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BaTelab

BaTeLab Co., Ltd.

蘇州貝克微電子股份有限公司

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

(Stock Code: 2149)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change %
	2025	2024	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
Revenue	291,701	290,554	0.4
Gross profit	150,970	148,959	1.4
Profit before taxation	77,148	67,116	14.9
Profit for the period	77,148	67,116	14.9

The Company's revenue increased by 0.4% from RMB290.6 million for the six months ended 30 June 2024 to RMB291.7 million for the six months ended 30 June 2025.

The Company's gross profit increased by 1.4% from RMB149.0 million for the six months ended 30 June 2024 to RMB151.0 million for the six months ended 30 June 2025, and the gross profit margins increased from 51.3% for the six months ended 30 June 2024 to 51.8% for the six months ended 30 June 2025.

The Company's profit before taxation increased by 14.9% from RMB67.1 million for the six months ended 30 June 2024 to RMB77.1 million for the six months ended 30 June 2025.

The Company's profit increased by 14.9% from RMB67.1 million for the six months ended 30 June 2024 to RMB77.1 million for the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of BaTeLab Co., Ltd. (the “**Company**” or “**we**”) hereby announces the unaudited interim results of the Company for the six months ended 30 June 2025 (the “**Reporting Period**”).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025

(Expressed in Renminbi)

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

STATEMENT OF FINANCIAL POSITION

at 30 June 2025

(Expressed in Renminbi)

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2025**(Expressed in Renminbi)*

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
Non-current liabilities			
Lease liabilities		522	1,061
Deferred tax liabilities		921	921
		<u>1,443</u>	<u>1,982</u>
NET ASSETS		<u>1,190,049</u>	<u>1,005,004</u>
CAPITAL AND RESERVES			
Share capital	16	63,000	60,000
Reserves		1,127,049	945,004
TOTAL EQUITY		<u>1,190,049</u>	<u>1,005,004</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2025

1 General Information

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

The Company is principally engaged in research, development and sale of high-performance analog integrated circuit design products.

In the opinion of the directors, the Company’s immediate holding company is Suzhou Backward Electronic Co., Ltd, a company incorporated in the PRC and its ultimate controlling parties are Mr. Li Zhen, Mr. Li Yi and Mr. Zhang Guangping.

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

These interim financial statements have not been audited.

2 Basis of Preparation

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

3 Principal accounting policies

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

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

Application of amendments to HKFRS Accounting Standards

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

Amendments to HKAS 21

Lack of Exchangeability

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

4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

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

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

All revenue was recognised at a point in time.

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

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

(b) Segment reporting

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

Information about geographical area

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

5 Other income, gains and losses

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

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

6 Profit before taxation

Profit before taxation is arrived at after charging:

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

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.

6 Profit before taxation (continued)

(c) Other items:

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

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

7 Income tax

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

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

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

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

8 Earnings per share

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

9 Right-of-use assets

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

10 Financial assets measured at FVOCI

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

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

11 Other non-current assets

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

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

12 Trade and other receivables

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

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

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

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

13 Prepayments

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

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

14 Pledged bank deposits

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

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

15 Trade and other payables

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

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

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

16 Capital, reserves and dividends

(a) Capital

	Numbers of ordinary shares '000	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Ordinary shares of RMB1 each Issued and fully paid:				
At 1 January 2024 (audited), 30 June 2024 (unaudited) and 31 December 2024 (audited)	60,000	60,000	530,648	590,648
Placing of shares (<i>Note</i>)	<u>3,000</u>	<u>3,000</u>	<u>104,072</u>	<u>107,072</u>
At 30 June 2025 (unaudited)	<u><u>63,000</u></u>	<u><u>63,000</u></u>	<u><u>634,720</u></u>	<u><u>697,720</u></u>

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 Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Market Overview

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

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

Business Overview

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

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

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

Principal Business and Products

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

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

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

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

Outlook

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

Financial Review

Revenue

Revenue by Business Line

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

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

Revenue by Sales Channel

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

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

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

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

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

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

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

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

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

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

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

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

Other Income, gains and losses

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

Distribution Costs

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

Administrative Expenses

The Company's administrative expenses during the Reporting Period primarily include (i) employee benefits expenses of our senior management (the "**Senior Management**"), business operations and administration staff, mainly comprising salaries and welfare; (ii) intermediary fees such as auditors and lawyers; (iii) depreciation and amortization; (iv) consultation and agency fees; (v) travel and entertainment expenses; and (vi) office expenses. Our administrative expenses decreased by 30.3% from RMB21.8 million for the six months ended 30 June 2024 to RMB15.2 million for the Reporting Period, primarily due to the stable operation after the Listing, with a reduction in intermediary fees, consultation and agency fees.

R&D Expenses

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

Finance Costs

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

Profit before Taxation

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

Income Tax

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

Profit for the Period

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

Non-HKFRS Measure

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

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

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

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

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.

Financial Risk

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

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

Foreign Exchange Risk

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

Capital Management

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

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

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

Liquidity and Financial Resources

The Company maintains an excellent financial position and sufficient liquidity for the Reporting Period. The Company's current assets amounted to RMB1,686.6 million as of 30 June 2025, representing an increase of 16.2% from RMB1,451.0 million as of 31 December 2024, primarily due to the increase in inventories, prepayments and cash and cash equivalents. Of these assets, cash and cash equivalents (mainly denominated in USD, HK\$, and RMB) amounted to RMB633.7 million, representing a decrease of 0.4% from RMB636.0 million as of 31 December 2024, primarily due to the expansion of the Company which led to the increase in the prepayments.

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

Capital Expenditures

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

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

Capital Commitments

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

Pledge of Assets

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

Loans and Borrowings

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

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

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

Contingent Liabilities

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

Property, Plant and Equipment

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

Right-of-use Assets

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

Inventories

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

Trade and Other Receivables

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

Prepayments

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

Trade and Other Payables

The Company's trade and other payables during the Reporting Period mainly include (i) trade payables, which are primarily related to payments due to a supplier for chip probing services; (ii) bills payable, which are primarily related to payments due to our wafer channel partner; (iii) contract liabilities, which mainly arise from the advance payments made by customers before the Company provided the analog IC patterned wafer products, and the advance payments received for an entrusted R&D agreement; and (iv) other payables and accruals. The Company's trade and other payables decreased from RMB277.7 million as of 31 December 2024 to RMB259.7 million as of 30 June 2025, primarily due to the recognition of contract liability for the pending transfer of output tax amounting to RMB5.3 million as of 31 December 2024.

EMPLOYEES AND REMUNERATION POLICY

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

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

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

The Company has adopted the code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Part 2 of Appendix C1 to the Listing Rules as its own corporate governance code.

During the Reporting Period, the Company has complied with all applicable provisions of the Corporate Governance Code, except for the following deviation from Code Provision C.2.1. Code Provision 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 held by the same person. 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.

Further information on the corporate governance practices of the Company will be included in the section headed "Corporate Governance and Other Information" in the Company's interim report for the six months ended 30 June 2025.

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.

Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by the Directors and supervisors of the Company 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 inquiry of all Directors and supervisors of the Company, the Directors and supervisors have confirmed that they have complied with the Model Code during the Reporting Period.

Review of Interim Results by the Audit Committee

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited interim results of the Company for the Reporting Period and discussed with the management and auditors 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2025.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to 30 June 2025 and up to the date of this announcement, so far as the Directors are aware, there have been no events that have materially affected the Company.

INTERIM DIVIDEND

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement has been published on the websites of the Company (www.batelab.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2025 (containing all information required under the Listing Rules) will be sent to shareholders who have requested a printed copy and will be published on the above websites in due course.

By order of the Board
BaTeLab Co., Ltd.
Mr. Zhang Guangping
Chairman

Suzhou, the PRC, 22 August 2025

As at the date of this announcement, the Board comprises Mr. Zhang Guangping, Mr. Li Zhen and Mr. Li Yi as executive Directors; Mr. Kong Jianhua as non-executive Director; and Mr. Zhao Heming, Mr. Wen Chengge, Mr. Ma Ming and Ms. Kang Yuanshu as independent non-executive Directors.