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# **BaTelab**

## **BaTeLab Co., Ltd.**

### **蘇州貝克微電子股份有限公司**

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

**(Stock Code: 2149)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025**

### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>		<b>Change %</b>
	<b>2025</b>	<b>2024</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	<b>584,123</b>	578,807	0.9
Cost of sales	<b>(281,871)</b>	(271,890)	3.7
Gross profit	<b>302,252</b>	306,917	(1.5)
Research and development expenses	<b>(147,438)</b>	(129,220)	14.1
Profit before taxation	<b>122,005</b>	165,960	(26.5)
Profit for the year	<b>122,005</b>	166,601	(26.8)
Adjusted net profit (non-HKFRS measure)	<b>188,958</b>	159,508	18.5

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

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

The Company's gross profit decreased by 1.5% from RMB306.9 million for the year ended 31 December 2024 to RMB302.3 million for the Reporting Period, and the gross profit margin decreased from 53.0% for the year ended 31 December 2024 to 51.7% for the Reporting Period. Our gross profits and gross profit margins largely depend on the variety of our product mix, as we provide multi-variety products in small batches to our customers. The revenue of the Company slightly increased in 2025, with a corresponding marginal decline in gross profit, primarily attributable to the shift in sales mix of products with different gross profit margins and the increase in provision for inventory impairment recognised in 2025.

The Company's research and development (the "R&D") expenses increased by 14.1% from RMB129.2 million for the year ended 31 December 2024 to RMB147.4 million for the Reporting Period, primarily due to the recognition by the Company of share-based payment expenses of RMB51.0 million for R&D personnel during the Reporting Period to incentivise the R&D team.

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

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

## **FINAL DIVIDEND**

The Board does not recommend the payment of the final dividend for the Reporting Period (For the year ended 31 December 2024: Nil).

## **ANNUAL RESULTS**

The board (the "Board") of directors (the "Directors") of BaTeLab Co., Ltd. (the "Company" or "we") hereby announces the audited annual results of the Company for the year ended 31 December 2025 (the "Reporting Period"), together with the comparative figures for the year ended 31 December 2024.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in Renminbi)

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>584,123</b>	578,807
Cost of sales		<u>(281,871)</u>	<u>(271,890)</u>
Gross profit		<b>302,252</b>	306,917
Other income and net gain	5	<b>12,614</b>	34,839
Distribution costs		<b>(9,018)</b>	(6,893)
Administrative expenses		<b>(27,399)</b>	(31,693)
Research and development expenses		<u><b>(147,438)</b></u>	<u>(129,220)</u>
<b>Profit from operations</b>		<b>131,011</b>	173,950
Finance costs	6(a)	<u><b>(9,006)</b></u>	<u>(7,990)</u>
Profit before taxation	6	<b>122,005</b>	165,960
Income tax	7	<u>–</u>	<u>641</u>
<b>Profit for the year</b>		<u><b>122,005</b></u>	<u>166,601</u>
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”)		<u><b>(3,968)</b></u>	<u>–</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>118,037</b></u>	<u>166,601</u>
<b>Earnings per share</b>	8		
Basic (RMB)		<u><b>1.97</b></u>	<u>2.78</u>
Diluted (RMB)		<u><b>1.96</b></u>	<u>2.78</u>

## STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in Renminbi)

		31 December 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	58,339	62,114
Right-of-use assets		4,538	4,033
Intangible assets		532	619
Financial asset measured at FVOCI	10	26,032	30,000
Other non-current assets	11	164,162	61,073
		<u>253,603</u>	<u>157,839</u>
<b>Current assets</b>			
Inventories		466,997	315,402
Trade and other receivables	12	53,035	51,503
Prepayments	13	467,129	396,291
Pledged bank deposits		51,641	51,757
Financial asset measured at FVOCI	10	1,515	–
Cash and cash equivalents		546,884	636,020
		<u>1,587,201</u>	<u>1,450,973</u>
<b>Current liabilities</b>			
Loans and borrowings		236,769	320,173
Trade and other payables	14	315,686	277,667
Lease liabilities		1,501	3,986
		<u>553,956</u>	<u>601,826</u>
<b>Net current assets</b>		<u>1,033,245</u>	<u>849,147</u>
<b>Total assets less current liabilities</b>		<u>1,286,848</u>	<u>1,006,986</u>

**STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 December 2025**(Expressed in Renminbi)*

		<b>31 December 2025</b>	31 December 2024
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>3,108</b>	1,061
Deferred tax liabilities		<b>921</b>	921
		<u><b>4,029</b></u>	<u>1,982</u>
<b>NET ASSETS</b>		<u><b>1,282,819</b></u>	<u>1,005,004</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15(a)</i>	<b>63,000</b>	60,000
Reserves		<u><b>1,219,819</b></u>	<u>945,004</u>
<b>TOTAL EQUITY</b>		<u><b>1,282,819</b></u>	<u>1,005,004</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

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

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

## 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

## 3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability (amendments)

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

### 3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (*CONTINUED*)

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

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

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

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

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

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

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

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

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

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

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

#### (i) *Disaggregation of revenue*

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

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

All revenue was recognised at a point in time.

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

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

### (b) Segment reporting

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

#### (i) *Information about geographical area*

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

#### 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

##### (b) Segment reporting (Continued)

##### (ii) Information about major customers

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

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

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Company.

#### 5 OTHER INCOME AND NET GAIN

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

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

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

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

## 7 INCOME TAX

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

### Notes:

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

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

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

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

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the company of RMB122,005,000 (2024: RMB166,601,000) and the weighted average number of ordinary shares of 62,164,000 shares (2024: 60,025,000 ordinary shares) after adjusting for the effect of all dilutive potential ordinary shares under the Company's employee Restricted Share Unit Scheme during the year ended 31 December 2025.

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

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

## 9 PROPERTY, PLANT AND EQUIPMENT

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

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

**10 FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

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

*Notes:*

- (i) The investment as at 31 December 2025 represent 29.4% (2024: 29.4%) of the LLP in the venture capital partnership as a limited partner. The Company designated its investment in the LLP at FVOCI as the investment is held for strategic purposes. No dividends (2024: nil) were received on this investment during the year.
- (ii) An insignificant portion of the Company’s trade receivables are settled via bank acceptance bills issued by Loan Prime Rate (LPR)-quoting banks in the PRC, and the Company does not endorse or transfer such bills to suppliers as at 31 December 2025. Given the extremely high credit standing of the issuing banks, such bills are typically discounted on a non-recourse basis. Accordingly, such trade 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.

**11 OTHER NON-CURRENT ASSETS**

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

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

## 12 TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts due from third parties:		
Bills receivables, net of loss allowance	987	–
Trade receivables, net of loss allowance	<u>51,404</u>	<u>50,541</u>
	52,391	50,541
Other receivables and deposits, net of loss allowance	<u>644</u>	<u>962</u>
	<u><u>53,035</u></u>	<u><u>51,503</u></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:

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

## 13 PREPAYMENTS

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

### 13 PREPAYMENTS (CONTINUED)

Notes:

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

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

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

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

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

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

### 14 TRADE AND OTHER PAYABLES

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

## 14 TRADE AND OTHER PAYABLES (*CONTINUED*)

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:

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

## 15 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

Issued and fully paid:

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

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

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

### (b) Dividends

No dividends were paid or declared by the Company during both years.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Market Overview*

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

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

#### *Business Overview*

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

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

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

## ***Principal Business and Products***

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

The Company focuses on the R&D and sales of analog IC products. Relying on the profound technology accumulation in the field of analog ICs and the efficient design platform for the whole process of “EDA + IP + Design”, the Company owns a product matrix centering on energy management and signal chain, and extending to a full line of industrial-grade analog chips. As of the end of the Reporting Period, the Company has more than 1,000 product models, which can widely empower various application areas such as industrial automation, industrial Internet of Things, industrial lighting, automotive electronics, healthcare, instrumentation, communications, power, energy storage and consumer electronics.

For the year ended 31 December 2025, the Company accumulated a total of 147 domestic and international invention patents. The Company focused on R&D of a series of patents in the field of highly integrated analog computer chips, enhancing the Company’s R&D capabilities in analog artificial intelligence chips. The objective is to leverage the unique advantages of analog chips over digital chips within the artificial intelligence domain. Currently, the Company has accumulated more than 800 IP modules and expanded its diverse range of end applications in industries such as industrial, automotive, and communications while collaborating with wafer foundries.

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

## Financial Review

### Revenue

#### Revenue by Product Line

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

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

#### Revenue by Sales Channel

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

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

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

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

The Company's revenue from sales of power management products increased by 1.4% from RMB507.7 million for the year ended 31 December 2024 to RMB514.9 million for the Reporting Period, primarily due to the launch of new products and increase in customer demand.

The Company's revenue from sales of signal chain products increased by 7.1% from RMB64.7 million for the year ended 31 December 2024 to RMB69.3 million for the Reporting Period, primarily due to the launch of new products and the growth of downstream demand, and these products returned to a relatively stable growth trend during the Reporting Period.

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

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

### ***Cost of Sales***

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

### ***Gross Profit and Gross Profit Margin***

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

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

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

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

### ***Other Income and Net Gain***

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

### ***Distribution Costs***

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

### ***Administrative Expenses***

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

### ***R&D Expenses***

The Company's R&D expenses during the Reporting Period primarily consist of (i) material costs for R&D projects; and (ii) employee benefits expenses, which mainly include salaries and welfare of our R&D staff. The Company's R&D expenses increased by 14.1% from RMB129.2 million for the year ended 31 December 2024 to RMB147.4 million for the Reporting Period, primarily due to the recognition of share-based payment expenses of RMB51.0 million for R&D personnel during the Reporting Period.

### ***Finance Costs***

The Company's finance costs during the Reporting Period primarily consist of (i) interest on loans and borrowings, which mainly include interest on short-term bank loans; and (ii) interest on lease liabilities. The Company's finance costs increased by 12.5% from RMB8.0 million for the year ended 31 December 2024 to RMB9.0 million for the Reporting Period, primarily due to the increase in interest on short-term bank loans.

### ***Profit before Taxation***

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

### ***Income Tax***

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

### ***Profit for the Year***

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

### *Non-HKFRS Measure*

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

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

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

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

### ***Market Risk***

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

### ***Operational Risk***

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

### ***Investment Risk***

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

### ***Risks to Manpower Supply and Retention***

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

### ***Financial Risk***

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

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

### ***Foreign Exchange Risk***

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

### ***Capital Management***

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

The Company manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the distribution of profits to shareholders, or issue new shares. The Company is not constrained by any external mandatory requirements on capital. The capital structure of the Company primarily consists of equity attributable to owners of the Company, comprising issued share capital and various reserves. There was no significant change in the capital management objectives, policies or procedures for the year ended 31 December 2025 and 31 December 2024.

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

### ***Liquidity and Financial Resources***

The Company maintains an excellent financial position and sufficient liquidity for the Reporting Period. The Company's current assets amounted to RMB1,587.2 million as of 31 December 2025 (as of 31 December 2024: RMB1,451.0 million), representing an increase of 9.4% as compared to the previous year, primarily due to the increase in inventories and prepayments. Of these assets, cash and cash equivalents (mainly denominated in USD and RMB) amounted to RMB546.9 million (as of 31 December 2024: RMB636.0 million), primarily due to proceeds from fundraising and loans.

As of 31 December 2025, the Company had loans and borrowings of RMB236.8 million (as of 31 December 2024: RMB320.2 million), all of which are repayable within one year.

### ***Capital Expenditures***

The Company's capital expenditures during the Reporting Period consist of expenditures on the additions to property, plant and equipment and other non-current assets. The Company made prepayments for the non-current assets during the Reporting Period, and such prepayments were classified as other non-current assets in our statements of financial position, which affected the capital expenditures during the Reporting Period. The Company's capital expenditures amounted to RMB105.2 million (primarily comprising RMB104.6 million for the purchase of equipment) and RMB33.9 million for the year ended 31 December 2025 and 31 December 2024, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations and proceeds from the Listing.

### ***Capital Commitments***

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

### ***Restricted Assets***

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

### ***Loans and Borrowings***

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

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

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

### ***Contingent Liabilities***

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

### ***Property, Plant and Equipment***

The Company's property, plant and equipment primarily consist of equipment and machinery, passenger vehicles, office equipment and furniture, construction in progress and leasehold improvements. The Company's construction in progress primarily consists of (i) R&D equipment that the Company purchased, which has been delivered to the Company and pending installation. When the Company completes substantially all of the activities necessary to prepare the R&D equipment for its intended use, the Company will transfer it from construction in progress to equipment and machinery; and (ii) renovation of the Company's R&D center in Suzhou. The amount of the Company's property, plant and equipment as of 31 December 2025 was RMB58.3 million, representing a slight decrease compared to RMB62.1 million as of 31 December 2024, attributable to the increase in depreciation of fixed assets.

### ***Right-of-use Assets***

The Company's right-of-use assets represent carrying amounts of long-term leased properties. The lease terms typically range from two to three years for an initial period. The Company's right-of-use assets increased from RMB4.0 million as of 31 December 2024 to RMB4.5 million as of 31 December 2025, primarily due to the additions of leased properties during the Reporting Period, resulting in the increase in right-of-use assets.

### ***Financial Assets at Fair Value Through Other Comprehensive Income***

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

### ***Inventories***

The Company's inventories primarily consist of (i) raw materials, including untested foundry manufactured wafers; and (ii) finished goods. The Company's inventories increased from RMB315.4 million as of 31 December 2024 to RMB467.0 million as of 31 December 2025, primarily due to the inventories held in stock based on our customers' needs and the Company's judgment of market demand.

### ***Trade and Other Receivables***

The Company's trade receivables during the Reporting Period primarily represent receivables from customers for sales of analog IC patterned wafer products. The Company's other receivables and deposits primarily represent VAT (value-added tax) recoverable, contingency cash for business trips and sporadic purchases and rental deposits. The Company's trade and other receivables increased from RMB51.5 million as of 31 December 2024 to RMB53.0 million as of 31 December 2025, representing a relatively stable change.

### ***Prepayments***

The Company's prepayments during the Reporting Period primarily are prepayments to suppliers for the purchase of raw materials. The Company's prepayments increased from RMB396.3 million as of 31 December 2024 to RMB467.1 million as of 31 December 2025, primarily due to the 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) bills payable, which are primarily related to payments due to our wafer channel partner; (ii) trade payables, which are primarily related to payments due to a supplier for chip probing services; (iii) contract liabilities, which mainly arise from the advance payments made by customers before the Company provided the analog IC patterned wafer products, and the advance payments received for an entrusted R&D agreement; and (iv) other payables and accruals. The Company's trade and other payables increased from RMB277.7 million as of 31 December 2024 to RMB315.7 million as of 31 December 2025, mainly as a result of the increase in contract liabilities.

## EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2025, the Company had 111 full-time employees, all of whom were based in China. The following table sets forth the number of the Company's employees by function as of 31 December 2025:

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

The Company offers a comprehensive remuneration package to its employees, which is generally structured with reference to market terms and individual merits, and reviewed by the management on a regular basis. The Company recognizes the importance of talents for sustainable business growth and competitive advantages. The Company believes that our success depends on our ability to attract, retain and motivate qualified personnel. As part of human resources strategy, the Company offers employees relatively competitive salaries, performance-based bonuses, and other incentives. The Company typically signs non-competition agreement with our Senior Management or other key employees. The Company regularly reviews the performance of our employees on the basis of, among other criteria, their abilities to achieve stipulated performance targets. As a result, the Company has generally been able to attract and retain qualified employees and maintain a stable core management team.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Directors deem the compliance with laws and regulations as the cornerstone of a business and attach considerable importance to it; therefore, they strictly comply with laws and regulations of PRC, mainly including laws and regulations of PRC on IC industry, cyber security, data protection, intellectual property, labor and product liability. The Company has allocated abundant resources to ensure ongoing compliance with applicable laws and regulations and to maintain healthy relationships with regulators through effective communications.

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Except as disclosed in the "Future Plans and Use of Proceeds" section of the Company's prospectus (the "**Prospectus**") dated 18 December 2023, as of 31 December 2025, the Company had no other plan for material investments and capital assets.

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

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

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

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

## **OUTLOOK**

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

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

## **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 Corporate Governance Report in the Company’s annual report for the Reporting Period.

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 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 of the Company, the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

## **REVIEW OF ANNUAL ACCOUNTS BY THE AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) has reviewed the audited financial statements 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.

## **SUFFICIENT PUBLIC FLOAT**

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

## **FINAL DIVIDEND**

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

## **2025 ANNUAL GENERAL MEETING**

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

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement has been published on the Company's website ([www.batelab.com](http://www.batelab.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the Reporting Period, which contains all the information required under the Listing Rules, will be dispatched to Shareholders who requested for a printed copy and published on the above websites in due course.

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

Suzhou, the PRC, 25 March 2026

*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.*