a significant increase in gasoline consumption and exhaust emission.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Wastewater discharge

Not operating any manufacturing facilities, the Company is not involved in wastewater discharge. During the Reporting Period, the Company's wastewater is mainly domestic wastewater generated from daily office and a construction project. Following the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Company works to ensure that the discharge of its domestic wastewater meets the compliance requirements in the place where it operates.

	2025 <sup>2</sup>	2024
Wastewater discharge (tonne)	1,170	1,710

During the Reporting Period, the Company had no failure to meet the emission standard in wastewater.

In the short term, the total discharge volume will be on the constant rise as the business and personnel continue to expand, the Company, however, in terms of the wastewater discharge management, plans to reverse the growth through initiatives such as multi-use of water and gradient utilization, and will work to decrease discharge density. In the medium to long term, the Company will further the efficiency of water resource use for reduced absolute amount of water used and the amount of recycled water through recycling.

## Waste

Observing the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes and more, the Company introduces the sort management of wastes, which fall into hazardous wastes, non-hazardous wastes (recyclable) and non-hazardous wastes (non-recyclable). Hazardous wastes are collected by cleaners and stored separately. The property management office will commission a qualified third party to dispose of the wastes after collecting them. Non-hazardous wastes are sorted and placed in the holding area on the basement floor, and then recycled and disposed of by the property management office.

The Company's discharge of hazardous wastes is as follows:

	2025	2024
Cartridge (kg)	16.10	20.90
Total hazardous waste (kg)	16.10	20.90
Hazardous waste intensity (kg/RMB1 million of revenue)	0.03	0.04

<sup>2</sup> In 2025, the Company has completed relevant rectifications and strengthened water resource management, effectively controlling discharge levels.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company's emission of non-hazardous waste is as follows:

	2025	2024
Paper consumption (kg)	755.00	755.00
Total non-hazardous waste (kg)	755.00	755.00
Non-hazardous waste intensity (kg/RMB1 million of revenue)	1.29	1.30

During the Reporting Period, the Company had no failure to meet the waste discharge standards.

In terms of the management of waste discharge targets, the Company expects that in the short term, with the growing business and personnel, the resulting waste emissions will naturally increase. In response to it, the Company, committed to the philosophy of environmental protection, keeps emission growth at a lower level through waste sort management and waste reduction and works to reduce emissions intensity. In the medium to long term, the Company plans to implement separate treatment of sorted hazardous waste for a better recycling rate of non-hazardous waste. Meanwhile, the Company will establish a sound waste treatment management process and do more in data statistics and maintenance to reduce or control the overall discharge of wastes.

## GHG emissions

The Company's GHG missions mainly come from purchased electricity and the gasoline from official vehicles. Being well aware of the impact of these emissions on climate change and the environment, the Company is committed to practically reducing its operational carbon footprint. For purchased electricity, the Company will work on the procurement and use of renewable energy and introduce more environment-friendly and energy-saving measures for improving its daily operations to reduce greenhouse gas emissions. For official vehicles, the Company encourages its employees to use green means of transportation and optimize travel plans to cut down the frequency of vehicle use, and install charging piles for new energy vehicles in the parking lot. In addition, the Company will continue to monitor and report on the Company's greenhouse gas emissions by setting specific reduction targets, and work with its suppliers, employees and stakeholders for less greenhouse gas emissions as contributions to environmental protection.

The Company's GHG emissions are as follows:

		2025	2024
Direct greenhouse gas emission (Scope 1)	Tonne of CO <sub>2</sub> equivalent	9.14 <sup>3</sup>	3.30
Indirect greenhouse gas emission (Scope 2)	Tonne of CO <sub>2</sub> equivalent	344.88 <sup>4</sup>	293.83
Total greenhouse gas emissions	Tonne of CO <sub>2</sub> equivalent	354.02	297.13
Greenhouse gas emission intensity	Tonne CO <sub>2</sub> equivalent/RMB1 million of revenue	0.61	0.51

<sup>3</sup> In 2025, the Company's efforts to expand its business resulted in a significant increase in gasoline consumption and direct greenhouse gas emission.

<sup>4</sup> In 2025, the Company purchased large equipment and built a new laboratory, resulting in an increase purchased electricity and indirect greenhouse gas emission.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.2 Use of Resources

### Water resources

The Company gives top priority to the conservation and utilization of water resources by strictly following the Water Law of the People's Republic of China, Jiangsu Water Conservation Ordinance and the Regulations of Suzhou City on Water Conservation and more, and makes water conservation figure prominently in its sustainable development.

For water conservation, the Company has posted water conservation signs prominently in key areas within the Company to remind employees to always pay attention to the use of water resources in their daily work and their better awareness of water conservation. These signs, featuring eye-catching design and clear and concise content, enable a strong "water conservation" atmosphere while serving as a reminder.

The Company's use of water resources is as follows:

		2025	2024
Total water consumption	Tonne	1,170 <sup>5</sup>	1,953
Water consumption intensity	Tonne/RMB1 million of revenue	2.00	3.37

The water used by the Company is urban tap water, and there is no problem with water sources. Going forward, the Company will seek kinetic energy analysis in conjunction with previous years' energy and water usage data and set specific water usage targets based on the realities and development needs as a way to continue to refine its improvement measures and allocation of responsibilities for better water usage performance.

### Energy consumption

The Company implements the responsibility of energy conservation and emission reduction for comprehensive utilization rates of resources pursuant to the Energy Conservation Law of the People's Republic of China and other laws and regulations. The Company's energy consumption consists primarily of electricity and gasoline.

During the Reporting Period, the total electricity purchased by the Company amounted to 604,730.00kWh. The consumption of gasoline usage was 4,172.33liters, which is within a controllable range.

		2025	2024
Purchased electricity	kWh	604,730.00 <sup>6</sup>	515,233.00
Gasoline consumption	Liter	4,172.33 <sup>7</sup>	1,506.35
Total integrated energy consumption	kWh	50,557,241.63	18,549,750.18
Integrated energy consumption intensity	kWh/RMB1 million of revenue	86,570.62	32,048.08

<sup>5</sup> In 2025, the Company has completed relevant rectifications and strengthened water resource management, effectively controlling discharge levels.

<sup>6</sup> In 2025, the Company purchased large equipment and built a new laboratory, resulting in an increase purchased electricity.

<sup>7</sup> In 2025, the Company's efforts to expand its business resulted in a significant increase in gasoline consumption.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company values the efficient utilization of power resources. The administrative department is responsible for daily supervision and reporting, coordinated by the company's general manager. The Company has minimized power wastage for better efficiency of electricity consumption through a number of energy-saving measures, such as:

- Turning off idle electronic equipment during daily inspections.
- Limiting the range of office temperature settings using the air conditioning system and automatically turning off the equipment after personnel leave. By scientifically regulating the temperature, we have cut energy consumption while ensuring a comfortable working environment for our employees.
- Posting signs at the power switch to remind employees to save electricity and promote green operation.
- The Company considers introducing third-party photovoltaic systems in the future, to achieve long-term energy-saving.

Looking ahead, the Company will continue to ramp up energy-saving management by promoting energy-saving technologies for employees' better awareness of energy saving to ensure that all the measures are put into practice.

## *Packaging materials*

The Company has been committed to carrying forward the practice of environmental protection concepts, and the recycling and sorting management of packaging materials is part of our unremitting efforts. The Company has established a perfect packaging material recycling system to ensure that all kinds of packaging materials are reasonably and effectively reused. In 2025, the reused rate of cartons provided by suppliers reaches 80%. In daily office and sending express, the Company advocates and implements the carton recycling system to minimize the use of new cartons for less resource waste, and actively guides employees to correctly recycle packaging to improve the recycling rate of packaging materials. Additionally, the Company stresses simplified packaging and lightweighted design. That means optimizing packaging design for less unnecessary packaging materials and costs and burdens on the environment. These have cut the costs for enterprises, securing economic and environmental benefits.

		2025	2024
Carton	kg	500	460
Plastic	kg	200 <sup>8</sup>	240
Total packaging material consumption	kg	700	700
Total amount of recycled packaging materials	kg	200	236
Packing material intensity	kg/RMB1 million of revenue	1.20	1.21

<sup>8</sup> Plastic is mainly used in bubble film packaging when sending wafers and other fragile products.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Green office*

Pursuing the new green development concept, the Company is committed to leading and promoting the popularization and practice of green travel and green culture. To that end, the Company has prepared the Convenience Guide, which, in detail marking the routes, stops and operating hours of buses, streetcars, public bicycles and other green travel modes, is designed to offer a comprehensive and practical manual on green travel for employees and the public, and to encourage everyone to choose low-carbon and green travel modes for an improved the urban environment.

In promoting green travel, the Company not only provides information and guidance, but also supports it in practical actions. The Company has responded to the national policy guidance on the development of new energy vehicles (NEVs) by installing a number of charging piles for NEVs and EVs in the parking lot to meet the growing demand for green travel of employees.

For the office, the Company is also sparing no effort to advance a green office culture. The Company is a strong champion of a paperless office by encouraging employees to communicate and transfer documents through electronic documents and online meetings for less use and waste of paper documents. Apart from that, the Company puts the rational use of paper resources high on its agenda. That means advocating double-sided printing, and encouraging employees to recycle and reuse used paper for less waste of resources and the burden on the environment.

## *Green product design*

The Company's main business is the design of analog and mixed-signal "full-range chips" and "system-level solutions". Excellent chip design helps reduce the environmental impact of the product throughout its life cycle. In 2025, the Company required suppliers and foundries to use raw materials that meet REACH standards, ensuring that all products meet RoHS requirements for less environmental impacts of production.

## **2.3 Environment and Natural Resources**

With the design of integrated circuits as its principal business, which does not include manufacturing and has no significant manufacturing and production activities, the Company's operations do not have a direct significant impact on the environment or natural resources. The Company is working on minimizing the indirect impacts of its operations on the environment. For that, the Company follows the laws and regulations related to environmental protection and a workable environmental management system with the goal of becoming a responsible and sustainable enterprise.

## **2.4 Addressing Climate Change**

Braving the challenges posed by climate change, the Company keeps a close eye on the risks and opportunities associated with climate change through proactive countermeasures to sustain the development of the enterprise. With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), this section describes the Company's commitment and future efforts to address climate change, categorized by governance, strategy, risk management, and metrics and targets.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Governance*

The Company has initially defined the Board's responsibility for oversight of climate-related risks and opportunities and the roles and responsibilities of management on climate change, based on the disclosure recommendations made by the TCFD. The Board needs to take full consideration climate-related risks and opportunities in the development of the Company's strategy, the updating of the risk management system, and the planning of the annual budget to make relevant decisions. The management will organize the identification, assessment and management of climate-related risks, and will take appropriate actions according to the materiality of the risks.

## *Strategy*

The Company takes into account environmental, social and climate-related risks that may have an impact on its business, strategy and financial performance when developing its business strategy and adapts it to meet changing environmental, social and climate-related circumstances. Well addressing ESG issues presents an opportunity for the Company to shape better communities. As part of its strategy, the Company is committed to sustainable development and endeavors to follow the concept of sustainable development among our employees and in the workplace.

## *Risk management*

Climate-related risks may fall under the transition risks arising from the transition to a low-carbon economy and the physical risks from climate change. Transition risks can be subdivided into policy and regulatory risks, market and technology risks, and reputation risks, and physical risks include acute physical risks (e.g., extreme weather such as typhoons and floods) and chronic physical risks (which refer to long-term changes in climate patterns such as a sea level rise and persistently rising temperatures).

Based on the industry in which the Company operates and the Company's realities, the Company has identified and assessed its management process for climate-related risks. The Company has identified the risk that climate change may bring increasingly severe extreme weather events, such as more frequent storms, floods and typhoons. The Company may be potentially impacted by increased operating and maintenance costs and increased premiums payable for insurance coverage. The health and safety of employees may also be put at risk. Regulators may require disclosure of a wider range of ESG-related information due to job security as well as climate-related issues. The Company may be subject to increased costs due to more stringent resource consumption requirements and the measures for employee protection and monitoring.

## *Metrics and Targets*

In order to assess the performance of the Company's response to climate change, it holds the key to selecting appropriate parameters and indicators and setting objectives accordingly. The Company has selected unit energy consumption as the main performance indicator for energy conservation and emission reduction, and plans to analyze the trend of changes on a regular basis, with the goal of improving the efficiency of energy use. The Company encourages all departments to practice energy conservation and consumption reduction in order to enhance the overall energy and water utilization efficiency for less waste emissions. Given the changing operation and economic environment, the Company will review its goals and examine its practical activities annually, and will adjust its goals and measures taken in a timely manner.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Striving forward, the Company will continue bettering the governance, strategy development, risk management, metrics and targets identification and management of climate-related risks. We will work together with all sectors to address climate change, to achieve common sustainable development.

## 3. Employment and Labor Management

### 3.1 Employment

Staying true to the principle of the rule of law, the Company works to ensure that all management decisions and practices meet national legal requirements by following the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and more. Underpinned by it, the Company, having formulated a series of internal management systems, such as the Employee Handbook and the Human Resource Management Measures, aims to build a frank and transparent communication bridge with its employees, clarifying the Company's expectations of its employees, and making every effort to safeguard the lawful rights and interests and obligations of its employees.

As at the end of the Reporting Period, the Company had a total of 111 full-time employees under direct labor contracts and 1 employees under service contract, with an overall employee turnover rate of 9.76%, of which:

Number of full-time employees and turnover rate by gender:

	2025			2024		
	Number of (Persons)	Percentage by number (%)	Turnover rate (%)	Number of (Persons)	Percentage by number (%)	Turnover rate (%)
Male	68	61.26	6.85	68	58.62	5.56
Female	43	38.74	14.00	48	41.38	9.43

Number of employees and employee turnover rate by age group:

	2025			2024		
	Number of (Persons)	Percentage by number (%)	Turnover rate (%)	Number of (Persons)	Percentage by number (%)	Turnover rate (%)
30 or below	54	48.65	15.63	68	58.62	11.69
31-39	50	45.05	3.85	43	37.07	0
40 or above	7	6.30	0	5	4.31	0

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data of employees by geographical region:

	2025			2024		
	Number of (Persons)	Percentage by number (%)	Turnover rate (%)	Number of (Persons)	Percentage by number (%)	Turnover rate (%)
Jiangsu Province	107	96.40	10.08	113	97.41	7.38
Other domestic provinces	4	3.60	0	3	2.59	0

Number of employee turnover and turnover rate by employee category:

	2025			2024		
	Number of (Persons)	Percentage by number (%)	Turnover rate (%)	Number of (Persons)	Percentage by number (%)	Turnover rate (%)
Chairman and Senior Management	2	1.80	0	3	2.59	0
General staff	109	98.20	9.92	113	97.41	7.38

## Employee recruitment

To meet the particular talent needs of each department, the Company works to seek talent recruitment through two channels: social recruitment and campus recruitment. The Company follows a recruitment process that comprises a series of steps including resume collection, resume screening, written tests, interviews, issuance of offers, and induction of new employees. Holding on to the principles of fairness and impartiality, the Company ensures that factors unrelated to job competency, such as skin color, age, ethnicity, gender, etc., are excluded in recruitment decisions. The Company works on attracting and selecting exceptional talent to the Company and joins hands to sustain its development and prosperity.

The Company is convinced that the essence of the employment relationship lies in the two-way choice and mutual respect between the Company and the employee, and is firmly opposed to any form of forced labor, including unreasonable overtime work, excessive work pressure, and inappropriate working conditions. Following the laws and regulations issued by the State, the Company launches the comprehensive calculation work system or irregular work system according to the work of different positions, thus ensuring that the rights and interests of the employees are protected to the greatest extent possible.

The Company stresses employees' right to rest and vacation, and is committed to enabling a sound and harmonious working atmosphere. In addition to ensuring weekly weekend rest and full rest on statutory holidays, the Company has a number of leave systems that are for sick, marriage, maternity, paternity, breastfeeding, bereavement and annual leave and more, in order to meet all kinds of needs of employees and ensure that every employee can feel the warmth and care in their work for a harmonious balance between work and life.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.2 Labor Standards

The Company holds on to the bottom line of labor laws and regulations by resolutely eliminating any form of illegal employment. The Company ensures that all of its employees are of legal age and are not forced to engage in labor that is beyond their willingness and ability by following the Law of the PRC on the Protection of Minors and the Provisions on the Prohibition of Child Labor and other laws and regulations issued by the State on the age of employment and labor conditions. Meanwhile, the Company emphasizes the recruitment and induction process of employees. That means following the principles of fairness, impartiality and openness to ensure that every employee enters the Company through the normal interview and selection process. In this process, all induction procedures are carried out in strict accordance with the provisions of laws and regulations to ensure their legality and standardization. Employees shall not engage in any deception, concealment, misrepresentation or dishonesty in applying for employment, otherwise the Company shall have the right to refuse to ink an employment contract with them. Where it is proved that an employee has engaged in so in the process above following the establishment of the labor relationship, the Company shall have the right to take disciplinary actions against him/her, including the termination of the labor relationship. Following a rigorous review and self-examination, the Company confirms that it has not identified any potential risks or exceptions during the Reporting Period.

Valuing the security of employees' personal information for their rights and interests, the Company complies with the regulations on file storage to ensure that employee information is properly stored. The Company aims to enable a workplace environment featuring zero harassment and zero bullying. Where an employee believes that he or she has been subjected to sexual harassment, other forms of harassment or bullying at work, whether the harasser is his or her supervisor, a co-worker, or another person with whom he or she comes into contact in connection with his or her work, the employee is encouraged to report the matter to the relevant authorities. During the Reporting Period, there were no cases related to discrimination or harassment.

## 3.3 Employee Care

Employees drive and sustain the development of the Company. Being well aware of how important employees are, the Company brings them equal access to their due rights and interests by following the laws and regulations issued by the State. This is how we are shaping a comprehensive and rich benefit and remuneration system for them.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Employee benefits*

In terms of employee benefits, the Company assists employees in need of housing to apply for public rental housing; provides afternoon tea to create a warm and comfortable resting environment for them; during the Mid-Autumn Festival, Chinese New Year and other traditional Chinese festivals, carefully prepares gifts to convey its love and blessings to employees; organizes regular health checkups for their health; and arranges group trips to enhance the communication and team cohesion among the employees.

The Company organizes kinds of sports activities, movie viewing and extra meals every week in order to enrich the spare time life of the employees and enhance their physical and mental health. The Company makes available a variety of sports facilities, such as badminton, basketball, tennis, etc., equipped with professional sports equipment, so that employees can increase exercise and release pressure after work.

## *Employee rights and interests*

The Company has established a variety of internal corporate complaint channels, such as suggestion boxes and symposiums in order to ensure that employees can express their ideas and demands without hindrance. And it provides a platform for employees to communicate directly with the relevant departments or supervisors, so that they can give timely feedback on problems with their work, and make suggestions for improvements or lodge complaints.

The Company will continue to strengthen communication and exchange with its employees by organizing regular symposiums and other interactive activities to encourage them to participate and offer valuable opinions. Furthermore, the Company will also periodically evaluate and improve the complaint channel to ensure that it operates smoothly and efficiently. During the Reporting Period, the Company did not receive any complaints from its employees.

## **3.4 Development and Training**

### *Employee training*

The Company stresses internal training of its employees by stretching its internal and external training resources to help employees improve themselves and develop their core competitiveness. Catering to the actual specific needs, the Company has elaborated a full range of training contents including pre-employment training, job skills improvement, corporate culture inheritance, company system and professional knowledge transfer. The employee training rate was 100% in 2025.

We offered a two-week “BaTeLab IC Intensive Training” session during the reporting period to provide new employees with an in-depth understanding of the details of R&D work in order to help new employees to quickly integrate and acquire the necessary knowledge and skills.

The R&D department launches weekly technical review events involving various R&D aspects, such as mini block review, schematic design review, layout review, DEMO review and more. These events, led by experienced designers, are designed to provide valuable learning opportunities for less experienced colleagues. In addition, the Company regularly arranges weekly circuit analysis study for specific projects and reading activities of designated literature to continuously improve the professional skills and knowledge of its employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company encourages the experience exchange between its employees while focusing on technical learning. Regularly, the Company organizes “lesson learn” experience sharing sessions for employees to teach each other valuable positive and negative experience. From time to time, the Company provides employees with training on laboratory systems and instruction on the use of new laboratory equipment to ensure that they are able to skillfully operate the laboratory equipment for better efficiency of experiments.

In the actual R&D process, all R&D personnel form cross departmental R&D teams according to the project system. For the convenience of communication, team members work in the same area and regularly display project data and progress in the public area every week to ensure transparency and orderly progress of the project.

As at the end of the Reporting Period, statistics on the training of our employees were as follows:

The number of employees receiving training and average training hours by gender:

	2025			2024		
	Number of (Persons)	Training coverage (%)	Average training hours (hours/year)	Number of (Persons)	Training coverage (%)	Average training hours (hours/year)
Male	68	100	8	68	100	8
Female	43	100	8	48	100	8

The number of employees receiving training and average training hours by employee category:

	2025			2024		
	Number of (Persons)	Training coverage (%)	Average training hours (hours/year)	Number of (Persons)	Training coverage (%)	Average training hours (hours/year)
Chairman and Senior management	2	100	8	3	100	8
General staff	109	100	8	113	100	8

The Company cooperates with Tsinghua University, Soochow University, Jiangsu Ocean University and other colleges and universities in cooperation between enterprises, universities and research institutes, and achieves the two-way development of professional optimization and talent training through joint R&D, training, internship, and more.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Development and promotion*

The Company prioritizes the career development of employees by improving the “management development path+professional and technical path” career development channel. The two paths mean opportunities for the diversified development of employees, either of which they can choose according to their own interest, specialty and development goals.

For the management development path, the Company encourages employees with leadership potential and management talent to walk their way up to higher level management positions by improving their management capabilities. The professional and technical path stresses enhancing the skills and accumulating the knowledge of employees in their profession, making them experts in their respective fields.

In terms of employee promotion, the Company follows the principles of fairness and impartiality and the promotion criteria guided by “ability, performance and qualifications” to smooth the path of employee promotion by standardizing the promotion channels. With respect to the distribution of remuneration, the Company mainly adopts incentives for its management, and remuneration is closely linked not only to the performance appraisal of employees and their rewards and punishments, but also to the Company’s incentive mechanism.

## **3.5 Health and Safety**

The Company has been always regarding the health and safety of its employees as a top priority in the workplace and is committed to enabling a safe and healthy working environment for them. The Company prevents accidents by adopting control initiatives such as providing employees with workplaces that comply with national occupational health standards and hygiene requirements, and organizing regular training on safety, so that employees can devote themselves to their work with peace of mind and high efficiency, and continues to strengthen the control over its occupational health and safety risks.

The Company places the health of its employees on its higher agenda. The number of workplace fatalities in the Company has been 0 for three consecutive years, and the number of lost workdays due to workplace injuries has been 40. The Company has had in place a regular medical examination program for all employees to monitor their health and to take necessary interventions in a timely manner. In 2025, the medical examination coverage rate of employees was 100%. The Company was not aware of any situations involving serious violations of laws or regulations relating to the provision of a safe working environment and the protection of employees against occupational hazards, including but not limited to the Labor Law of the PRC and the Law of PRC on the Prevention & Control of Occupational Diseases, and there were no incidents of occupational diseases during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Appendix

### Stock Exchange ESG Reporting Guide Content Index

The Environmental, Social and Governance Reporting Guide		Section
<b>Main Category A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2.1 Emissions Management
A1.1	The types of emissions and respective emissions data.	2.1 Emissions Management
A1.2	Direct (scope 1) and indirect energy (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.1 Emissions Management
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.1 Emissions Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.1 Emissions Management
A1.5	Description of emissions targets and the steps taken to achieve such targets.	2.1 Emissions Management
A1.6	Description of how hazardous and harmless wastes are handled, reduction initiatives and results achieved.	2.1 Emissions Management
<b>Aspect A2: Use of Resources</b>		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	2.2 Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.2 Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.2 Use of Resources

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>The Environmental, Social and Governance Reporting Guide</b>		<b>Section</b>
A2.3	Description of energy use efficiency initiatives and results achieved.	2.2 Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	2.2 Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2.2 Use of Resources
<b>Aspect A3: Environment and Natural Resources</b>		
A3	General Disclosure Policies on minimizing the issuer’s significant impact on the environment and natural resources.	2.3 Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2.3 Environment and Natural Resources
<b>Aspect A4: Climate Change</b>		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.4 Addressing Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	2.4 Addressing Climate Change
<b>Main Category B. Social</b>		
<b>Employment and Labor Practices</b>		
<b>Aspect B1: Employment</b>		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment
B1.1	Total workforce by gender, employment type (e.g. full time or part time), age group and geographical region.	3.1 Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Reporting Guide		Section
<b>Aspect B2: Health and Safety</b>		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.5 Health and Safety
B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	3.5 Health and Safety
B2.2	Lost days due to work injury.	3.5 Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.5 Health and Safety
<b>Aspect B3: Development and Training</b>		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.4 Development and training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.4 Development and training
B3.2	The average training hours completed per employee by gender and employee category.	3.4 Development and training
<b>Aspect B4: Labor Standards</b>		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	3.2 Labor Standards
B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.2 Labor Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	3.2 Labor Standards

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Reporting Guide		Section
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	1.3 Supply Chain Management
B5.1	Number of suppliers by geographical region.	1.3 Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	1.3 Supply Chain Management
B5.3	Description of practices relating to identifying environmental and social risks at each link of the supply chain where the practices are being implemented, how they are implemented and monitored.	1.3 Supply Chain Management
B5.4	Description of practices relating to selecting suppliers to promote the use of green products and services where the practices are being implemented, how they are implemented and monitored.	1.3 Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	1.4 Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	1.4 Product Responsibility
B6.2	Number of products and service related complaints received and how they are dealt with.	1.6 Customer Services
B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.5 Intellectual property rights protection and R&D innovation
B6.4	Description of quality assurance process and recall procedures.	1.6 Customer Services
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	1.6 Customer Services

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Reporting Guide		Section
<b>Aspect B7: Anti-corruption</b>		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.2 Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.2 Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2 Anti-corruption
B7.3	Description of anti-corruption trainings provided to directors and employees.	1.2 Anti-corruption
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	1.7. Social contribution
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	1.7. Social contribution
B8.2	Resources contributed (e.g. money or time) to the focus area.	1.7. Social contribution

# INDEPENDENT AUDITOR'S REPORT

容诚 | RCHK

**Independent auditor's report to the shareholders of BaTeLab Co., Ltd.**

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

## Opinion

We have audited the financial statements of BaTeLab Co., Ltd. ("**the Company**") set out on pages 95 to 152, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

## Basis for opinion

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

# INDEPENDENT AUDITOR'S REPORT

## Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

<b>Revenue Recognition</b>	
Refer to Note 6 to the financial statements and the accounting policies on pages 115 to 116.	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>During the year ended 31 December 2025, the Company recognised revenue from sales of goods amounted to RMB584,123,000. The Company designs and sells a range of analog IC patterned wafers.</p> <p>Revenue is recognised when control of the products has been transferred, being when the products are delivered and accepted by customers.</p> <p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and is, therefore, subject to possible manipulation through the timing of revenue recognition to meet targets or expectations.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> <li>obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition;</li> <li>inspecting sales contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance, in order to assess the Company's revenue recognition policies with reference to the requirements of the prevailing accounting standards;</li> <li>testing, on a sample basis, specific revenue transactions recorded before and after the financial year-end date with goods acceptance notes, invoices and sales contracts (the "<b>Underlying Documentation</b>"), to assess whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts;</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## Key audit matter (continued)

Revenue Recognition (continued)	
Refer to Note 6 to the financial statements and the accounting policies on pages 115 to 116.	
The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"><li>obtaining confirmations, on a sample basis, from customers of the Company to confirm the sales transactions during the year and, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with Underlying Documentation; and</li><li>inspecting sales journals during the financial year that met certain risk-based criteria and comparing details of these journals with Underlying Documentation.</li></ul>

## Other matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 20 March 2025.

## Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

## Responsibilities of the directors and Audit Committee for the financial statements

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITOR'S REPORT

## Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the company audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the Company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the company audit. We remain solely responsible for our audit opinion.

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

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

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

### **Rongcheng (Hong Kong) CPA Limited**

*Certified Public Accountants*

Hong Ting

Practising Certificate Number: P07069

Hong Kong

25 March 2026

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	6	<b>584,123</b>	578,807
Cost of sales		<b>(281,871)</b>	(271,890)
Gross profit		<b>302,252</b>	306,917
Other income and net gain	7	<b>12,614</b>	34,839
Distribution costs		<b>(9,018)</b>	(6,893)
Administrative expenses		<b>(27,399)</b>	(31,693)
Research and development expenses		<b>(147,438)</b>	(129,220)
<b>Profit from operations</b>		<b>131,011</b>	173,950
Finance costs	8(a)	<b>(9,006)</b>	(7,990)
Profit before taxation	8	<b>122,005</b>	165,960
Income tax	9	<b>–</b>	641
<b>Profit for the year</b>		<b>122,005</b>	166,601
Other comprehensive expense			
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial asset measured at fair value through other comprehensive income ("FVOCI")		<b>(3,968)</b>	–
<b>Profit and total comprehensive income for the year</b>		<b>118,037</b>	166,601
<b>Earnings per share</b>	12		
Basic (RMB)		<b>1.97</b>	2.78
Diluted (RMB)		<b>1.96</b>	2.78

# STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in Renminbi)

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	13	58,339	62,114
Right-of-use assets	14	4,538	4,033
Intangible assets	15	532	619
Financial asset measured at FVOCI	16	26,032	30,000
Other non-current assets	17	164,162	61,073
		<b>253,603</b>	157,839
<b>Current assets</b>			
Inventories	18	466,997	315,402
Trade and other receivables	19	53,035	51,503
Prepayments	20	467,129	396,291
Restricted bank deposits	21	51,641	51,757
Financial asset measured at FVOCI	16	1,515	–
Cash and cash equivalents	22	546,884	636,020
		<b>1,587,201</b>	1,450,973
<b>Current liabilities</b>			
Loans and borrowings	23	236,769	320,173
Trade and other payables	24	315,686	277,667
Lease liabilities	25	1,501	3,986
		<b>553,956</b>	601,826
<b>Net current assets</b>		<b>1,033,245</b>	849,147
<b>Total assets less current liabilities</b>		<b>1,286,848</b>	1,006,986

# STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in Renminbi)

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities	25	3,108	1,061
Deferred tax liabilities	26(a)	921	921
		<b>4,029</b>	1,982
<b>NET ASSETS</b>			
		<b>1,282,819</b>	1,005,004
<b>CAPITAL AND RESERVES</b>			
Share capital	28(a)	63,000	60,000
Reserves	28(c)	1,219,819	945,004
<b>TOTAL EQUITY</b>			
		<b>1,282,819</b>	1,005,004

Approved and authorised for issue by the board of directors on 25 March 2026.

**Zhang Guangping**  
Chairman

**Li Yi**  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in Renminbi)

	Notes	Attributable to equity shareholders of the Company						Total equity
		Share capital	Share premium	Capital reserve	Investment	PRC	Retained profits	
					revaluation reserve	statutory reserves		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
		(note 28(a))	(note 28(c)(i))	(note 28(c)(ii))		(note 28(c)(iii))		
<b>Balance at 1 January 2024</b>		60,000	530,648	9,995	–	25,169	212,417	838,229
Profit and total comprehensive income for the year		–	–	–	–	–	166,601	166,601
Appropriation to reserves		–	–	–	–	4,831	(4,831)	–
Equity-settled share-based transactions	27	–	–	174	–	–	–	174
<b>Balance at 31 December 2024 and 1 January 2025</b>		60,000	530,648	10,169	–	30,000	374,187	1,005,004
Profit for the year		–	–	–	–	–	122,005	122,005
Other comprehensive expense for the year:								
Fair value loss on financial asset measured at FVOCI		–	–	–	(3,968)	–	–	(3,968)
<b>Total comprehensive (expense) income for the year</b>		–	–	–	(3,968)	–	122,005	118,037
Appropriation to reserves		–	–	–	–	1,500	(1,500)	–
Placing of shares, net	28	3,000	104,072	–	–	–	–	107,072
Equity-settled share-based transactions	27	–	–	52,706	–	–	–	52,706
<b>Balance at 31 December 2025</b>		63,000	634,720	62,875	(3,968)	31,500	494,692	1,282,819

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
<b>Profit before taxation</b>	<b>122,005</b>	165,960
Adjustments for:		
– Depreciation of property, plant and equipment	<b>6,512</b>	5,055
– Depreciation of right-of-use assets	<b>2,456</b>	3,334
– Amortisation of intangible assets	<b>87</b>	77
– Finance costs	<b>9,006</b>	7,990
– Interest income	<b>(14,468)</b>	(14,027)
– Equity-settled share-based transactions	<b>52,706</b>	174
– Impairment loss under expected credit loss model on trade and other receivables	<b>91</b>	568
– Impairment loss on inventories	<b>37,559</b>	8,570
– Foreign exchange loss (gain)	<b>14,247</b>	(7,267)
Operating cash flows before changes in working capital	<b>230,201</b>	170,434
Increase in inventories	<b>(189,154)</b>	(105,841)
(Increase) decrease in trade and other receivables	<b>(1,623)</b>	17,098
Decrease in restricted bank deposits	<b>116</b>	15,105
Increase in financial asset measured at FVOCI	<b>(1,515)</b>	–
Increase in prepayments	<b>(70,838)</b>	(132,968)
Increase in trade and other payables	<b>38,019</b>	29,166
<b>Cash generated from (used in) operations</b>	<b>5,206</b>	(7,006)
Interest received	<b>14,468</b>	14,027
<b>Net cash generated from operating activities</b>	<b>19,674</b>	7,021
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment and other non-current assets	<b>(129,770)</b>	(33,920)
Purchase of intangible assets	–	(25)
Purchase of financial asset measured at FVOCI	–	(30,000)
Purchase of property, plant and equipment	<b>(581)</b>	–
Release from payment for investment deposit	<b>24,525</b>	–
<b>Net cash used in investing activities</b>	<b>(105,826)</b>	(63,945)

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
<b>Financing activities</b>		
Capital element of lease rentals paid	(3,399)	(6,481)
Interest element of lease rentals paid	(102)	(273)
Proceeds from loans and borrowings	246,798	377,937
Repayment of loans and borrowings	(330,202)	(229,656)
Proceeds from issuance of H shares, net of issuance costs	107,072	–
Interest paid	(8,904)	(7,426)
<b>Net cash generated from financing activities</b>	<b>11,263</b>	134,101
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(74,889)</b>	77,177
<b>Cash and cash equivalents at beginning of the year</b>	<b>636,020</b>	550,838
Effect of foreign exchange rate changes	(14,247)	8,005
<b>Cash and cash equivalents at end of the year, represented by bank balances and cash</b>	<b>546,884</b>	636,020

# NOTES TO THE FINANCIAL STATEMENTS

## 1 General Information

BaTeLab Co., Ltd. (蘇州貝克微電子股份有限公司) (the “**Company**”) 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 address of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the Company’s annual report.

The Company is principally engaged in research, development and sales of high-performance analog integrated circuit (or analog IC) 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 financial statements are presented in Renminbi (“**RMB**”) which is same as the functional currency of the Company.

## 2 Basis of preparation of the financial statements

These financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have been prepared under the historical cost basis except that certain assets are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out in note 4.

## 3. Application of Amendments to HKFRS Accounting Standards

### (a) Application of amendments to HKFRS Accounting Standards

In the current year, the Company has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Company’s financial year beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)
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The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Company’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Application of Amendments to HKFRS Accounting Standards (continued)

### (b) New and amendments to HKFRS Accounting Standards issued but not yet effective

The Company has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the financial statements of the Company in the foreseeable future.

#### ***HKFRS 18 – Presentation and Disclosure in Financial Statements***

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions.

The application of the HKFRS 18 is not expected to have material impact on the financial performance and positions of the Company in terms of measurement. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information

### (a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Leasehold improvements	3–5 years
– Equipment and machinery	3–10 years
– Passenger vehicles	4 years
– Office equipment and furniture	3–5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses. Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (b) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- Software 3–10 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

### (c) Right-of-use assets

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Company enters into a lease in respect of a low-value item, the Company decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (c) Right-of-use assets (continued)

#### (i) *As a lessee (continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the unexpired term of lease.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

#### *Lease modification*

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

#### (ii) *As a lessor*

The Company determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments

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

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

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

#### *Financial assets*

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments (continued)

#### *Financial assets (continued)*

#### *Classification and subsequent measurement of financial assets (continued)*

A financial asset is held for trading if:

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

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### (ii) Receivables classified as at FVOCI

Subsequent changes in the carrying amounts for receivables classified as at FVOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these receivables had been measured at amortised cost. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of other reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments (continued)

#### *Financial assets (continued)*

##### *Classification and subsequent measurement of financial assets (continued)*

#### (iii) Equity instruments designated as at FVOCI

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

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

##### *Impairment of financial assets and other items subject to impairment assessment under HKFRS 9*

The Company performs impairment assessment under ECL model on financial assets (including trade and other receivables, restricted bank deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12-month ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments (continued)

#### *Financial assets (continued)*

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)*

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments (continued)

#### *Financial assets (continued)*

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)*

#### (ii) Definition of default

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

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

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

#### (iii) Credit-impaired financial assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments (continued)

#### *Financial assets (continued)*

#### *Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)*

##### (iv) Write-off policy

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

##### (v) Measurement and recognition of ECL

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

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

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

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (d) Financial instruments (continued)

#### *Financial assets (continued)*

##### *Derecognition of financial assets (continued)*

On derecognition of an investment in a receivables classified as at FVOCI, the cumulative gain or loss previously accumulated in the other reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

#### *Financial liabilities and equity instrument*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

##### *Financial liabilities*

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

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

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (e) Impairment of other non-current assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of assets in the CGU on a pro rata basis.

For assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (g) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Company recognises the related revenue. A contract liability is also recognised if the Company has an unconditional right to receive non-refundable consideration before the Company recognises the related revenue. In such cases, a corresponding receivable is also recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term time deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### (i) Employee benefits

#### (i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### (ii) *Share-based payments*

##### *Equity-settled share-based payment transactions*

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (capital reserve). At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

#### (iii) *Termination benefits*

Termination benefits are expensed at the earlier of when the group can no longer withdraw the offer of those benefits and when the group recognises costs for a restructuring.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (j) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

The Company recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

### (k) Revenue and other income

Income is classified by the Company as revenue when it arises from the sale of goods, the provision of services or the use by others of the Company's assets under leases in the ordinary course of the Company's business.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (k) Revenue and other income (continued)

The Company is the principal for its revenue transactions and recognises revenue on a gross basis, including the sales of electronic products that are sourced externally. In determining whether the Company acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Company's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Company's revenue and other income recognition policies are as follows:

#### (i) *Sale of goods and provision of services*

Revenue is recognised when the customer takes possession of and accepts the products and/or services.

#### (ii) *Dividends*

Dividend income is recognised in profit or loss on the date on which the group's right to receive payment is established.

#### (iii) *Interest income*

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### (iv) *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them.

Grants that compensate the Company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Company for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (l) Translation of foreign currencies

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

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

### (m) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

### (n) Related parties

(a) A person, or a close member of that person's family, is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Material Accounting Policy Information (continued)

### (n) Related parties (continued)

(b) An entity is related to the Company if any of the following conditions applies: (continued)

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 5 Accounting judgement and estimates

There is no significant effect on the amounts recognised in the financial statements arising from the judgments, apart from those involving estimations, made by management in the process of applying the Company's accounting policies. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### (i) Allowance for impairment of trade and other receivables

The Company's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Company's management reassesses the loss allowance at the period end.

### (ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at the end of the period to ensure inventory is shown at the lower of cost and net realisable value.

### (iii) Fair value measurement of financial instruments

As at 31 December 2025, the Company's unquoted equity instrument amounting to RMB26,032,000 (2024: RMB30,000,000) is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of this instrument.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Revenue and segment reporting

### (a) Revenue

#### (i) Disaggregation of revenue

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

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
– Analog IC patterned wafers	584,123	572,428
– Electronic components	–	6,379
	<b>584,123</b>	578,807

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 and electronic components that the Company will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of analog IC patterned wafers and electronic components 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 and electronic components.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 Revenue and segment reporting (continued)

### (b) Segment reporting (continued)

#### (i) Information about geographical area

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

#### (ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Company's revenue during the year is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	273,811	227,070
Customer B	107,140	–
Customer C	72,819	59,130
Customer D	N/A <sup>1</sup>	236,599

1 The corresponding revenue did not contribute over 10% of the total revenue of the Company.

## 7 Other income and net gain

	2025 RMB'000	2024 RMB'000
Interest income	14,468	14,027
Government grants (note)	9,747	12,770
Rental income	2,648	775
Net foreign exchange (loss)/gain	(14,247)	7,267
Others	(2)	–
	<b>12,614</b>	<b>34,839</b>

Note: The government grants 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 and additional deduction on input value-added tax. No other specific conditions are attached to the grant.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Profit before taxation

Profit before taxation is arrived at after charging:

	Note	2025 RMB'000	2024 RMB'000
<b>(a) Finance costs:</b>			
Interest on			
– loans and borrowings		8,904	7,717
– lease liabilities		102	273
Total interest expense		9,006	7,990
<b>(b) Staff costs:</b>			
Salaries, wages and other benefits		36,441	39,811
Contributions to retirement benefit scheme (note)		1,260	1,275
Equity-settled share-based payments	27	52,706	174
		90,407	41,260

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.

### (c) Other items:

	2025 RMB'000	2024 RMB'000
Cost of inventories	346,623	372,719
Depreciation:		
– owned property, plant and equipment	6,512	5,055
– right-of-use assets	2,456	3,334
Impairment loss (reversal of impairment loss) under expected credit loss model on trade and other receivables, net	91	(568)
Impairment loss on inventories	37,559	8,570
Research and development expenses (note)	147,438	129,220
Amortisation of intangible assets	87	77
Auditors' remuneration:		
– audit services	1,200	2,060
– other services	–	120

Note: During the year ended 31 December 2025, staff costs and depreciation expenses in research and development expenses amounted to RMB70,372,000 and RMB2,306,000, respectively (2024: RMB21,713,000 and RMB1,657,000) which are also included in the total amounts disclosed separately above.

# NOTES TO THE FINANCIAL STATEMENTS

## 9 Income tax

	2025 RMB'000	2024 RMB'000
<b>Current tax:</b>		
Provision for PRC income tax for the year	–	–
<b>Deferred tax:</b>		
Effect on deferred tax balances resulting from a change in tax rate	–	(641)
Income tax credit	–	(641)

The income tax credit for the year can be reconciled to the profit before taxation per the statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit before taxation	122,005	165,960
Notional tax on profit before taxation, calculated at the rates applicable in the PRC (note i)	30,501	41,490
Effect of preferential tax rate (note ii)	(6,497)	(22,370)
Effect of additional deduction on research and development expenses (note iii)	(24,122)	(19,281)
Effect on deferred tax balances resulting from a change in tax rate (note ii)	–	(641)
Tax effect of non-deductible expenses	118	161
Income tax credit	–	(641)

Notes:

- (i) 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.
- (ii) 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.

- (iii) The Company is entitled to a 100% super-deduction for qualified research and development expenses incurred from taxable income, in accordance with relevant regulations.

# NOTES TO THE FINANCIAL STATEMENTS

## 10 Directors' and Supervisors' emoluments

Directors' and Supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2025

	Salaries, allowances and benefits		Contributions to retirement		Total
	Directors' fees	in kind (note ii)	Discretionary bonuses	benefit scheme	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors</b>					
Mr. Li Zhen	–	244	420	15	679
Mr. Zhang Guangping	–	443	380	9	832
Mr. Li Yi	–	552	660	15	1,227
<b>Non-executive director</b>					
Mr. Kong Jianhua	–	–	–	–	–
<b>Independent non-executive directors</b>					
Mr. Zhao Heming	60	–	–	–	60
Mr. Wen Chengge	60	–	–	–	60
Mr. Ma Ming	60	–	–	–	60
Ms. Kang Yuanshu	60	–	–	–	60
<b>Supervisors (note i)</b>					
Mr. Chen Xingyu	–	–	–	–	–
Mr. Zhou Taotao	–	150	31	9	190
Mr. Zhou Cheng	–	293	77	9	379
	240	1,682	1,568	57	3,547

# NOTES TO THE FINANCIAL STATEMENTS

## 10 Directors' and Supervisors' emoluments (continued)

Directors' and Supervisors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (continued)

**Year ended 31 December 2024**

	Directors' fees	Salaries, allowances and benefits in kind (note ii)	Discretionary bonuses	Contributions to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors</b>					
Mr. Li Zhen	–	486	420	15	921
Mr. Zhang Guangping	–	603	815	9	1,427
Mr. Li Yi	–	560	800	15	1,375
<b>Non-executive directors</b>					
Mr. Kong Jianhua	–	–	–	–	–
Mr. Zhou Yufeng (resigned on 15 April 2024)	–	–	–	–	–
<b>Independent non-executive directors</b>					
Mr. Zhao Heming	60	–	–	–	60
Mr. Wen Chengge	60	–	–	–	60
Mr. Ma Ming	60	–	–	–	60
Ms. Kang Yuanshu	60	–	–	–	60
<b>Supervisors (note i)</b>					
Mr. Chen Xingyu	–	–	–	–	–
Mr. Zhou Taotao	–	148	35	9	192
Mr. Zhou Cheng	–	281	90	9	380
	240	2,078	2,160	57	4,535

Notes:

- (i) The resolution regarding the abolition of the Supervisory Committee was duly passed by the shareholders as a special resolution of the Company. For details, please refer to the announcement dated 27 June 2025.
- (ii) Benefits in kind comprise contributions made by the Company to the following mandatory schemes in the PRC for its directors and supervisors: medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund.

Mr. Zhang Guangping is also the general manager of the Company and his emoluments disclosed above include those for services rendered by him as the general manager.

During the year, there were no amounts paid or payable by the Company to the directors or any of the five highest paid individuals set out in note 11 below as an inducement to join or upon joining the Company or as compensation for loss of office.

# NOTES TO THE FINANCIAL STATEMENTS

## 11 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries, allowances and benefits in kind	<b>3,397</b>	3,408
Discretionary bonuses	<b>1,740</b>	2,032
Contributions to retirement benefit scheme	<b>86</b>	86
Share-based payments	<b>52,706</b>	121
	<b>57,929</b>	5,647

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	<b>2025</b>	2024
	<b>Number of individuals</b>	Number of individuals
HK\$		
1,000,001 – 1,500,000	–	1
1,500,001 – 2,000,000	<b>1</b>	1
3,000,001 – 3,500,000	<b>1</b>	1
55,000,001 – 60,000,000	<b>1</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

## 12 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 RMB122,005,000 (2024: RMB166,601,000) and the weighted average number of ordinary shares of 61,792,000 (2024: 60,000,000) in issue during the year.

### (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 RMB122,005,000 (2024: RMB166,601,000) and the weighted average number of ordinary shares of 62,164,000 shares (2024: 60,025,000) after adjusting for the effect of all dilutive potential ordinary shares under the Company's employee restricted share unit ("**RSU**") scheme during the year ended 31 December 2025.

#### *Weighted average number of ordinary shares (diluted)*

	<b>2025</b>	2024
	<b>'000</b>	'000
Weighted average number of ordinary shares at 31 December	<b>61,792</b>	60,000
Effect of deemed issue of shares under the employee RSU scheme	<b>372</b>	25
Weighted average number of ordinary shares (diluted) at 31 December	<b>62,164</b>	60,025

# NOTES TO THE FINANCIAL STATEMENTS

## 13 Property, plant and equipment

	Equipment and machinery RMB'000	Passenger vehicles RMB'000	Office equipment and furniture RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>Cost:</b>						
At 1 January 2024	11,209	2,688	2,132	42,097	11,429	69,555
Additions	782	–	232	4,197	–	5,211
Transfer	17,355	–	–	(19,206)	1,480	(371)
At 31 December 2024	29,346	2,688	2,364	27,088	12,909	74,395
At 1 January 2025	<b>29,346</b>	<b>2,688</b>	<b>2,364</b>	<b>27,088</b>	<b>12,909</b>	<b>74,395</b>
Additions	<b>549</b>	–	<b>32</b>	–	<b>2,156</b>	<b>2,737</b>
Disposal	–	–	<b>(3)</b>	–	–	<b>(3)</b>
At 31 December 2025	<b>29,895</b>	<b>2,688</b>	<b>2,393</b>	<b>27,088</b>	<b>15,065</b>	<b>77,129</b>
<b>Accumulated depreciation:</b>						
At 1 January 2024	(3,204)	(980)	(1,105)	–	(1,937)	(7,226)
Charge for the year	(1,546)	(638)	(321)	–	(2,550)	(5,055)
At 31 December 2024	(4,750)	(1,618)	(1,426)	–	(4,487)	(12,281)
At 1 January 2025	<b>(4,750)</b>	<b>(1,618)</b>	<b>(1,426)</b>	–	<b>(4,487)</b>	<b>(12,281)</b>
Charge for the year	<b>(2,656)</b>	<b>(529)</b>	<b>(296)</b>	–	<b>(3,031)</b>	<b>(6,512)</b>
Disposal	–	–	<b>3</b>	–	–	<b>3</b>
At 31 December 2025	<b>(7,406)</b>	<b>(2,147)</b>	<b>(1,719)</b>	–	<b>(7,518)</b>	<b>(18,790)</b>
<b>Net book value:</b>						
At 31 December 2024	24,596	1,070	938	27,088	8,422	62,114
At 31 December 2025	<b>22,489</b>	<b>541</b>	<b>674</b>	<b>27,088</b>	<b>7,547</b>	<b>58,339</b>

The Company's property, plant and equipment are located in the PRC.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 Right-of-use assets

	Properties leased for own use carried at cost (i) RMB'000
<b>Cost:</b>	
At 1 January 2024	12,352
Additions	494
At 31 December 2024 and 1 January 2025	<b>12,846</b>
Additions	<b>4,028</b>
Write off	<b>(3,667)</b>
Lease modification	<b>(1,067)</b>
At 31 December 2025	<b>12,140</b>
<b>Accumulated depreciation:</b>	
At 1 January 2024	(5,479)
Charge for the year	(3,334)
At 31 December 2024 and 1 January 2025	<b>(8,813)</b>
Charge for the year	<b>(2,456)</b>
Write off	<b>3,667</b>
At 31 December 2025	<b>(7,602)</b>
<b>Net book value:</b>	
At 31 December 2024	4,033
At 31 December 2025	<b>4,538</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 14 Right-of-use assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	2,456	3,334
Interest on lease liabilities	102	273
Expense relating to short-term leases	–	51

During the year ended 31 December 2025, additions to right-of-use assets of the Company were RMB4,028,000 (2024: RMB494,000). This amount was primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 22(c), 25 and 29(b), respectively.

### (i) Properties leased for own use

The Company has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 3 years. None of the leases include variable lease payments.

Some leases include an option to terminate the lease before the end of the contract term. The Company considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

# NOTES TO THE FINANCIAL STATEMENTS

## 15 Intangible assets

	Software RMB'000
<b>Cost:</b>	
At 1 January 2024	467
Additions	322
At 31 December 2024 and 1 January 2025	<b>789</b>
Additions	-
At 31 December 2025	<b>789</b>
<b>Accumulated amortisation:</b>	
At 1 January 2024	(93)
Charge for the year	(77)
At 31 December 2024 and 1 January 2025	<b>(170)</b>
Charge for the year	<b>(87)</b>
At 31 December 2025	<b>(257)</b>
<b>Net book value:</b>	
At 31 December 2024	619
At 31 December 2025	<b>532</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 16 Financial asset measured at fair value through other comprehensive income

	2025 RMB'000	2024 RMB'000
Investment in a Limited Liability Partnership (“LLP”) (note i)	26,032	30,000
Bills receivables, at FVOCI (note ii)	1,515	–
	27,547	30,000
Less: Non-current portion	(26,032)	(30,000)
	1,515	–

Notes:

- (i) The investment as at 31 December 2025 represents 29.4% (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 (2024: nil) were received on this investment during the year.
- (ii) An insignificant portion of the Company’s bills receivables are settled via bank acceptance bills issued by Loan Prime Rate (LPR)-quoting banks in the PRC, and the Company does not endorse or transfer such bills to suppliers as at 31 December 2025. Given the extremely high credit standing of the issuing banks, such bills are typically discounted on a non-recourse basis. Accordingly, such bills receivables were considered as within the business model to hold to collect contractual cash flows and to sell business model, and classified as receivables at FVOCI.

## 17 Other non-current assets

	2025 RMB'000	2024 RMB'000
Prepayments for construction and property, plant and equipment	164,162	36,548
Investment deposit (note)	–	24,525
	164,162	61,073

Note: The investment deposit represented deposit made by the Company to an independent third party for a proposed investment in a semiconductor manufacturing project. The project was subsequently suspended in early 2025, and the full deposit was refunded to the Company during the year ended 31 December 2025.

## 18 Inventories

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

	2025 RMB'000	2024 RMB'000
Raw materials	424,275	194,149
Finished goods	42,722	121,253
	466,997	315,402

# NOTES TO THE FINANCIAL STATEMENTS

## 18 Inventories (continued)

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

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	243,757	262,888
Impairment of inventories	37,559	8,570
	<b>281,316</b>	271,458
Cost of inventories directly recognised as research and development expenses	65,307	101,261
	<b>346,623</b>	372,719

## 19 Trade and other receivables

	2025 RMB'000	2024 RMB'000
Amounts due from third parties:		
Bills receivables, net of loss allowance	987	–
Trade receivables, net of loss allowance	51,404	50,541
	<b>52,391</b>	50,541
Other receivables and deposits, net of loss allowance	644	962
	<b>53,035</b>	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:

	2025 RMB'000	2024 RMB'000
Within 1 month	40,416	20,482
1 to 2 months	84	20,132
2 to 3 months	1,055	9,415
Over 3 months but less than 12 months	10,836	512
	<b>52,391</b>	50,541

Details on the Company's credit policy and credit risk arising from trade and other receivables are set out in note 29.

# NOTES TO THE FINANCIAL STATEMENTS

## 20 Prepayments

	2025 RMB'000	2024 RMB'000
Prepayments to suppliers (notes i and ii)	465,879	396,053
Others	1,250	238
	<b>467,129</b>	396,291

Notes:

- (i) As at 31 December 2025, the Company had made prepayments for purchases of patterned wafer of approximately RMB264,163,000 (2024: RMB299,840,000) to an independent supplier ("**Supplier A**").

During the year ended 31 December 2025, the Company had recognised purchases with Supplier A of approximately RMB321,814,000. These ordered goods had also been sold to the Company's customers. In accordance with the supply schedule, the remaining ordered goods will be delivered to the Company during the year 2026.

- (ii) Apart from prepayments to Supplier A, as at 31 December 2025, the Company had made prepayments mainly to one independent supplier ("**Supplier B**") to purchase patterned wafer of approximately RMB186,218,000 (2024: RMB94,240,000).

During the year ended 31 December 2025, the Company has recognised purchases with Supplier B of approximately RMB152,351,000. These ordered goods had also been sold to the Company's customers. In accordance with the supply schedule, the remaining ordered goods will be delivered to the Company during the year 2026.

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

The directors of the Company had assessed the background, credibility and supply capacity of all the above suppliers and considered that the suppliers are mainly large-scale enterprises in the People's Republic of China, Taiwan Province and South Korea and local state-owned procurement platforms, which have no default history and very low credit risk. The directors of the Company had assessed the financial capabilities of the above suppliers and identified no potential financial difficulties of these suppliers. Therefore, the directors of the Company considered that the Company is able to recover the prepayments from the above suppliers.

## 21 Restricted bank deposits

	2025 RMB'000	2024 RMB'000
Restricted bank deposits	51,641	51,757

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

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Cash and cash equivalents and other cash flow information

### (a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	546,884	636,020

### (b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Loans and borrowings RMB'000 (note 23)	Lease liabilities RMB'000 (note 25)	Total RMB'000
<b>At 1 January 2025</b>	320,173	5,047	325,220
<b>Changes from financing cash flows:</b>			
Proceeds from loans and borrowings	246,798	–	246,798
Repayment of loans and borrowings	(330,202)	–	(330,202)
Capital element of lease rentals paid	–	(3,399)	(3,399)
Interest element of lease rentals paid	–	(102)	(102)
Interest paid	(8,904)	–	(8,904)
Total changes from financing cash flows	(92,308)	(3,501)	(95,809)
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	–	4,028	4,028
Lease modification	–	(1,067)	(1,067)
Interest expenses (note 8(a))	8,904	102	9,006
Total other changes	8,904	3,063	11,967
<b>At 31 December 2025</b>	236,769	4,609	241,378

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Cash and cash equivalents and other cash flow information (continued)

### (b) Reconciliation of liabilities arising from financing activities: (continued)

	Loans and borrowings RMB'000 (note 23)	Lease liabilities RMB'000 (note 25)	Total RMB'000
<b>At 1 January 2024</b>	171,601	11,034	182,635
<b>Changes from financing cash flows:</b>			
Proceeds from loans and borrowings	377,937	–	377,937
Repayment of loans and borrowings	(229,656)	–	(229,656)
Capital element of lease rentals paid	–	(6,481)	(6,481)
Interest element of lease rentals paid	–	(273)	(273)
Interest paid	(7,426)	–	(7,426)
Total changes from financing cash flows	140,855	(6,754)	134,101
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	–	494	494
Interest expenses	7,717	273	7,990
Total other changes	7,717	767	8,484
<b>At 31 December 2024</b>	320,173	5,047	325,220

### (c) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	–	51
Within financing cash flows	3,501	6,754
	<b>3,501</b>	6,805

This amount relates to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	3,501	6,805

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Loans and borrowings

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

	2025 RMB'000	2024 RMB'000
Unsecured bank loans and borrowings, within 1 year or on demand	236,769	320,173

As at 31 December 2025, unsecured bank loans and borrowings carried interest at fixed rates ranging from 2.43% to 3.60% (2024: 2.75% to 3.60%) per annum.

The bank loans and borrowings were denominated in RMB as at 31 December 2025 and 2024.

As of the end of each reporting period, the Company had the following undrawn borrowing facilities:

	2025 RMB'000	2024 RMB'000
Variable rate – unsecured, expiring within one year, reviewed annually	1,473,052	1,300,000

## 24 Trade and other payables

	2025 RMB'000	2024 RMB'000
Amounts due to third parties:		
Trade payables	5,349	4,897
Bills payable	194,663	211,666
	200,012	216,563
Contract liabilities (i)	87,837	40,138
Other payables and accruals	27,837	20,966
Trade and other payables	315,686	277,667

### (i) Movements in contract liabilities:

	2025 RMB'000	2024 RMB'000
<b>Sales of goods</b>		
Balance at the beginning of the year	40,138	7,538
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(28,322)	(7,538)
Increase in contract liabilities as a result of receiving consideration for sales of goods in the next year	76,021	40,138
Balance at the end of the year	87,837	40,138

# NOTES TO THE FINANCIAL STATEMENTS

## 24 Trade and other payables (continued)

- (a) All other payables are expected to be settled within one year or are repayable on demand.

Trade payables are non-interest bearing and are normally settled on a credit term of six months. The Company has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Bills payable were bills of acceptance with maturity of less than one year.

- (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:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>12,754</b>	110,802
After 3 months but within 6 months	<b>134,277</b>	105,761
After 6 months but within 12 months	<b>52,981</b>	–
	<b>200,012</b>	216,563

## 25 Lease liabilities

As of the end of each reporting period, the lease liabilities were repayable as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>1,501</b>	3,986
After 1 year but within 2 years	<b>753</b>	970
After 2 years but within 5 years	<b>2,355</b>	91
	<b>3,108</b>	1,061
	<b>4,609</b>	5,047

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Income tax in the statement of financial position

### (a) Deferred tax liabilities recognised:

#### (i) *Movement of each component of deferred tax liabilities*

The component of deferred tax liabilities recognised in the statement of financial position and the movements during the year are as follow:

Deferred tax arising from:	Depreciation allowances in excess of the related depreciation RMB'000
<b>At 1 January 2024</b>	1,562
Effect on deferred tax balances resulting from a change in tax rate (note 9)	(641)
<b>At 31 December 2024, 1 January 2025 and 31 December 2025</b>	<b>921</b>

#### (ii) *Reconciliation to the statement of financial position*

	2025 RMB'000	2024 RMB'000
Net deferred tax liabilities recognised in the statement of financial position	921	921

# NOTES TO THE FINANCIAL STATEMENTS

## 27 Equity-settled share-based transaction

On 17 February 2023, Suzhou Backward Investment Partnership (Limited Partnership) (“**Backward Partnership**”), which is one of the Company’s shareholders, entered into a capital injection agreement (the “**agreement**”) with the Company’s employee Mr. Shi Chao for his contribution to the Company and incentivising him for his future performance. Pursuant to the agreement, Mr. Shi Chao agreed to subscribe for the increased registered capital of RMB6,700 of Backward Partnership at a subscription price of RMB6,700 as limited partner, which represented 5.58% of Backward Partnership’s equity, equivalent to indirect interest in approximately 300,000 shares of the Company. The subscription price was fully paid on 27 March 2023.

The Company recognised this transaction as equity-settled share-based payments with no vesting conditions in recognition of Mr. Shi Chao’s contribution to the Company. The Company recognised a share-based compensation expenses of RMB9,995,300, being the difference between the fair value of equity interest of the Company and the consideration received by Backward Partnership.

On 11 November 2025, Suzhou Backward Electronic Co., Ltd. (“**Backward Electronic**”), a general partner of Backward Partnership and founder of the Company, which is in turn one of the Company’s shareholders, entered into a capital injection agreement with the Company’s employee Mr. Shi Chao for his contribution to the Company and incentivising him for his future performance. Pursuant to the agreement, Mr. Shi Chao agreed to subscribe for the increased registered capital of RMB250,000 of Backward Electronic at a subscription price of RMB250,000, which represented 11.11% of Backward Electronic’s equity interest, equivalent to indirect interest in approximately 1,222,000 shares of the Company. The subscription price was fully paid in November 2025.

The transaction is, in substance, a transfer of equity interests from the other shareholders of Backward Electronic to Mr. Shi Chao. The Company recognised this transaction as equity-settled share-based payments with no vesting conditions in recognition of Mr. Shi Chao’s contribution to the Company. The Company recognised a share-based compensation expenses of approximately RMB50,951,000, being the difference between the fair value of equity interest of the Company and the consideration received by Backward Electronic. It has no impact on cash flow, the number of issued shares of the Company.

### Restricted Share Unit Scheme

The Company has adopted a share award scheme on 2 December 2024 (the “**Share Award Scheme**”) for the purpose of incentivising 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 FINANCIAL STATEMENTS

## 27 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
<b>RSUs granted to the employee:</b>			
– 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 1 January 2024	–
Granted during the year	371,876
At 31 December 2024, 1 January 2025 and 31 December 2025	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 at measurement date	RMB24.44 to RMB25.02
Share price	RMB26.78
Exercise price	RMB1.00
Expected dividend yield	0%

The expenses recognised in the statement of profit or loss and other comprehensive income in connection with the Share Award Scheme granted is approximately RMB1,755,000 (2024: RMB174,000) for the year ended 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 Capital, reserves and dividends

### (a) Share capital

Issued and fully paid:

	Numbers 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, 31 December 2024 and 1 January 2025	60,000	60,000	530,648	590,648
Placing of shares (note)	3,000	3,000	104,072	107,072
At 31 December 2025	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 both years.

### (c) Nature and purpose of reserves

#### (i) Share premium

Under PRC rules and regulations, share premium is non-distributable other than in liquidation and may be utilised for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 Capital, reserves and dividends (continued)

### (c) Nature and purpose of reserves (continued)

#### (ii) Capital reserve

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 27) 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.

#### (iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Company.

Appropriation to the PRC statutory reserves is at least 10% of the Company's net profit each year until the reserve balance reaches 50% of its registered capital. The PRC statutory reserves can be used to make good of previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the reserve balance after such conversion is not less than 25% of the entity's registered capital.

PRC statutory reserves are not distributable to shareholders.

### (d) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Company monitors its capital structure on the basis of the debt-to-equity ratio. For this purpose, the Company defines debt as total loans and borrowings and lease liabilities and defines equity as all components of equity attributable to equity shareholders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments

During 2025, the Company's strategy, which was unchanged from 2024, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the group's business. The group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk is primarily attributable to trade and other receivables, bills receivables and prepayments.

The Company's exposure to credit risk arising from cash and cash equivalents and restricted bank deposits is limited because the counterparties are state-owned banks and reputable commercial banks for which the Company considers to have low credit risk.

#### *Trade receivables*

The Company has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing. Normally, the Company does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Company has significant exposure to individual customers. The trade receivables from the Company's five largest customers as at 31 December 2025 represented 99.81% of the total trade receivables (2024: 99.72%), while 78.04% of the total trade receivables were due from the largest single customer (2024: 96.87%).

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (a) Credit risk (continued)

#### *Trade receivables (continued)*

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	5	54,110	2,706

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	5	53,201	2,660

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (a) Credit risk (continued)

#### *Bills receivables*

The Company measures the loss allowance for bills receivables at an amount equal to 12-month ECLs.

#### *Other receivables and deposits*

For other receivables and deposits, the Company has assessed whether there has been a significant increase in credit risk since initial recognition. The Company considers that there is increase in credit risk of these amounts since initial recognition and the Company provided impairment based on 12-month ECLs.

#### *Prepayments*

Credit risk in respect of prepayments is limited since the balance mainly includes prepayments to reputable suppliers.

The Company measures loss allowances for prepayments at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs. The Company assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 for prepayments as at 31 December 2025 and 2024.

The ECL allowance for trade and other receivables as at 31 December 2025 and 2024 as follows:

	<b>Trade receivables</b>	<b>Bills receivables</b>	<b>Other receivables</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	3,224	–	45	3,269
Impairment losses reversed	(564)	–	(4)	(568)
As at 31 December 2024 and 1 January 2025	2,660	–	41	2,701
Impairment losses recognised/(reversed)	46	52	(7)	91
As at 31 December 2025	2,706	52	34	2,792

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (b) Liquidity risk

The Company's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Company can be required to pay.

	At 31 December 2025					Balance sheet carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	
Loans and borrowings	2.82%	240,158	–	–	240,158	236,769
Trade and other payables	–	315,686	–	–	315,686	315,686
Lease liabilities	4.12%	1,635	845	2,482	4,962	4,609
		557,479	845	2,482	560,806	557,064

	At 31 December 2024					Balance sheet carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Weighted average interest rate %	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	
Loans and borrowings	2.97%	326,560	–	–	326,560	320,173
Trade and other payables	–	277,667	–	–	277,667	277,667
Lease liabilities	4.22%	4,097	992	91	5,180	5,047
		608,324	992	91	609,407	602,887

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (c) Market risk

#### (i) Currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Exposure to foreign currencies			
	2025		2024	
	United State dollar ("US\$") RMB'000	Hong Kong dollar ("HK\$") RMB'000	US\$ RMB'000	HK\$ RMB'000
Cash and cash equivalents	403,046	1,610	1	344,133

#### Sensitivity analysis

The Company is mainly exposed to US\$ and HK\$.

The following table details the Company's sensitivity to a 3% (2024: 3%) increase and decrease in RMB against the relevant foreign currencies. 3% (2024: 3%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit before tax where RMB strengthen 3% (2024: 3%) against the relevant currency. For a 3% (2024: 3%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit before tax and the amounts below would be negative.

	2025 RMB'000	2024 RMB'000
Effect on profit before taxation:		
US\$	12,091	–
HK\$	48	10,324

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises primarily from cash at bank, restricted bank deposits and interest-bearing loans and borrowings. The Company's interest-bearing financial instruments at variable rates as at 31 December 2025 and 2024 are primarily the cash at bank, and the cash flow interest rate risk arising from the change of market interest rate on these balances is not considered significant.

The Company's interest rate profile as monitored by management is set out below.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

The Company's interest-bearing loans and borrowings, lease liabilities, restricted bank deposits and cash and cash equivalents and interest rates at the end of each reporting period are set out as follows:

	2025		2024	
	Effective interest rate		Effective interest rate	
		RMB'000		RMB'000
<b>Fixed rate instruments</b>				
Loans and borrowings	2.43% – 3.60%	236,769	2.75% – 3.60%	320,173
Lease liabilities	3.50% – 4.35%	4,609	4.20% – 4.35%	5,047
		<b>241,378</b>		<b>325,220</b>
<b>Variable rate instruments</b>				
Restricted bank deposits	0.25% – 1.30%	51,641	0.25% – 1.30%	51,757
Cash and cash equivalents	0.01% – 4.34%	546,884	0.01% – 4.31%	636,020
		<b>598,525</b>		<b>687,777</b>

#### Sensitivity analysis

At 31 December 2025 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Company's profit after tax and accumulated losses or retained profits as follows.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax for the year RMB'000	Increase/ (decrease) in accumulated losses/retained profits for the year RMB'000
At 31 December 2025			
Basis points	100	5,985	5,985
Basis points	(100)	(5,985)	(5,985)
At 31 December 2024			
Basis points	100	6,878	6,878
Basis points	(100)	(6,878)	(6,878)

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (c) Market risk (continued)

#### (iii) Other price risk

The Company is exposed to equity price risk through its investment in financial asset measured at FVOCI. For financial asset measured at FVOCI – LLP, the investee is operating in semiconductor industry sector. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

#### *Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. If the price of the respective equity investments had been 10% (2024: 10%) higher/lower, capital reserve would increase/decrease by approximately RMB2,603,000 (2024: RMB3,000,000) as a result of the changes in fair value of financial asset measured at FVOCI – LLP.

### (d) Fair value measurement

#### (i) Financial assets and liabilities measured at fair value

##### *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 valuations: 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 valuations: 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 valuations: Fair value measured using significant unobservable inputs

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (d) Fair value measurement (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

##### Fair value hierarchy (continued)

The Company has a team headed by the finance manager performing valuations for the financial instruments. 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.

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial asset at FVOCI – bills receivables	1,515	–	1,515	–
Financial asset at FVOCI – LLP	26,032	–	–	26,032

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial asset at FVOCI – LLP	30,000	–	30,000	–

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2. During the year ended 31 December 2025, the financial asset at FVOCI – LLP was transferred from Level 2 to Level 3 of the fair value hierarchy due to a lack of observable market transactions and price information. The Company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 Financial risk management and fair value of financial instruments (continued)

### (d) Fair value measurement (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

##### Fair value hierarchy (continued)

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

Financial instruments	Fair value hierarchy	Fair value as at		Valuation technique and key inputs
		31/12/2025 RMB'000	31/12/2024 RMB'000	
Financial asset at FVOCI – investment in LLP	Level 3 (2024: Level 2)	26,032	30,000	Binomial Option Pricing Model – Key unobservable inputs: expected volatility of 44% (the higher the expected volatility, the higher the value) and risk-free rate of 1.72% (the higher the risk-free rate, the lower the value).  (2024: latest round of financing price)

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

	RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Transfer to level 3	30,000
Total losses in other comprehensive income	(3,968)
At 31 December 2025	26,032

# NOTES TO THE FINANCIAL STATEMENTS

## 30 Commitments

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	49,772	66,376

## 31 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 as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,239	1,649
Discretionary bonuses	1,460	2,035
Contributions to retirement benefit scheme	39	39
	2,738	3,723

## 32 Major non-cash transaction

During the year ended 31 December 2025, the Company entered into new arrangement in respect of premises (2024: premises). Right-of-use assets and lease liabilities of approximately RMB4,028,000 (2024: RMB494,000) were recognised at the commencement of the lease.

During the year ended 31 December 2025, the Company modified a tenancy agreement (2024: nil), and therefore recognised a deduction to right-of-use assets and lease liabilities of RMB1,067,000 (2024: nil).

## 33 Change in presentation of comparatives

Certain comparative figures of the financial statements were re-presented to conform with the current year's presentation.