

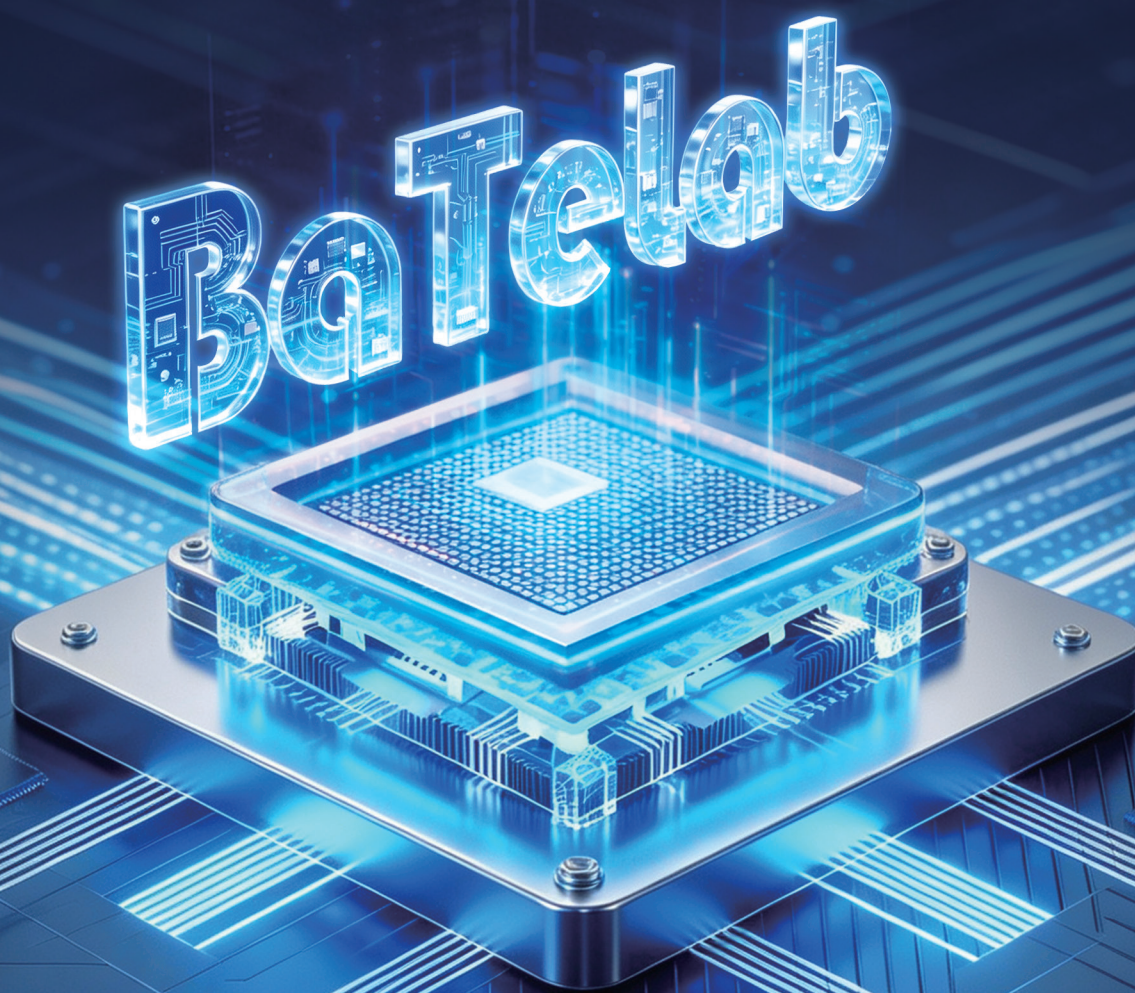
BaTelab

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



2026 Interim Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Zhang Guangping (張廣平) (*Chairman*)

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)

Authorized Representatives

Mr. Zhang Guangping (張廣平)

Mr. Chung Ming Fai (鍾明輝)

Special Board Committees

Audit Committee

Mr. Ma Ming (馬明) (*Chairman*)

Mr. Zhao Heming (趙鶴鳴)

Mr. Wen Chengge (溫承革)

Remuneration and Evaluation Committee

Mr. Zhao Heming (趙鶴鳴) (*Chairman*)

Mr. Li Yi (李一)

Mr. Ma Ming (馬明)

Nomination Committee

Mr. Wen Chengge (溫承革) (*Chairman*)

Mr. Zhang Guangping (張廣平)

Ms. Kang Yuanshu (康元書)

Strategy Committee

Mr. Li Zhen (李真) (*Chairman*)

Mr. Zhang Guangping (張廣平)

Mr. Li Yi (李一)

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

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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

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FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of BaTeLab Co., Ltd. (the “**Company**” or “**we**”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2026 (the “**Reporting Period**”) as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	335,896	291,701
Gross profit	180,612	150,970
Profit from operations	110,850	82,294
Profit for the period	106,642	77,148
Earnings per share (basic and diluted) (RMB)	Basic: 1.693 Diluted: 1.683	Basic: 1.274 Diluted: 1.266

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Total assets	1,932,568	1,840,804
Total liabilities	542,902	557,985
Net assets	1,389,666	1,282,819

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Market Overview

In the first half of 2026, the global analog integrated circuit (or analog IC) industry demonstrated a development trend generally characterized by a coexistence of cyclical recovery and structural opportunities, with structural growth significantly outweighing overall cyclical fluctuations. On the demand side, the core drivers of the industry growth were concentrated in the two major segments of AI infrastructure construction and global energy transition, with emerging downstream sectors continuously releasing incremental demand. Meanwhile, the recovery of traditional consumer electronics markets remained moderate, with intensifying competition within the industry and overall demand under pressure. On the supply side, analog chip foundry capacity remained tight, particularly as capacity expansion for high-end analog chips was constrained and implementation cycle was relatively long; the industry landscape of capacity shortages is expected to continue.

At present, the rapid development of emerging industries centered on computing power and new energy is bringing long-term and certain incremental structural growth to the analog chip industry. Compared with the zero-sum competition for existing share in traditional markets, these emerging segments are not only continuously creating new segmental demand and expanding the overall market size, but also effectively broadening the growth boundaries of the analog chip industry and significantly opening up its long-term development space, thereby becoming the core driver of medium- to long-term industry growth.

Business Overview

Based on the current industry landscape and the long-term development trends of the global analog chip market, the Company remains deeply committed to the core segment of high-end industrial-grade analog chips. Leveraging a flexible patterned wafers delivery model, the Company steadily builds robust and sustainable core competitive barriers. On the technology front, the Company is firmly advancing the development of full-stack technical capabilities, with the strategic goal of achieving integrated progress in tool iteration, chip design, and process research and development (“**R&D**”). By leveraging self-developed IP throughout the entire R&D process, the Company is steadily achieving independent and controllable core technologies and R&D chains, and is committed to becoming an analog chip company with global market competitiveness.

During the Reporting Period, the Company continued to iterate its semi-automated chip design systems based on machine learning, consistently launching new industrial-grade analog chip products in an efficient and cost-effective R&D model, while deeply implementing a customer demand-oriented market expansion strategy. Leveraging its differentiated R&D and product advantages, the Company further consolidated its competitive edge and stabilized its earnings foundation in the industrial-grade analog chip sector, where R&D costs are highly sensitive. At the same time, the Company precisely captured structural market opportunities arising from emerging industries such as computing power and new energy, fully leveraging its technological and product heritage to continuously improve quality and efficiency, thereby steadily enhancing its overall profitability and operational quality.

For the Reporting Period, the Company achieved revenue of approximately RMB335.9 million, representing a year-on-year increase of approximately 15.2%, with a gross profit margin of approximately 53.8%.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business and Products

The Company is one of the leading providers of industrial-grade analog IC patterned wafers in China. Leveraging its self-developed electronic design automation (“EDA”) tools and reusable intellectual property (“IP”) libraries, the Company’s principal products are analog IC patterned wafers incorporating complete circuit architectures. Downstream customers can rapidly complete mass production of single-chip ICs through standardized packaging and testing processes, offering core advantages of efficient implementation and fast mass production. The Company focuses on the R&D and sales and marketing of analog ICs. Leveraging its longstanding technical accumulation in the analog IC field, the Company has established an efficient full-process R&D platform covering “EDA + IP + Chip design”, built a comprehensive product matrix centered on power management and signal chain chips, and continues to expand towards a full range of industrial-grade analog chips.

As of the end of the Reporting Period, the Company has more than 1,000 product models on sale, which are widely applied in diverse fields such as industrial automation, industrial Internet of Things, industrial lighting, automotive electronics, medical equipment, smart instrumentation, communications, power, energy storage and high-end consumer electronics, with end-application scenarios continuing to expand. In terms of technology R&D, as of 30 June 2026, the Company held a total of 161 invention patents both domestically and internationally, with multiple new core circuit design patents added during the Reporting Period, further strengthening its technology R&D barriers. The Company has accumulated nearly 900 IP modules at present. Meanwhile, by leveraging deep strategic partnerships with major wafer foundries, it continues to expand into high-value-added end-application markets such as industrial, automotive and communications.

The Company’s independently developed IP modules cover 12 analog IC design core functions and are applicable to 9 mainstream core process technology platforms. The series of products developed based on diversified process platforms combine core advantages such as high precision, low power consumption, high adaptability and high performance, with outstanding product competitiveness. During the Reporting Period, these products helped the Company build a solid revenue foundation and ensure steady growth in results.

Outlook

Looking ahead to the second half of the year and beyond, the structural growth trend in the analog chip industry remains clear. The Company will remain focused on its core business of high-end industrial-grade analog chips, leveraging its existing technology and product base to capture incremental market opportunities in the computing power and new energy sectors. It will continue to iterate and upgrade its existing products in close alignment with downstream customer needs, while strategically developing innovative products for emerging application scenarios, thereby continuously expanding its market space.

On the capacity side, the tight capacity situation for high-end analog chips is expected to persist, and stable capacity supply together with process adaptability will remain core competitive advantages for enterprises. The Company will continue to support the construction of Nantong wafer fab and deepen its cooperation with major wafer foundries to ensure stable capacity supply. At the same time, it will continue to refine its process adaptability to further enhance the level of supply chain security.

MANAGEMENT DISCUSSION AND ANALYSIS

Going forward, the Company will continue to take market demand as its core guide, continuously optimize its product matrix, enhance core product competitiveness, and improve its full-industry-chain supporting capabilities, so as to effectively respond to industry cyclical and supply chain volatility risks, and continuously reinforce the foundation for sustainable operations and long-term growth.

Financial Review

Revenue

Revenue by Business Line

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

	Six months ended 30 June			
	2026		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales of power management products	287,882	85.7	263,108	90.2
Sales of signal chain products	48,014	14.3	28,593	9.8
Total	335,896	100	291,701	100.0

Revenue by Sales Channel

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

	Six months ended 30 June			
	2026		2025	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales to distributors	228,765	68.1	225,100	77.2
Direct sales	107,131	31.9	66,601	22.8
Total	335,896	100	291,701	100.0

The Company's revenue increased by 15.2% from RMB291.7 million for the six months ended 30 June 2025 to RMB335.9 million for the Reporting Period, primarily due to the steady expansion of the Company's product categories, continued deepening of engagements with key customers across the broader industrial sector, and the cost and efficiency advantages brought by semi-automated chip design approach based on machine learning and other factors.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company's revenue from sales of power management products increased by 9.4% from RMB263.1 million for the six months ended 30 June 2025 to RMB287.9 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 67.8% from RMB28.6 million for the six months ended 30 June 2025 to RMB48.0 million for the Reporting Period, primarily due to the growth in downstream demand and the advantages in industrial product categories accumulated over the long term, which contributed to a sustained and stable growth momentum.

The Company's revenue from sales to distributors increased by 1.6% from RMB225.1 million for the six months ended 30 June 2025 to RMB228.8 million for the Reporting Period, with little change.

The Company's revenue from direct sales increased by 60.8% from RMB66.6 million for the six months ended 30 June 2025 to RMB107.1 million for the Reporting Period, primarily due to the stable business cooperation between the Company and its newly expanded direct sales customers.

Cost of Sales

The Company's cost of sales increased by 10.3% from RMB140.7 million for the six months ended 30 June 2025 to RMB155.3 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

Due to the aforementioned reasons, the Company's gross profit increased by 19.6% from RMB151.0 million for the six months ended 30 June 2025 to RMB180.6 million for the Reporting Period, and the gross profit margin increased from 51.8% for the six months ended 30 June 2025 to 53.8% for the Reporting Period, the gross profit margin remained within the normal range of fluctuation. The Company provides multi-variety products in small batches to customers, and the gross profit margin largely depend on changes in the product portfolio.

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

	Six months ended 30 June			
	2026		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Sales of power management products	153,820	53.4%	135,067	51.3
Sales of signal chain products	26,792	55.8%	15,908	55.6
Total	180,612	53.8%	150,975	51.8

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's gross profit from sales of power management products increased by 13.8% from RMB135.1 million for the six months ended 30 June 2025 to RMB153.8 million for the Reporting Period, and the gross profit margin increased from 51.3% for the six months ended 30 June 2025 to 53.4% for the Reporting Period. The gross profit margin remained relatively stable, as the Company provides multi-variety products in small batches to customers, and the gross profit margin largely depend on the changes in the product portfolio.

The Company's gross profit from sales of signal chain products increased by 68.6% from RMB15.9 million for the six months ended 30 June 2025 to RMB26.8 million for the Reporting Period, and the gross profit margin increased from 55.6% for the six months ended 30 June 2025 to 55.8% for the Reporting Period. Due to changes in customer demand, the Company's revenue from signal chain products increased significantly, with no significant overall change in gross profit margin.

Other Income, gains and losses

The Company's other income, gains and losses during the Reporting Period primarily include (i) interest income from bank deposits; (ii) government grants; and (iii) net foreign exchange loss. The Company's other income and net gain decreased by 79.4% from RMB6.8 million for the six months ended 30 June 2025 to RMB1.4 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 include (i) employee benefits expenses of our sales and marketing staff, which mainly consist of salaries, welfare, and share-based payments; and (ii) travel and entertainment expenses. The Company's distribution costs increased by 15.4% from RMB3.9 million for the six months ended 30 June 2025 to RMB4.5 million for the Reporting Period, primarily due to the year-on-year increase in employee remuneration expense as a result of the Company's efforts to expand customers and boost sales, which in turn resulted in the increase in distribution costs.

Administrative Expenses

The Company's administrative expenses during the Reporting Period primarily include (i) employee benefits expenses of our senior management (the "**Senior Management**"), business operations and administration staff, mainly comprising salaries and welfare; (ii) intermediary fees such as auditors and lawyers; (iii) depreciation and amortization; (iv) consultation and agency fees; (v) travel and entertainment expenses; and (vi) office expenses. Our administrative expenses decreased by 6.6% from RMB15.2 million for the six months ended 30 June 2025 to RMB14.2 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 decreased by 7.1% from RMB56.4 million for the six months ended 30 June 2025 to RMB52.4 million for the Reporting Period, primarily due to the decrease in material costs and trial expenses for R&D projects. In particular, material expenses for R&D decreased by RMB1.3 million, representing a year-on-year decrease of 3.2%, while trial expenses for R&D decreased by RMB2.1 million, representing a year-on-year decrease of 61.5%. This was mainly attributable to improved R&D efficiency, which led to a reduction in the number of wafer verification tests; at the same time, certain tests were performed internally, which reduced the procurement of external laboratory services.

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 decreased by 17.6% from RMB5.1 million for the six months ended 30 June 2025 to RMB4.2 million for the Reporting Period, primarily due to the decrease in interest on short-term bank loans.

Profit before Taxation

As a result of the foregoing, the Company's profit before taxation increased by 38.2% from RMB77.1 million for the six months ended 30 June 2025 to RMB106.6 million for the Reporting Period, primarily due to the year-on-year increase in revenue of the Company of 15.2% during the Reporting Period and secondly, to the improvement in management efficiency, which reduced administrative expenses, while R&D expenses decreased.

Income Tax

The Company's income tax expense was nil for the six months ended 30 June 2025, and was nil for the Reporting Period, primarily due to the Company's entitlement to preferential tax, such as favorable income tax and additional deduction on R&D expenses in 2025 and 2026.

Profit for the Period

As a result of the foregoing, the Company's profit for the period increased by 38.2% from RMB77.1 million for the six months ended 30 June 2025 to RMB106.6 million for the Reporting Period, primarily due to the year-on-year increase in revenue of the Company of 15.2% during the Reporting Period and secondly, to the improvement in management efficiency, which reduced administrative expenses, while R&D expenses decreased.

Non-HKFRS Measure

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

The Company defines adjusted net profit (non-HKFRS measure) as profit for the period 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 are 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 period presented to profit for the period:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Profit for the period	106,642	77,148
Add:		
Equity-settled share-based payments	875	878
Net foreign exchange loss	12,038	5,812
Adjusted net profit (non-HKFRS measure)	119,555	83,838

Risk Factors

Market Risk

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

Operational Risk

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

Investment Risk

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

Risks to Manpower Supply and Retention

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Risk

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

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

Foreign Exchange Risk

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

Capital Management

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

The Company manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the distribution of profits to shareholders, or issue new shares. The Company is not constrained by any external mandatory requirements on capital. The capital structure of the Company primarily consists of equity attributable to owners of the Company, comprising issued share capital and various reserves. There was no significant change in the capital management objectives, policies or procedures for the six months ended 30 June 2026 and 30 June 2025.

The Company manages its capital with the gearing ratio. The gearing ratio of the Company as of 30 June 2026, calculated as total loans and borrowings and lease liabilities divided by all components of equity attributable to equity shareholders and then multiplied by 100.0%, is approximately 27.7% (as of 30 June 2025: 30.6%).

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 RMB1,620.0 million as of 30 June 2026, representing an increase of 2.1% from RMB1,587.2 million as of 31 December 2025, primarily due to the increase in inventories and prepayments. Of these assets, cash and cash equivalents (mainly denominated in USD, HK\$, and RMB) amounted to RMB471.3 million, representing a decrease of 13.8% from RMB546.9 million as of 31 December 2025, primarily due to the expansion of the Company which led to the increase in the prepayments.

As of 30 June 2026, the Company had bank loans of RMB375.7 million (as of 31 December 2025: RMB236.8 million), all of which are repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

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. For the six months ended 30 June 2026 and 30 June 2025, the capital expenditures of the Company were RMB59.3 million and RMB1.0 million, respectively.

Capital Commitments

The Company's capital commitments as of the end of the Reporting Period primarily relate to additions to property, plant and equipment contracted but not provided for. The Company's capital commitments amounted to RMB14.6 million and RMB49.8 million as of 30 June 2026 and 31 December 2025, respectively.

Restricted Assets

As of 30 June 2026, the Company's bank deposits totaling RMB36.5 million were restricted as a guarantee to issue bank acceptance bills. The deposits will be released upon the settlement of relevant bills payable. As of 30 June 2026, the Company did not restrict any assets other than the above.

Loans and Borrowings

The Company's total outstanding bank loans increased from RMB236.8 million as of 31 December 2025 to RMB375.7 million as of 30 June 2026, mainly to fulfil the capital requirements for its daily business activities. The business expansion of the Company led to increased financing activities to support our working capital, such as payment for raw materials, salaries and welfare of our employees, and office expenses.

As of 30 June 2026, the Company had interest-bearing borrowings of RMB375.7 million, all of which were unguaranteed and unsecured borrowings (mainly denominated in RMB), with effective interest rates ranging from 2.35% to 2.6% per annum. All borrowings will mature within one year. The Company's bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

As of 30 June 2026, the Company had unutilized banking facilities of RMB1,574.3 million.

Contingent Liabilities

The Company did not have any contingent liabilities as of 30 June 2026 (as at 31 December 2025: nil).

Property, Plant and Equipment

The Company's property, plant and equipment primarily consist of equipment and machinery, passenger vehicles, office equipment and furniture, construction in progress and leasehold improvements. The Company's construction in progress primarily consists of (i) R&D equipment that the Company purchased, which has been delivered to the Company and pending installation. When the Company completes substantially all of the activities necessary to prepare the R&D equipment for its intended use, the Company will transfer it from construction in progress to equipment and machinery; and (ii) renovation of the Company's R&D center in Suzhou. Our property, plant and equipment increased from RMB58.3 million as of 31 December 2025 to RMB65.5 million as of 30 June 2026, which was primarily due to the acquisition of new lithography machines of RMB10.1 million, with the new equipment being used for R&D purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB4.5 million as of 31 December 2025 to RMB8.4 million as of 30 June 2026, primarily due to the additions of leased properties during the Reporting Period, resulting in the increase in right-of-use assets.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 30 June 2026, the financial assets at fair value through other comprehensive income mainly represent the Company's 29.4% shareholding in a limited liability partnership as a limited partner for strategy development considerations.

Inventories

The Company's inventories primarily consist of (i) raw materials, including untested foundry-manufactured wafers; and (ii) finished goods. The Company's inventories increased from RMB467.0 million as of 31 December 2025 to RMB510.6 million as of 30 June 2026, primarily due to the inventories held in stock based on our customers' needs and the Company's judgement of market demand.

Trade and Other Receivables

The Company's trade receivables during the Reporting Period primarily represent receivables from customers for sales of analog IC patterned wafer products. The Company's other receivables and deposits primarily represent contingency cash for business trips and sporadic purchases and rental deposits. The Company's trade receivables decreased from RMB53.0 million as of 31 December 2025 to RMB45.1 million as of 30 June 2026, primarily due to the fact that the Company strengthened its collection management of accounts receivable during the Reporting Period and the customers were more willing to pay back than in previous years.

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 RMB467.1 million as of 31 December 2025 to RMB556.4 million as of 30 June 2026, primarily due to the fact that the Company's business scale expanded and the purchase demand for raw materials increased as well.

Trade and Other Payables

The Company's trade and other payables during the Reporting Period mainly include (i) trade payables, which are primarily related to payments due to a supplier for chip probing services; (ii) bills payable, which are primarily related to payments due to our wafer channel partner; (iii) contract liabilities, which mainly arise from the advance payments made by customers before the Company provided the analog IC patterned wafer products, and the advance payments received for an entrusted R&D agreement; and (iv) other payables and accruals. The Company's trade and other payables decreased from RMB315.7 million as of 31 December 2025 to RMB157.4 million as of 30 June 2026, primarily due to a decrease in contract liabilities, coupled with the concentrated settlement of maturing bills payable during the Reporting Period and the payment of procurement amounts to suppliers, resulting in a reduction in trade payables and bills payable.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policy

As of 30 June 2026, the Company had 102 full-time employees, all of whom were based in the PRC. The following table sets forth the number of the Company's employees by function as of 30 June 2026:

Function	Number of employees
Chairman and Senior Management	2
R&D	63
Sales and marketing	10
Business operations and administration	27
Total	102

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 the PRC, mainly including laws and regulations of the 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 dated 18 December 2023, as of 30 June 2026, the Company had no other plan for material investments and capital assets.

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

During the Reporting Period, the Company did not have any material investments. As of 30 June 2026, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

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

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

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

Model Code for Securities Transactions

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of 30 June 2026, 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 ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Mr. Li Zhen	Beneficial owner	Unlisted Domestic Shares	1,049,632 (L)	2.33%	1.67%
	Interest in controlled corporation ⁽³⁾	Unlisted Domestic Shares	14,134,213 (L)	31.41%	22.44%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	252,800 (L)	0.56%	0.40%
Mr. Zhang Guangping	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	15,436,645 (L)	34.30%	24.50%
Mr. Li Yi	Beneficial owner	Unlisted Domestic Shares	252,800 (L)	0.56%	0.40%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	15,183,845 (L)	33.74%	24.10%
Mr. Kong Jianhua	Interest in controlled corporation ⁽⁵⁾	Unlisted Domestic Shares	2,846,352 (L)	6.33%	4.52%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) As of 30 June 2026, 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.
- (4) Pursuant to the acting in concert agreement dated 31 March 2022 and executed by Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi (the “**Concert Party Agreement**”), Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi (the “**Concert Parties**”) agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders to such date when all of them cease to be directly or indirectly interested in the Company, they had been and would continue to be acting in concert. Pursuant to the Concert Party Agreement, the Concert Parties had consulted and would consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on material operation and development affairs and/or all voting at Board meetings and the General Meetings. In the event that they are unable to reach consensus on any matter presented, it shall be resolved by a simple majority vote, with each Concert Party entitled to one vote. For details of the Concert Party Agreement, please see the section headed “History, Development and Corporate Structure” of the Prospectus. By virtue of the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi together with their respective investment holding companies (being Backward Electronic and Backward Partnership) are deemed to be interested in the Shares held by each other.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Save as disclosed above, as of 30 June 2026, 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.

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

As of 30 June 2026, 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 ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Ms. Zhang Jingwen (張靖雯)	Interest of spouse ⁽⁴⁾	Unlisted Domestic Shares	15,436,645 (L)	34.30%	24.50%
Backward Electronic	Beneficial owner	Unlisted Domestic Shares	8,753,678 (L)	19.45%	13.89%
	Interest in controlled corporation ⁽³⁾	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.54%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	1,302,432 (L)	2.89%	2.07%
Backward Partnership	Beneficial owner	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.54%
	Interest held jointly with other persons ⁽⁴⁾	Unlisted Domestic Shares	10,056,110 (L)	22.35%	15.96%
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 ⁽⁵⁾	Unlisted Domestic Shares	3,837,747 (L)	8.53%	6.09%
GF Securities Co., Ltd. (廣發證券股份有限公司)	Interest in controlled corporation ⁽⁵⁾	Unlisted Domestic Shares	3,837,747 (L)	8.53%	6.09%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholders	Nature of interest	Type of Shares ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant type of Shares ⁽²⁾	Approximate percentage of shareholding in the total Share capital ⁽²⁾
Suzhou Rongxiang 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 ⁽⁶⁾	Unlisted Domestic Shares	4,906,092 (L)	10.90%	7.79%
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇惠泉元禾璞華股權投資合夥企業(有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,718,339 (L)	6.04%	4.31%
JoulWatt Technology Co., Ltd. (傑華特微電子股份有限公司)	Beneficial owner	Unlisted Domestic Shares	2,718,339 (L)	6.04%	4.31%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	H Shares	2,892,400 (L)	16.06%	4.59%
RAYS Capital Partners Limited	Investment manager ⁽⁷⁾	H Shares	3,250,100 (L)	18.05%	5.16%
Macquarie Group Limited	Interest in controlled corporation ⁽⁶⁾	H Shares	929,900 (L) 929,900 (S)	5.17% 5.17%	1.48% 1.48%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares, and the letter "S" denotes the person's short position in the Shares.
- (2) Unlisted domestic Shares and H Shares are regarded as two different types of Shares for the purpose of Part XV of the SFO. As of 30 June 2026, the Company issued 63,000,000 Shares, comprising 45,000,000 unlisted domestic Shares and 18,000,000 H Shares.
- (3) The general partner of Backward Partnership is Backward Electronic. By virtue of the SFO, Backward Electronic is deemed to be interested in the Shares held by Backward Partnership.
- (4) Pursuant to the Concert Party Agreement, Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders to such date when all of them cease to be directly or indirectly interested in the Company, they had been and would continue to be acting in concert. Pursuant to the Concert Party Agreement, the Concert Parties had consulted and would consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on material operation and development affairs and/or all voting at the General Meetings. In the event that they are unable to reach consensus on any matter presented, it shall be resolved by a simple majority vote, with each Concert Party entitled to one vote. For details of the Concert Party Agreement, please see the section headed "History, Development and Corporate Structure" of the Prospectus. By virtue of the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi together with their respective investment holding companies (being Backward Electronic and Backward Partnership) are deemed to be interested in the Shares held by each other. Ms. Zhang Jingwen is the spouse of Mr. Zhang Guangping and is deemed to be interested in all the Shares held by Mr. Zhang Guangping by virtue of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (5) The general partner of Zhuhai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥)), 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)), Guangfa Xinde (Zhangzhou Xiangcheng District) Digital Industry Investment and Development Partnership (Limited Partnership) (廣發信德(漳州薌城區)數字產業投資發展合夥企業(有限合夥)) and Guangzhou Xinde Meike Tiered Private Equity Investment Partnership (Limited Partnership) (廣州信德眉科分級私募股權投資合夥企業(有限合夥)) is GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司). Zhoushan Gongxin Enterprise Management Consulting Partnership (Limited Partnership) (舟山共新企業管理諮詢合夥企業(有限合夥)) has a de facto concert party relationship with 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 the above five entities. GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司) is ultimately controlled by GF Securities Co., Ltd. (廣發證券股份有限公司) (Stock Code: 000776.SZ).
- (6) As of 30 June 2026, Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司) is owned as to 57.93% by Suzhou Overseas Students Entrepreneurship Park Co., Ltd. (蘇州留學人員創業園有限公司) (which is ultimately controlled by Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)). Suzhou Rongxiang Beiyang Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)) is owned as to 59.01% by Suzhou High-Tech Venture Capital Group Co., Ltd. (蘇州高新創業投資集團有限公司) (ultimately controlled by the Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)) as a limited partner. By virtue of the SFO, Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府) is deemed to be interested in the Shares held by Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司) and Suzhou Rongxiang Beiyang Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)).
- (7) According to the disclosure of interest form filed by RAYS Capital Partners Limited on 12 May 2026, which contains a relevant event date of 11 May 2026, 2,797,500 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.
- (8) 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 Bank Limited, 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 Bank Limited.

Save as disclosed above, as of 30 June 2026, 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 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 30 June 2026.

Use of Proceeds from the Global Offering

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

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The use of proceeds from the Global Offering as of 30 June 2026 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 31 December 2025 (HK\$ million)	Approximate utilization of proceeds during the Reporting Period (HK\$ million)	Approximate amount of net unutilized proceeds as of 30 June 2026 (HK\$ million)	Expected timing of utilization of unutilized proceeds
Enhance R&D and innovation capabilities	30%	106.2	40.1	16	24.1	Before 31 December 2028
Invest in R&D infrastructure and upgrade the R&D center	20%	70.8	11.2	11.2	–	N/A
Upgrade R&D technology	5%	17.7	11.5	4.8	6.7	Before 31 December 2028
Expand R&D team	5%	17.7	17.5	–	17.5	Before 31 December 2028
Enrich product portfolio and expand business	30%	106.2	82.8	14.4	68.4	Before 31 December 2028
Improve and upgrade the analog IC product line	20%	70.8	48.1	14.4	33.7	Before 31 December 2028
Develop a mixed-signal IC product line	10%	35.4	34.6	–	34.6	Before 31 December 2028
Expand customer base and strengthen relationship with customers	10%	35.4	30.6	2.5	28.1	Before 31 December 2028
Establish sales centers	5%	17.7	16.7	0.3	16.4	Before 31 December 2028
Maintain customer relationship and develop new customers	5%	17.7	14.0	2.2	11.8	Before 31 December 2028
Strategic investments and/or acquisition⁽¹⁾	20%	70.8	43.7	–	43.7	Before 31 December 2028
Working capital and general corporate purposes⁽²⁾	10%	35.4	13.8	13.8	–	N/A
Total		354.1	211.0	46.7	164.3	–

Note:

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

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

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

As of 30 June 2026, the Company does not anticipate any changes to its plans for the use of proceeds.

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Restricted Share Unit Scheme (the “RSU Scheme”)

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

Purpose

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

Employee Participants

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

Maximum Number of RSUs

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

Maximum Entitlement to Each Employee Participant

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

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

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

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

Duration

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

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

Vesting Period

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

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

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

Purchase Price of RSU

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

Performance Targets and Clawback Mechanism

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2026	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 30 June 2026	Closing price of the Shares immediately before the Date of Grant	Fair value of RSUs at 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 ⁽¹⁾

As at 1 January 2026 and 30 June 2026, the number of Shares available for grant under the RSU Scheme was 5,628,124 Shares respectively, representing approximately 8.93% of the Company's total issued Shares as of 1 January 2026 and 30 June 2026. As at 1 January 2026 and 30 June 2026, the number of Shares represented by RSUs granted and pending vesting under the RSU Scheme was 371,876 Shares, which represented approximately 0.59% respectively, when divided by the weighted average of the Company's total issued Shares (excluding treasury shares) as at 1 January 2026 and 30 June 2026.

Note:

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

Review of Interim Results by the Audit Committee

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

Interim Dividend

The Board does not recommend the payment of the interim dividend for the six months ended 30 June 2026 (for the year ended 31 December 2025: Nil).

Subsequent events

Subsequent to 30 June 2026 and up to the date of this report, except as disclosed above, there have been no events that have materially affected the Company.

INDEPENDENT AUDITOR'S REVIEW REPORT

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To the board of directors of BaTeLab Co., Ltd.

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

Introduction

We have reviewed the interim financial information of BaTeLab Co., Ltd. (the “**Company**”) set out on pages 27 to 44, which comprise the interim condensed statement of financial position as at 30 June 2026 and the related interim condensed statement of profit or loss and other comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” (“**HKAS 34**”) as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim financial information in accordance with HKAS 34.

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

Scope of review

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

Conclusion

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

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

HONG Ting

Practising Certificate Number: P07069

Hong Kong

28 August 2026

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	4	335,896	291,701
Cost of sales		(155,284)	(140,731)
Gross profit		180,612	150,970
Other income, gains and losses	5	1,356	6,834
Distribution costs		(4,525)	(3,903)
Administrative expenses		(14,153)	(15,243)
Research and development expenses	6(d)	(52,440)	(56,364)
Profit from operations		110,850	82,294
Finance costs	6(a)	(4,208)	(5,146)
Profit before taxation	6	106,642	77,148
Income tax	7	–	–
Profit for the period		106,642	77,148
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")		(670)	–
Profit and total comprehensive income for the period		105,972	77,148
Earnings per share	8		
Basic (RMB)		1.693	1.274
Diluted (RMB)		1.683	1.266

CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

(Expressed in Renminbi)

	Notes	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	65,545	58,339
Right-of-use assets	10	8,353	4,538
Intangible assets		488	532
Financial assets measured at FVOCI	11	25,362	26,032
Other non-current assets	12	212,857	164,162
		312,605	253,603
Current assets			
Inventories	13	510,621	466,997
Trade and other receivables	14	45,115	53,035
Prepayments	15	556,376	467,129
Restricted bank deposits	16	36,545	51,641
Financial asset measured at FVOCI	11	45	1,515
Cash and cash equivalents	17	471,261	546,884
		1,619,963	1,587,201
Current liabilities			
Loans and borrowings	18	375,734	236,769
Trade and other payables	19	157,441	315,686
Lease liabilities		3,065	1,501
		536,240	553,956
Net current assets		1,083,723	1,033,245
Total assets less current liabilities		1,396,328	1,286,848

CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2026
(Expressed in Renminbi)

	Note	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		5,741	3,108
Deferred tax liabilities		921	921
		6,662	4,029
NET ASSETS		1,389,666	1,282,819
CAPITAL AND RESERVES			
Share capital	20	63,000	63,000
Reserves		1,326,666	1,219,819
TOTAL EQUITY		1,389,666	1,282,819

Approved and authorised for issue by the board of directors on 28 August 2026.

Zhang Guangping
Chairman

Li Yi
Chief Financial Officer

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026
(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	PRC statutory reserves	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note)						
At 1 January 2026 (audited)	63,000	634,720	62,875	(3,968)	31,500	494,692	1,282,819
Changes in equity for the six months ended 30 June 2026							
Profit for the period	-	-	-	-	-	106,642	106,642
Other comprehensive expense for the period:							
Fair value loss on financial asset measured at FVOCI	-	-	-	(670)	-	-	(670)
Total comprehensive (expense) income for the period	-	-	-	(670)	-	106,642	105,972
Equity-settled share-based transactions 21	-	-	875	-	-	-	875
At 30 June 2026 (unaudited)	63,000	634,720	63,750	(4,638)	31,500	601,334	1,389,666

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

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

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Net cash used in operating activities	(152,790)	(151,196)
Investing activities:		
Payment for the purchase of property, plant and equipment and other non-current assets	(59,028)	(181)
Release from payment for investment deposits	–	24,525
Purchase of property, plant and equipment	(279)	(744)
Release from restricted bank deposits	51,737	51,906
Placement of restricted bank deposits	(36,641)	(60,315)
Net cash (used in)/generated from investing activities	(44,211)	15,191
Financing activities:		
Proceeds from placing of shares	–	110,293
Transaction costs attributable to placing of shares	–	(3,221)
Capital element of lease rentals paid	(1,341)	(1,661)
Interest element of lease rentals paid	(159)	(60)
Proceeds from loans and borrowings	281,880	113,030
Repayment of loans and borrowings	(142,915)	(71,059)
Interest paid	(4,049)	(5,086)
Net cash generated from financing activities	133,416	142,236
Net (decrease)/increase in cash and cash equivalents	(63,585)	6,231
Cash and cash equivalents at the beginning of the period	546,884	636,020
Effect of foreign exchange rate changes	(12,038)	(5,812)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	471,261	636,439

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

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 interim report.

The Company is principally engaged in research, development and sale 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 interim financial information is presented in Renminbi (“**RMB**”) which is same as the functional currency of the Company.

This interim financial information has not been audited.

2 Basis of Preparation

The interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. This interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA.

3 Principal accounting policies

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

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

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Company has applied, the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Company’s annual period beginning on 1 January 2026 for the preparation of the Company’s interim financial information.

Amendments to HKFRS 9 and HKFRS 7

Amendments to HKFRS 9 and HKFRS 7

Amendments to HKFRS Accounting Standards

Amendments to the Classification and Measurement of Financial Instruments

Contracts Referencing Nature – Dependent Electricity

Annual Improvements to HKFRS Accounting Standards – Volume 11

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

3 Principal accounting policies (continued)

Application of amendments to HKFRS Accounting Standards (continued)

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

4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Analog IC patterned wafers	335,896	291,701

All revenue was recognised at a point in time.

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

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

(b) Segment reporting

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

Information about geographical area

All of the Company's revenue is derived from the sales of analog IC patterned wafers in 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

5 Other income, gains and losses

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	5,853	6,456
Government grants (Note)	7,174	5,817
Rental income	367	373
Net foreign exchange loss	(12,038)	(5,812)
	1,356	6,834

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

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(a) Finance costs:		
Interest on		
– loans and borrowings	4,049	5,086
– lease liabilities	159	60
Total interest expense	4,208	5,146
(b) Staff costs:		
Salaries, wages and other benefits	17,677	16,378
Contributions to retirement benefit scheme (note)	2,289	3,186
Equity-settled share-based payments	875	825
	20,841	20,389

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

6 Profit before taxation (continued)

(c) Other items:

	Note	Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Cost of inventories	13(b)	194,909	181,825
Depreciation:			
– owned property, plant and equipment		3,406	3,312
– right-of-use assets		1,723	1,284
Impairment loss on trade and other receivables		369	1,084
Amortisation of intangible assets		44	44

(d) Research and development expenses

During the six months ended 30 June 2026, staff costs and depreciation expenses in research and development expenses amounted to RMB9,436,000 and RMB1,618,000 (six months ended 30 June 2025: RMB10,048,000 and RMB1,271,000), respectively.

7 Income tax

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

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

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

8 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB106,642,000 (six months ended 30 June 2025: RMB77,148,000) and the weighted average of 63,000,000 ordinary shares (six months ended 30 June 2025: 60,550,000) in issue during the six months ended 30 June 2026.

(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 RMB106,642,000 (six months ended 30 June 2025: RMB77,148,000) and the weighted average number of 63,372,000 ordinary shares (six months ended 30 June 2025: 60,922,000) after adjusting for the effect of all dilutive potential ordinary shares under the Company's employee Restricted Share Unit Scheme (note) during the six months ended 30 June 2026.

9 Property, plant and equipment

During the six months ended 30 June 2026, the Company acquired items of property, plant and equipment with a cost of RMB10,612,000 (six months ended 30 June 2025: RMB2,280,000).

10 Right-of-use assets

During the six months ended 30 June 2026, the Company entered into a tenancy agreement (six months ended 30 June 2025: modified a tenancy agreement), and therefore recognised an addition to right-of-use assets of RMB5,538,000 (six months ended 30 June 2025: additions to right-of-use assets of RMB1,067,000).

11 Financial assets measured at FVOCI

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Investment in a Limited Liability Partnership ("LLP") (note i)	25,362	26,032
Bills receivables, at FVOCI (note ii)	45	1,515
	25,407	27,547
Less: Non-current portion	(25,362)	(26,032)
	45	1,515

Notes:

- (i) The investment as at 30 June 2026 represents 29.4% (31 December 2025: 29.4%) of the LLP in the venture capital partnership as a limited partner. The Company designated its investment in the LLP at FVOCI as the investment is held for strategic purposes. No dividends were received on this investment during the six months ended 30 June 2026 (year ended 31 December 2025: Nil).

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

11 Financial assets measured at FVOCI (continued)

- (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 30 June 2026 and 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.

12 Other non-current assets

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Prepayments for construction and property, plant and equipment	212,857	164,162

13 Inventories

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

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Raw materials	438,459	424,275
Finished goods	72,162	42,722
	510,621	466,997

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

	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Carrying amount of inventories sold	125,566	135,992
Write-down of inventories	29,297	4,461
	154,863	140,453
Cost of inventories directly recognised as research and development expenses	40,046	41,372
	194,909	181,825

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

14 Trade and other receivables

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Amounts due from third parties:		
Bills receivable, net of loss allowance	–	987
Trade receivables, net of loss allowance	44,509	51,404
	44,509	52,391
Other receivables and deposits, net of loss allowance	606	644
	45,115	53,035

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

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

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Within 1 month	38,023	40,416
1 to 2 months	5,533	84
2 to 3 months	66	1,055
Over 3 months	887	10,836
	44,509	52,391

15 Prepayments

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Prepayments to suppliers (notes (i) and (ii))	555,898	465,879
Others	478	1,250
	556,376	467,129

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

15 Prepayments (continued)

Notes:

- (i) As at 30 June 2026, the Company had made prepayments for purchases of patterned wafer of approximately RMB387,614,000 (31 December 2025: RMB264,163,000) to an independent supplier ("**Supplier A**").

During the six months ended 30 June 2026, the Company had recognised purchases with Supplier A of approximately RMB111,036,000 (six months ended 30 June 2025: RMB193,605,000). 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 within one year.

- (ii) Apart from prepayments to Supplier A, as at 30 June 2026, the Company had made prepayments mainly to one independent supplier ("**Supplier B**") to purchase patterned wafer of approximately RMB163,769,000 (31 December 2025: RMB186,218,000).

During the six months ended 30 June 2026, the Company has recognised purchases with Supplier B of approximately RMB126,497,000 (six months ended 30 June 2025: RMB67,734,000). 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 within one year.

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

16 Restricted bank deposits

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Restricted bank deposits	36,545	51,641

As at 30 June 2026 and 31 December 2025, the Company's bank deposits were pledged as a guarantee to issue bank acceptance bills, which will be released upon the settlement of relevant bills payable.

17 Cash and cash equivalents

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Cash at bank and on hand	471,261	546,884

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

18 Loans and borrowings

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

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Unsecured bank loans and borrowings, within 1 year or on demand	375,734	236,769

19 Trade and other payables

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Amounts due to third parties:		
Trade payables	2,744	5,349
Bills payable	140,551	194,663
	143,295	200,012
Contract liabilities	2,866	87,837
Other payables and accruals	11,280	27,837
Trade and other payables	157,441	315,686

- (a) Trade payables are non-interest bearing and are normally settled on a credit term of six months. All other payables are expected to be settled within one year or are repayable on demand.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

19 Trade and other payables (continued)

- (b) As of the end of each reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Within 3 months	83,979	12,754
After 3 months but within 6 months	59,315	134,277
After 6 months but within 12 months	1	52,981
	143,295	200,012

20 Capital, reserves and dividends

(a) Capital

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Ordinary shares of RMB 1 each				
Issued and fully paid:				
At 1 January 2025 (audited)	60,000	60,000	530,648	590,648
Placing of shares (note)	3,000	3,000	104,072	107,072
At 30 June 2025 (unaudited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	63,000	63,000	634,720	697,720

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

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

(b) Dividends

No dividends were paid or declared by the Company during the six months ended 30 June 2026 and 2025.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

21 Equity-settled share-based transaction

Restricted Share Unit Scheme ("RSUs")

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

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

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

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

(ii) The number of RSUs are as follows:

	Number of RSUs
At 31 December 2025 (audited)	371,876
Granted during the period	–
At 30 June 2026 (unaudited)	371,876

(iii) Fair value of RSUs

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

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

The expenses recognised in the condensed statement of profit or loss and other comprehensive income in connection with the Share Award Scheme granted is approximately RMB875,000 (six months ended 30 June 2025: RMB825,000) for the six months ended 30 June 2026.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

22 Commitments

As at 30 June 2026, the Company has capital commitments amounted to approximately RMB14,597,000 (31 December 2025: RMB49,772,000) in relation to the acquisition of new plant and equipment.

23 Material related party transactions

(a) Key management personnel remuneration

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Salaries, allowance and other benefits	4,144	4,276
Contributions to retirement benefit scheme	75	105
Equity-settled share-based payments	875	825
	5,094	5,206

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

24 Fair value measurements

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

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

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

Level 3: Fair value measured using significant unobservable inputs.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

24 Fair value measurements (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
		30/6/2026 RMB'000 (unaudited)	31/12/2025 RMB'000 (audited)	
Financial asset at FVOCI – investment in LLP	Level 3	25,362	26,032	Binomial Option Pricing Model – Key unobservable inputs: expected volatility of 42% (31 December 2025: 44%) (the higher the expected volatility, the higher the value) and risk-free rate of 1.50% (31 December 2025: 1.72%) (the higher the risk-free rate, the lower the value).

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

	RMB'000
At 31 December 2025 (audited)	26,032
Total losses in other comprehensive income	(670)
At 30 June 2026 (unaudited)	25,362

The management of the Company considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the interim condensed consolidated financial information approximate their fair value.

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