

# BaTelab

蘇州貝克微電子股份有限公司

BaTeLab Co., Ltd.

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

Stock Code: 2149



BaTelab

2024

Interim Report

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The background of the page is a futuristic, blue-toned digital landscape. It features a central glowing diamond-shaped structure with concentric lines, surrounded by various geometric shapes and lines that suggest a network or data flow. The overall aesthetic is high-tech and modern.

**BaTelab**

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

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

### Non-executive Directors

Mr. Kong Jianhua (孔建華)  
Mr. Zhou Yufeng (周雨楓) (*resigned on 15 April 2024*)

### Independent Non-executive Directors

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

## Joint Company Secretaries

Mr. Li Yi (李一)  
Mr. Cheung Kai Cheong Willie (張啟昌) (*CPA, FCCA*)

## Authorized Representatives

Mr. Li Zhen (李真)  
Mr. Cheung Kai Cheong Willie (張啟昌)

## Special Board Committees

### Audit Committee

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

### Remuneration and Evaluation Committee

Mr. Wen Chengge (溫承革) (*Chairman*)  
Mr. Zhang Guangping (張廣平)  
Mr. Ma Ming (馬明)

### Nomination Committee

Mr. Zhao Heming (趙鶴鳴) (*Chairman*)  
Mr. Li Yi (李一)  
Mr. Wen Chengge (溫承革)

### Strategy Committee

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

## Supervisory Committee

Mr. Zhou Taotao (周韜韜) (*Chairman*)  
Mr. Chen Xingyu (陳星宇)  
Mr. Zhou Cheng (周承)

## Auditor

KPMG  
Public Interest Entity Auditor registered in accordance  
with the Accounting and Financial Reporting Council  
Ordinance  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central  
Hong Kong

## Legal Advisors

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

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

## Compliance Advisor

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

## Headquarters and Registered Office in the PRC

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

### **Principal Place of Business in Hong Kong**

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

### **H Share Registrar**

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

### **Principal Bank**

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

### **Stock Code**

H Share: 02149

### **Company's Website**

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

### **Investor Relations**

Tel: 0512-68088056

Fax: 0512-68088056

E-mail: [securities@suzhou.batelab.com](mailto:securities@suzhou.batelab.com)

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

Contact person: Li Yi (李一)



# FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of BaTeLab Co., Ltd. (the “**Company**” or “**we**”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2024 (the “**Reporting Period**”) as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Audited)
Revenue	<b>290,554</b>	204,422
Gross profit	<b>148,959</b>	112,895
Profit from operations	<b>70,496</b>	47,660
Profit for the period	<b>67,116</b>	45,864
Earnings per share (basic and diluted) (RMB)	<b>1.12</b>	1.02

	<b>At 30 June 2024 RMB'000 (Unaudited)</b>	At 30 December 2023 RMB'000 (Audited)
Total assets	<b>1,396,131</b>	1,270,927
Total liabilities	<b>490,786</b>	432,698
Net assets	<b>905,345</b>	838,229

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. Business Review

### Market Overview

Since 2023, the global integrated circuit (the “IC”) industry has entered a development stage of “cyclical fluctuations in total volume, continuous structural optimization”, while China’s IC industry has entered a greater level of import substitution. From the perspective of development trend, the focus of the global analog IC industry is shifting to China, still promising vast market potential; especially analog chips used in industry, automobile and other fields still maintain relatively stable demand growth.

Against the backdrop of intensified industry competition and gradual recovery of various downstream industries, the Company continued to focus on the high-end industrial-grade analog IC patterned wafer business, and worked further on exploring new customer bases such as new energy vehicles, etc. By virtue of the sustainable core competitiveness in products, business and technology, the Company maintained steady growth in performance during the Reporting Period.

### Business Overview

During the Reporting Period, the Company continued to deepen and strengthen its three core differentiated competitive advantages: (i) continuing to focus on high-end products and enriching its product portfolio; (ii) focusing on the business model of analog IC design and delivery of patterned wafers; and (iii) continuing to expand its technology advantages with the full-stack analog IC design platform as the core. Our product portfolio continued to enrich, and the competitive environment was better; our pattern wafer delivery model enhanced customer stickiness and made customer expansion more stable; the ecosystem of our self-developed electronic design automation (the “EDA”) tools continued to expand, and our intellectual property (the “IP”) became increasingly abundant. Meanwhile, the Company effectively implemented its business development strategies, as well as kept up with market trends and customer demands, and in particular, the further development with its existing key customers, which included providing more favorable policies to major customers with good credit, and appropriately extending customers’ credit terms, thereby increasing customers’ willingness to place orders and order volume.

Based on the foregoing, for the six months ended 30 June 2024, the Company recorded a revenue of RMB290.6 million, representing a period-on-period increase of 42.1%, and a gross profit margin of 51.3%.

### 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 EDA and reusable 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 research and development (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 500 product models, which can widely empower various application areas such as automotive electronics, healthcare, industrial automation, industrial Internet of Things, industrial lighting, instrumentation, communications, power, energy storage and consumer electronics.

## Management Discussion and Analysis (Continued)

For the six months ended 30 June 2024, in terms of core technologies, the Company continued to obtain various technical patents such as zero temperature drift, fast recovery function, and over-current protection in professional fields, stimulating the Company's innovation level; in the field of design platform, the R&D department further refined technologies such as low quiescent currents, low temperature drift, and low start-up voltage, and collaborated with EDA tools to further reduce R&D difficulty while upgrading product performance; in terms of market development, the core series of products continued to expand their influence and market share in the new energy storage and new energy vehicle industries.

Relying on its own EDA software, the Company has accumulated more than 500 IP modules covering 12 core functions of analog IC design and applicable to nine core process technologies. The Company has established nine integrated technology platforms suitable for the whole process from process to independent R&D through extensive business cooperation and strategic synergies with its main cooperative fabricators, and implemented the design mechanism of "Tool-IP-chip design collaborative optimization" (the "**TID**", Tool-IP-Design co-optimization), which has greatly lowered the threshold of chip design; realized the in-depth integration of product design and production process, and consolidated the Company's stable supply chain channel advantages; expanded the application range of diversified terminals such as industry, automobile and communication.

The Company has products with either broad applicability or high precision and low power consumption researched and developed by nine technology platforms, and have jointly contributed to the Company's sustained and stable revenue results during the Reporting Period.

For the six months ended 30 June 2024, H770 platform, which specializes in the research and development of high-voltage and high-current products, continued to maintain good advantages and expanded the market in the new energy field. The revenue from this platform accounted for more than 30% of the total revenue; C280 platform, whose main product is boost micro-modules, saw a period-on-period increase of nearly 70% in platform product revenue due to its wide application in power consumption-sensitive systems; C140 platform, which uses high-performance basic analog chips as a series of products, continued to maintain a high level of gross profit margin due to its wide range of product series and models.

## II. 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			
	2024		2023	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales of power management products	256,504	88.3	179,596	87.9
Sales of signal chain products	34,050	11.7	24,826	12.1
<b>Total</b>	<b>290,554</b>	<b>100.0</b>	<b>204,422</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:

	Six months ended 30 June			
	2024		2023	
	RMB'000	% of Revenue	RMB'000	% of Revenue
Sales to distributors	261,423	90.0	168,243	82.3
Direct sales	29,131	10.0	36,179	17.7
<b>Total</b>	<b>290,554</b>	<b>100.0</b>	<b>204,422</b>	<b>100.0</b>

The Company's revenue increased by 42.1% from RMB204.4 million for the six months ended 30 June 2023 to RMB290.6 million for the six months ended 30 June 2024, primarily due to the continuous launch of new products in the industrial category and in-depth development with key customers, which included providing more favorable policies to larger and creditworthy customers and extending credit terms, thereby increasing customers' willingness to place orders and order volume.

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

The Company's revenue from sales of power management products increased by 42.8% from RMB179.6 million for the six months ended 30 June 2023 to RMB256.5 million for the six months ended 30 June 2024, primarily due to the launch of new products and increase in customer demand.



## Management Discussion and Analysis (Continued)

The Company's revenue from sales of signal chain products increased by 37.2% from RMB24.8 million for the six months ended 30 June 2023 to RMB34.1 million for the six months ended 30 June 2024, 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 increased by 55.4% from RMB168.2 million for the six months ended 30 June 2023 to RMB261.4 million for the six months ended 30 June 2024, which is due to steady increase in purchase from the Company by major distributors, as well as the Company's expansion into several new distributors.

The Company's revenue from direct sales decreased by 19.5% from RMB36.2 million for the six months ended 30 June 2023 to RMB29.1 million for the six months ended 30 June 2024, primarily due to the fact that distribution is still the Company's most efficient sales method, and demand from downstream distribution customers is relatively strong, the scale of direct sales has declined slightly amid limited product supply.

### Cost of Sales

The Company's cost of sales increased by 54.7% from RMB91.5 million for the six months ended 30 June 2023 to RMB141.6 million for the six months ended 30 June 2024, primarily due to the significant 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

As a result of the foregoing, the Company's gross profit increased by 31.9% from RMB112.9 million for the six months ended 30 June 2023 to RMB149.0 million for the six months ended 30 June 2024, and the gross profit margin decreased from 55.2% for the six months ended 30 June 2023 to 51.3% for the six months ended 30 June 2024, 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. The revenue of the Company increased significantly during the Reporting Period, leading to the higher gross profit. 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 the same period in last year, which led to a decrease in gross profit margin accordingly. Of the provision for inventory impairment, mainly due to as 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 same period last year.

## Management Discussion and Analysis (Continued)

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

	Six months ended 30 June			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Sales of power management products	129,803	50.6	97,822	54.5
Sales of signal chain products	19,156	56.3	15,073	60.7
<b>Total</b>	<b>148,959</b>	<b>51.3</b>	<b>112,895</b>	<b>55.2</b>

The Company's gross profit from sales of power management products increased by 32.7% from RMB97.8 million for the six months ended 30 June 2023 to RMB129.8 million for the six months ended 30 June 2024, and the gross profit margin decreased from 54.5% for the six months ended 30 June 2023 to 50.6% for the six months ended 30 June 2024. 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 27.1% from RMB15.1 million for the six months ended 30 June 2023 to RMB19.2 million for the six months ended 30 June 2024, and the gross profit margin decreased from 60.7% for the six months ended 30 June 2023 to 56.3% for the six months ended 30 June 2024. 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) net foreign exchange gain; (iii) government grants; and (iv) rental income from lease of our testing equipment. The Company's other income and net gain increased by 202.8% from RMB5.6 million for the six months ended 30 June 2023 to RMB17.1 million for the six months ended 30 June 2024, primarily due to the increase in interest income from bank deposits and net foreign exchange gain.

### 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 3.1% from RMB2.9 million for the six months ended 30 June 2023 to RMB3.0 million for the six months ended 30 June 2024, primarily due to the fact that the Company's major business model is sales to distributors, thus there was no significant increase in distribution costs.

## Management Discussion and Analysis (Continued)

### Administrative Expenses

The Company's administrative expenses during the Reporting Period primarily consist of (i) employee benefits expenses of our 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) intermediary fees such as auditors and lawyers; (v) travel and entertainment expenses; and (vi) office expenses. The Company's administrative expenses increased by 56.8% from RMB11.6 million for the six months ended 30 June 2023 to RMB18.3 million for the six months ended 30 June 2024, primarily due to the increase in employee remuneration during the Reporting Period, and depreciation of the Company's leased properties increased as compared with the same period last year.

### 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 23.3% from RMB57.4 million for the six months ended 30 June 2023 to RMB70.8 million for the six months ended 30 June 2024, primarily due to the increasing investment in R&D as the business scale of the Company continued to expand and profitability continued to improve. In particular, material expenses for R&D increased by RMB23.3 million, representing a period-on-period increase of 71.3%, and the total amount of employee compensation decreased by RMB7.5 million period-on-period, as a result of the absence of the share-based payment expense of RMB10.0 million incurred during the same period last year.

### 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 88.2% from RMB1.8 million for the six months ended 30 June 2023 to RMB3.4 million for the six months ended 30 June 2024, 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 46.3% from RMB45.9 million for the six months ended 30 June 2023 to RMB67.1 million for the six months ended 30 June 2024, primarily due to the significant increase in the revenue of the Company during the Reporting Period.

### Income Tax

The Company's income tax expense was nil for the six months ended 30 June 2023, and was nil for the six months ended 30 June 2024, primarily due to the Company's entitlement to preferential tax and it can enjoy the exemption from EIT in 2023 and 2024.

### Profit for the Period

As a result of the foregoing, the Company's profit for the period increased by 46.3% from RMB45.9 million for the six months ended 30 June 2023 to RMB67.1 million for the six months ended 30 June 2024, primarily due to the significant increase in the revenue of the Company during the Reporting Period.

### Non-HKFRS Measure

To supplement the Company's historical financial information which are presented in accordance with HKFRS, 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. 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 describes 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 of the Company (the "**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.

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 of the shares of the Company (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 December 2023 (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:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Profit for the period	<b>67,116</b>	45,864
Add:		
Listing expenses	—	785
Share-based payments	—	9,995
Adjusted net profit (non-HKFRS measure)	<b>67,116</b>	56,644

## Management Discussion and Analysis (Continued)

### **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 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 do 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 Shareholders' 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 2024 and 30 June 2023.

The Company manages its capital with the gearing ratio. The gearing ratio of the Company as of 30 June 2024, 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 27.6% (as of 30 June 2023: 25.1%).

### Liquidity and Financial Resources

The Company maintains an excellent financial position and sufficient liquidity for the six months ended 30 June 2024. The Company's current assets amounted to RMB1,264.4 million as of 30 June 2024, representing an increase of 8.4% from RMB1,166.3 million as of 31 December 2023, primarily due to the increase in inventories, pledged bank deposits and cash and cash equivalents. Of these assets, cash and cash equivalents (mainly denominated in HK\$ and RMB) amounted to RMB483.3 million, representing a decrease of 12.3% from RMB550.8 million as of 31 December 2023, primarily due to the expansion of the Company which led to the increase in the prepayments.

As of 30 June 2024, the Company had bank loans of RMB241.8 million (as of 31 December 2023: RMB171.6 million), all of which were 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 RMB32.0 million, including the investment-related payments of RMB24.5 million, and RMB5.9 million for the six months ended 30 June 2024 and 30 June 2023, respectively. Historically, we have funded our capital expenditures mainly through cash generated from our operations, proceeds from the Listing and bank borrowings.

The Company expects that our capital expenditures will increase in the future as our business continues to grow, which the Company will use primarily on the additions to property, plant and equipment. 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 RMB66.4 million and RMB66.5 million as of 30 June 2024 and 31 December 2023, respectively.

## Management Discussion and Analysis (Continued)

### Pledge of Assets

As of 30 June 2024, the Company's bank deposits totaling RMB56.6 million were pledged as a guarantee to issue bank acceptance bills, which will be released upon the settlement of relevant bills payable. As of 30 June 2024, the Company did not pledge any assets other than the above.

### Loans and Borrowings

The Company's total outstanding bank loans increased from RMB171.6 million as of 31 December 2023 to RMB241.8 million as of 30 June 2024, mainly to fulfil the capital requirements for its daily operating activities. Financing activities were increased as a result of the business expansion of the Company, which was used to support our working capital, such as payment for raw materials, salaries and welfare of our employees and office expenses.

As of 30 June 2024, the Company had interest-bearing borrowings of RMB241.8 million, all of which were unguaranteed and unsecured borrowings (mainly denominated in RMB), with effective interest rates ranging from 2.80% to 3.65% 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 2024, the Company had unutilized banking facilities of RMB454.6 million.

### Contingent Liabilities

The Company did not have any contingent liabilities as of 30 June 2024 (as of 31 December 2023: nil).

### 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 30 June 2024, 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 of 30 June 2024, the Company did not have any material investments. For the six months ended 30 June 2024, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### 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 Company's property, plant and equipment increased from RMB62.3 million as of 31 December 2023 to RMB65.8 million as of 30 June 2024, primarily due to the acquisition of new triple-temperature sorting machine of RMB3,472,000, with the new equipment being used for R&D purposes.

### 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 RMB6.9 million as of 31 December 2023 to RMB5.7 million as of 30 June 2024, primarily due to the fact that as lease terms increased, the accumulated depreciation of right-of-use assets increased, resulting in a decrease in net amount of right-of-use assets.

### 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 RMB218.1 million as of 31 December 2023 to RMB239.1 million as of 30 June 2024, primarily due to the inventories held in stock based on our customers' needs and the Company's judgement of market demand, which was in line with our business growth.

### 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 value-added tax recoverable, contingency cash for business trips and sporadic purchases and rental deposits. The Company's trade receivables increased from RMB61.3 million as of 31 December 2023 to RMB130.2 million as of 30 June 2024, primarily due to the fact that the significant increase in revenue for the Reporting Period compared to the same period last year, and meanwhile, in order to increase customers' willingness to place orders and order volume, the Company appropriately extended the credit terms for larger and creditworthy customers.

### Prepayments

The Company's prepayments during the Reporting Period primarily are prepayment to suppliers for the purchase of raw materials. The Company's prepayments increased from RMB261.3 million as of 31 December 2023 to RMB354.2 million as of 30 June 2024, 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 primarily related to payments due to a supplier for chip probing services; (ii) bills payable, which 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 RMB248.5 million as of 31 December 2023 to RMB239.3 million as of 30 June 2024, and no significant changes have incurred.

## Management Discussion and Analysis (Continued)

### Employees

#### Employees

As of 30 June 2024, the Company had 115 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 2024:

<b>Function</b>	<b>Number of employees</b>
Senior Management	2
R&D	69
Sales and marketing	10
Business operations and administration	34
<b>Total</b>	<b>115</b>

#### Remuneration Policy

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.

The staff costs excluding (i) contributions to defined contribution retirement plans and (ii) equity-settled share-based payments amounted to approximately RMB21.2 million for the six months ended 30 June 2024, as compared to that of approximately RMB16.3 million for the six months ended 30 June 2023.

#### Training Plans

Based on the full-stack design platform, the Company has established a comprehensive R&D system and training mechanism to cultivate R&D team from scratch, which has broken through the bottleneck of experienced talents in the field of analog IC design and ensured sustainable supply of talent. The Company provides on-board training for all of our employees as well as periodic training or seminars to ensure their self-development. In particular, the Company provides a special training program which lasts for two to three weeks for our R&D employees to help them get familiar with R&D activities and project management. Experienced engineers serve as mentors in the program, and conduct tutoring with new R&D employees. Furthermore, the Company holds lectures and exchange ideas through seminars with external professionals. The Company also provides courses for our employees as an important part of their continuous self-learning. The Company strives to create a multiple-incentive mechanism and a friendly working environment to fulfil our employees' full potential. Due to our efforts, the Company generally maintains a stable team of employees that make continuous contributions.

### 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 of the Company, 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. For the six months ended 30 June 2024, the Company had no material violations of or non-compliance with applicable laws and regulations.

### Outlook

Looking back to the first half of 2024, we continued to focus on the development of our patterned wafers business by refreshing our R&D efforts to further improve our product performance and product matrix; we entered into new major fields such as thermal management of new energy vehicles, current sensors, in-car chargers, and in-car DC-DC converters, with a view to expanding our influence and market share, which achieved encouraging results.

Since 2024, our fund-raising and investment projects have been advancing steadily.

First of all, we plan to further expand our R&D capabilities, and we are establishing a back-end process R&D center with the goal of making us more efficient when developing new products, with better R&D costs, and to be more in line with the features of the product portfolio on which the Company focuses.

Secondly, we will continue to leverage on in-depth cooperation with channel partners to develop products in close proximity to market demands. In the fields such as new energy storage, electric vehicles and high-end industries, we will continue to launch analog chip products that our customers love. We have also invested our R&D efforts in the emerging fields including analog artificial intelligence computing.

We will strengthen our hard power and maintain our development resilience by accelerating the research and development of new products and the upgrading of EDA tools; meanwhile, we will promote the transformation of core technologies by leveraging the key advantages of independently controllable EDA tools; moreover, we will grasp customer resources and opportunities in the industry chain to enhance the market share, for the sake of bring sustainable and long-lasting development benefits to the Company and its Shareholders.



# 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 set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own corporate governance code. During the Reporting Period, the Company has complied with all applicable Code Provisions.

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

## Model Code for Securities Transactions

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

## Sufficient Public Float

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

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

As of 30 June 2024, the interests or short positions of the Directors, Supervisors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code, to be notified to our Company and the Stock Exchange will be as follows:

Name of Directors	Nature of Interest	Type of Shares <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
Mr. Li Zhen	Beneficial owner	Unlisted Domestic Shares	1,049,632 (L)	2.33%	1.75%
	Interest in controlled corporation <sup>(3)</sup>	Unlisted Domestic Shares	14,134,213 (L)	31.41%	23.56%
	Interest held jointly with other persons <sup>(4)</sup>	Unlisted Domestic Shares	252,800 (L)	0.56%	0.42%

## Corporate Governance and Other Information (Continued)

Name of Directors	Nature of Interest	Type of Shares <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
Mr. Zhang Guangping	Interest held jointly with other persons <sup>(4)</sup>	Unlisted Domestic Shares	15,436,645 (L)	34.30%	25.73%
Mr. Li Yi	Beneficial owner	Unlisted Domestic Shares	252,800 (L)	0.56%	0.42%
	Interest held jointly with other persons <sup>(4)</sup>	Unlisted Domestic Shares	15,183,845 (L)	33.74%	25.31%
Mr. Kong Jianhua	Interest in controlled corporation <sup>(5)</sup>	Unlisted Domestic Shares	2,846,352 (L)	6.33%	4.74%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As of 30 June 2024, the Company issued 60,000,000 Shares, comprising 45,000,000 unlisted domestic Shares and 15,000,000 H Shares.
- (3) The general partner of Suzhou Backward Investment Partnership (Limited Partnership) ("**Backward Partnership**") is Suzhou Backward Electronic Co., Ltd. ("**Backward Electronic**"), which is in turn owned as to 53.50% by Mr. Li Zhen. By virtue of the SFO, Mr. Li Zhen is deemed to be interested in the Shares held by each of Backward Electronic and Backward Partnership.
- (4) Pursuant to the acting in concert agreement dated 31 March 2022 and executed by Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi (the "**Concert Party Agreement**"), Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi (the "**Concert Parties**") agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders to such date when all of them cease to be directly or indirectly interested in our Company, they had been and would continue to be acting in concert. Pursuant to the Concert Party Agreement, the Concert Parties had consulted and would consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on material operation and development affairs and/or all voting at Board and the General Meetings. In the event that they are unable to reach consensus on any matter presented, it shall be resolved by a simple majority vote, with each Concert Party entitled to one vote. For details of the Concert Party Agreement, please see the section headed "History, Development and Corporate Structure" of the Prospectus. By virtue of the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi together with their respective investment holding companies (being Backward Electronic and Backward Partnership) are deemed to be interested in the Shares held by each other.
- (5) The general partner of Suzhou Rongxiang Beiyong Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)) was Suzhou Hi-tech Venture Capital Group Rongxiang Investment Management Co., Ltd. (蘇州高新創業投資集團融享投資管理有限公司), which was ultimately controlled by Mr. Kong Jianhua, a non-executive Director. By virtue of the SFO, Mr. Kong Jianhua is deemed to be interested in the Shares held by Suzhou Rongxiang Beiyong Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)).

Save as disclosed above, as of 30 June 2024, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) are required to be entered in the register pursuant to Section 352 of the SFO, or (ii) are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2024, to the best knowledge of the Directors, the following persons (excluding the Directors, Supervisors and chief executive of the Company) had, or were deemed or taken to have, an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Nature of interest	Type of Shares <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximately percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
Ms. Zhang Jingwen (張婧雯)	Interest of spouse <sup>(4)</sup>	Unlisted Domestic Shares	15,436,645 (L)	34.30%	25.73%
Backward Electronic	Beneficial owner	Unlisted Domestic Shares	8,753,678 (L)	19.45%	14.59%
	Interest in controlled corporation <sup>(3)</sup>	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.97%
	Interest held jointly with other persons <sup>(4)</sup>	Unlisted Domestic Shares	1,302,432 (L)	2.89%	2.17%
Backward Partnership	Beneficial owner	Unlisted Domestic Shares	5,380,535 (L)	11.96%	8.97%
	Interest held jointly with other persons <sup>(4)</sup>	Unlisted Domestic Shares	10,056,110 (L)	22.35%	16.76%
Zhuhai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,265,399 (L)	5.03%	3.78%
GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)	Interest in controlled corporation <sup>(5)</sup>	Unlisted Domestic Shares	3,012,837 (L)	6.70%	5.02%
GF Securities Co., Ltd. (廣發證券股份有限公司)	Interest in controlled corporation <sup>(5)</sup>	Unlisted Domestic Shares	3,012,837 (L)	6.70%	5.02%

## Corporate Governance and Other Information (Continued)

Name of Shareholders	Nature of interest	Type of Shares <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximately percentage of shareholding in the relevant type of Shares <sup>(2)</sup>	Approximate percentage of shareholding in the total Share capital <sup>(2)</sup>
Suzhou Rongxiang Beiying Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業 (有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,846,352 (L)	6.33%	4.74%
Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)	Interest in controlled corporation <sup>(6)</sup>	Unlisted Domestic Shares	4,906,092 (L)	10.90%	8.18%
Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇捷泉元禾璞華股權投資合夥企業 (有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,718,339 (L)	6.04%	4.53%
Runke (Shanghai) Equity Investment Fund Partnership (Limited Partnership) (潤科 (上海) 股權投資基金合夥企業 (有限合夥))	Beneficial owner	Unlisted Domestic Shares	2,718,339 (L)	6.04%	4.53%
China International Capital Corporation Limited	Interest in controlled corporation <sup>(7)</sup>	H Shares	2,260,000 (L) 2,260,000 (S)	15.07% 15.07%	3.77% 3.77%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares, and the letter "S" denotes the person's short position in the Shares.
- (2) Unlisted domestic Shares and H Shares are regarded as two different types of Shares for the purpose of Part XV of the SFO. As of 30 June 2024, the Company issued 60,000,000 Shares, comprising 45,000,000 unlisted domestic Shares and 15,000,000 H Shares.
- (3) The general partner of Backward Partnership is Backward Electronic. By virtue of the SFO, Backward Electronic is deemed to be interested in the Shares held by Backward Partnership.
- (4) Pursuant to the Concert Party Agreement, Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders to such date when all of them cease to be directly or indirectly interested in our Company, they had been and would continue to be acting in concert. Pursuant to the Concert Party Agreement, the Concert Parties had consulted and would consult with each other and reach a unanimous consensus among themselves before the decision, implementation and agreement on material operation and development affairs and/or all voting at the General Meetings. In the event that they are unable to reach consensus on any matter presented, it shall be resolved by a simple majority vote, with each Concert Party entitled to one vote. For details of the Concert Party Agreement, please see the section headed "History, Development and Corporate Structure" of the Prospectus. By virtue of the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi together with their respective investment holding companies (being Backward Electronic and Backward Partnership) are deemed to be interested in the Shares held by each other. Ms. Zhang Jingwen is the spouse of Mr. Zhang Guangping and is deemed to be interested in all the Shares held by Mr. Zhang Guangping by virtue of the SFO.

## Corporate Governance and Other Information (Continued)

- (5) The general partner of Zhuhai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥)) and Zhuhai Guangfa Xinde Environmental Industry Investment Fund Partnership (Limited Partnership) (珠海廣發信德環保產業投資基金合夥企業(有限合夥)) is GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司). By virtue of the SFO, GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司) is deemed to be interested in the Shares held by Zhuhai Guangfa Xinde Intelligent Innovation and Upgrade Equity Investment Fund (Limited Partnership) (珠海廣發信德智能創新升級股權投資基金(有限合夥)) and Zhuhai Guangfa Xinde Environmental Industry Investment Fund Partnership (Limited Partnership) (珠海廣發信德環保產業投資基金合夥企業(有限合夥)). GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司) is ultimately controlled by GF Securities Co., Ltd. (廣發證券股份有限公司) (Stock Code: 000776.SZ).
- (6) As of 30 June 2024, Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司) is owned as to 57.93% by Suzhou Overseas Students Entrepreneurship Park Co., Ltd. (蘇州留學人員創業園有限公司) (which is ultimately controlled by Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)). Suzhou Rongxiang Beiying Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)) is owned as to 59.01% by Suzhou High-Tech Venture Capital Group Co., Ltd. (蘇州高新創業投資集團有限公司) (ultimately controlled by the Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府)) as a limited partner. By virtue of the SFO, Suzhou Huqiu District People's Government (蘇州市虎丘區人民政府) is deemed to be interested in the Shares held by Suzhou New District Venture Technology Investment Management Co., Ltd. (蘇州高新區創業科技投資管理有限公司) and Suzhou Rongxiang Beiying Venture Capital Partnership (Limited Partnership) (蘇州融享貝贏創業投資合夥企業(有限合夥)).
- (7) According to the disclosure of interest form filed by China International Capital Corporation Limited on 23 January 2024, which contains a relevant event date of 20 January 2024, these Shares are held by CICC Financial Trading Limited, the indirect wholly-owned subsidiaries of China International Capital Corporation Limited. By virtue of the SFO, China International Capital Corporation Limited is deemed to be interested in the Shares held by CICC Financial Trading Limited.

Save as disclosed above, as of 30 June 2024, the Directors were not aware of any person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

### Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, the Company has not purchased, sold or redeemed any of the Company's listed securities.

### Use of Proceeds from the Global Offering

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



## Corporate Governance and Other Information (Continued)

The use of proceeds from the Global Offering as of 30 June 2024 was as follows:

<b>Intended use of proceeds</b>	<b>Approximate percentage of total amount</b>	<b>Approximate distribution of previously disclosed net proceeds and approximate amount of net unutilized proceeds as of 31 December 2023 (HK\$ million)</b>	<b>Approximate utilization of proceeds during the Reporting Period (HK\$ million)</b>	<b>Approximate amount of net unutilized proceeds as of 30 June 2024 (HK\$ million)</b>	<b>Expected timing of utilization of unutilized proceeds</b>
<b>Enhance R&amp;D and innovation capabilities</b>	<b>30%</b>	<b>106.2</b>	<b>—</b>	<b>106.2</b>	<b>Before 31 December 2028</b>
Invest in R&D infrastructure and upgrade the R&D center	20%	70.8	—	70.8	Before 31 December 2028
Upgrade R&D technology	5%	17.7	—	17.7	Before 31 December 2028
Expand R&D team	5%	17.7	—	17.7	Before 31 December 2028
<b>Enrich product portfolio and expand business</b>	<b>30%</b>	<b>106.2</b>	<b>—</b>	<b>106.2</b>	<b>Before 31 December 2028</b>
Improve and upgrade the analog IC product line	20%	70.8	—	70.8	Before 31 December 2028
Develop a mixed-signal IC product line	10%	35.4	—	35.4	Before 31 December 2028
<b>Expand customer base and strengthen relationship with customers</b>	<b>10%</b>	<b>35.4</b>	<b>—</b>	<b>35.4</b>	<b>Before 31 December 2028</b>
Establish sales centers	5%	17.7	—	17.7	Before 31 December 2028
Maintain customer relationship and develop new customers	5%	17.7	—	17.7	Before 31 December 2028
<b>Strategic investments and/or acquisition<sup>(1)</sup></b>	<b>20%</b>	<b>70.8</b>	<b>27.1</b>	<b>43.7</b>	<b>Before 31 December 2028</b>
<b>Working capital and general corporate purposes</b>	<b>10%</b>	<b>35.4</b>	<b>0.9</b>	<b>34.5</b>	<b>Before 31 December 2028</b>
<b>Total</b>		<b>354.1</b>	<b>28.0</b>	<b>326.1</b>	<b>—</b>

Note:

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

## Corporate Governance and Other Information (Continued)

Subsequent to the Listing Date, the unutilized net proceeds were deposited into licensed commercial banks in Hong Kong.

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

As of 30 June 2024, the Company does not anticipate any changes to its plans for the use of proceeds.

### Important Corporate Governance Matters During and After the Reporting Period Resignation of Non-Executive Director

During the Reporting Period, Mr. Zhou Yufeng resigned as a non-executive Director for the reason of work reassignment with effect from 15 April 2024. For details, please refer to the announcement of the Company dated 15 April 2024.

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

### Amendments to Articles of Association

In accordance with the provisions of the Company Law of the People’s Republic of China, the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, the Guidelines for the Articles of Association of Listed Companies and other relevant laws and regulations, and taking into account the actual situation of the Company, the Company has amended the registered capital, the total amount of the Shares and the number of members of the Board as set out in the articles of association of the Company (the “**Articles of Association**”). Meanwhile, the general meeting of the Company has authorized the management to handle the industrial and commercial registration in relation to the amendments to the Articles of Association and other related matters. For details, please refer to the Company’s announcements dated 27 May 2024 and 21 June 2024 and the circular dated 31 May 2024.

### Review of Interim Accounts by the Audit Committee

The audit committee of the Company (the “**Audit Committee**”) has reviewed the unaudited interim results of the Company for the six months ended 30 June 2024 and discussed with the management of the Company and the auditor the accounting principles and practices adopted by the Company, risk management and internal controls and financial reporting. The Audit Committee is of the opinion that the relevant statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that appropriate disclosures have been made.

### Interim Dividend

The Board does not recommend the payment of the interim dividend for the six months ended 30 June 2024.

### Significant Events after the End of the Reporting Period

Subsequent to 30 June 2024 and up to the date of this report, so far as the Directors are aware, there have been no events that have materially affected the Company.

# INDEPENDENT AUDITOR'S REPORT



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

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

### **Introduction**

We have reviewed the interim financial report set out on pages 27 to 42 which comprises the statement of financial position of BaTeLab Co., Ltd. (the "Company") as of 30 June 2024 and the related statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

### **Scope of review**

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

## Independent Auditor's Report (Continued)

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

15 August 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>REVENUE</b>	4	<b>290,554</b>	204,422
Cost of sales		<b>(141,595)</b>	(91,527)
Gross profit		<b>148,959</b>	112,895
Other income and net gain	5	<b>17,082</b>	5,642
Distribution costs		<b>(2,960)</b>	(2,870)
Administrative expenses		<b>(18,256)</b>	(11,642)
Research and development expenses		<b>(70,812)</b>	(57,411)
Impairment losses on trade receivables		<b>(3,517)</b>	1,046
<b>PROFIT FROM OPERATIONS</b>		<b>70,496</b>	47,660
Finance costs	6(a)	<b>(3,380)</b>	(1,796)
Profit before taxation	6	<b>67,116</b>	45,864
Income tax	7(a)	—	—
<b>PROFIT FOR THE PERIOD</b>		<b>67,116</b>	45,864
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF NIL TAX</b>		—	—
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>67,116</b>	45,864
<b>EARNINGS PER SHARE</b>			
Basic and diluted (RMB)	8	<b>1.12</b>	1.02

The notes on pages 32 to 42 form part of this interim financial report.



# STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2024

(Expressed in Renminbi)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	65,832	62,329
Right-of-use assets	10	5,737	6,873
Intangible assets		370	374
Other non-current assets	11	59,802	35,032
		<b>131,741</b>	104,608
<b>CURRENT ASSETS</b>			
Inventories	12	239,050	218,131
Trade and other receivables	13	131,243	69,169
Prepayments	14	354,237	261,319
Pledged bank deposits	15	56,567	66,862
Cash and cash equivalents	16	483,293	550,838
		<b>1,264,390</b>	1,166,319
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	17	241,771	171,601
Trade and other payables	18	239,252	248,501
Lease liabilities		5,419	6,579
		<b>486,442</b>	426,681
<b>NET CURRENT ASSETS</b>		<b>777,948</b>	739,638
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>909,689</b>	844,246

## Statement of Financial Position (Unaudited) (Continued)

At 30 June 2024

(Expressed in Renminbi)

	Note	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>2,782</b>	4,455
Deferred tax liabilities		<b>1,562</b>	1,562
		<b>4,344</b>	6,017
<b>NET ASSETS</b>			
		<b>905,345</b>	838,229
<b>CAPITAL AND RESERVES</b>			
	19		
Share capital		<b>60,000</b>	60,000
Reserves		<b>845,345</b>	778,229
<b>TOTAL EQUITY</b>			
		<b>905,345</b>	838,229

Approved and authorised for issue by the board of directors on 15 August 2024.

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**Li Zhen**

*Chairman*

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**Li Yi**

*Chief Financial Officer*

The notes on pages 32 to 42 form part of this interim financial report.

# STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company					Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC	Retained profits RMB'000	
					statutory reserves RMB'000		
<b>Balance at 1 January 2023</b>		<b>45,000</b>	<b>222,407</b>	<b>—</b>	<b>14,257</b>	<b>114,171</b>	<b>395,835</b>
<b>Changes in equity for the six months ended 30 June 2023:</b>							
Profit and total comprehensive income for the period		—	—	—	—	45,864	45,864
Equity-settled share-based transactions	19(b)	—	—	9,995	—	—	9,995
<b>Balance at 30 June 2023 and 1 July 2023</b>		<b>45,000</b>	<b>222,407</b>	<b>9,995</b>	<b>14,257</b>	<b>160,035</b>	<b>451,694</b>
<b>Changes in equity for the six months ended 31 December 2023</b>							
Issue of ordinary shares by initial public offering, net of issuance costs		15,000	308,241	—	—	—	323,241
Profit and total comprehensive income for the period		—	—	—	—	63,294	63,294
Appropriation to reserves		—	—	—	10,912	(10,912)	—
<b>Balance at 31 December 2023</b>		<b>60,000</b>	<b>530,648</b>	<b>9,995</b>	<b>25,169</b>	<b>212,417</b>	<b>838,229</b>
<b>Balance at 1 January 2024</b>		<b>60,000</b>	<b>530,648</b>	<b>9,995</b>	<b>25,169</b>	<b>212,417</b>	<b>838,229</b>
<b>Changes in equity for the six months ended 30 June 2024</b>							
Profit and total comprehensive income for the period		—	—	—	—	67,116	67,116
<b>Balance at 30 June 2024</b>		<b>60,000</b>	<b>530,648</b>	<b>9,995</b>	<b>25,169</b>	<b>279,533</b>	<b>905,345</b>

The notes on pages 32 to 42 form part of this interim financial report.

# CONDENSED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>OPERATING ACTIVITIES:</b>			
Cash (used in)/generated from operations		(91,897)	50,774
<b>Net cash (used in)/generated from operating activities</b>		<b>(91,897)</b>	50,774
<b>INVESTING ACTIVITIES:</b>			
Payment for the purchase of property, plant and equipment and other non-current assets		(32,013)	(5,876)
Payment for purchase of intangible assets		(24)	(190)
Payments for acquisition of financial assets measured at fair value through profit or loss		—	(30,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss		—	30,237
<b>Net cash used in investing activities</b>		<b>(32,037)</b>	(5,829)
<b>FINANCING ACTIVITIES:</b>			
Capital element of lease rentals paid		(3,327)	(541)
Interest element of lease rentals paid		(153)	(112)
Proceeds from loans and borrowings		104,321	11,858
Repayment of loans and borrowings		(34,184)	—
Interest paid		(3,194)	(1,684)
Listing expense paid		(4,762)	(9,516)
<b>Net cash generated from financing activities</b>		<b>58,701</b>	5
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(65,233)</b>	44,920
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>550,838</b>	162,507
<b>Effect of foreign exchange rate changes</b>		<b>(2,312)</b>	—
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	16	<b>483,293</b>	207,427

The notes on pages 32 to 42 form part of these financial statements.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 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.

## 2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 15 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2023 annual financial statements. The condensed interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on pages 25–26.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the company’s statutory annual financial statements for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2023 are available in the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2024.



### 3 Changes in accounting policies

The group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period :

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Company’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4 Revenue and segment reporting

#### (a) Revenue

##### (i) Disaggregation of revenue

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB’000</b>	RMB’000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
— Sales of analog IC patterned wafers	<b>290,554</b>	204,422

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 signal chain products and power management products that the Company will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of signal chain products and power management products that had an original expected duration of one year or less.

## 4 Revenue and segment reporting (Continued)

### (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 signal chain products and power management products.

### (i) Information about geographical area

All of the Company's revenue is derived from the sales of signal chain products and power management products 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 and net gain

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income	8,045	628
Net realised gains on financial assets measured at fair value through profit or loss	—	237
Government grants ( <i>Note</i> )	6,338	4,283
Rental income	387	397
Net foreign exchange	2,312	—
Others	—	97
	<b>17,082</b>	5,642

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

## 6 Profit before taxation

Profit before taxation is arrived at after charging:

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>(a) Finance costs:</b>			
Interest on			
— loans and borrowings		3,227	1,684
— lease liabilities		153	112
Total interest expense		3,380	1,796
<b>(b) Staff costs:</b>			
Salaries, wages and other benefits		21,246	16,287
Contributions to defined contribution retirement plans	(i)	585	502
Equity-settled share-based payments		—	9,995
		21,831	26,784

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

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

### (c) Other items:

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Cost of inventories	12(b)	197,327	123,587
Depreciation:			
— owned property, plant and equipment		2,219	1,506
— right-of-use assets		1,630	847
Research and development expenses (i)		70,812	57,411
Amortisation of intangible assets		26	23

(i) During the six months ended 30 June 2024, staff costs and depreciation expenses in research and development expenses are RMB12,484,000 (six months ended 30 June 2023: RMB19,743,000), which are also included in the total amounts disclosed separately above.

**7 Income tax in the statement of profit or loss and other comprehensive income****(a) Taxation in the statement of profit or loss and other comprehensive income represents:**

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Current tax:</b>		
Provision for PRC income tax for the period	—	—
<b>Deferred tax:</b>		
Origination of temporary differences	—	—
	—	—

(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 April 2024, 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) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise.

## 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 RMB67,116,127 (six months ended 30 June 2023: RMB45,863,998) and the weighted average of 60,000,000 ordinary shares (six months ended 30 June 2023: 45,000,000) in issue during the six months ended 30 June 2024.

### (b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2024 and 2023 were the same as the basic earnings per share as there were no dilutive potential ordinary shares.

## 9 Property, plant and equipment

During the six months ended 30 June 2024, the Company acquired items of property, plant and equipment with a cost of RMB5,722,000 (six months ended 30 June 2023: RMB3,862,000).

## 10 Right-of-use assets

During the six months ended 30 June 2024, the Company entered into a new tenancy agreement, and therefore recognised the additions to right-of-use assets of RMB494,000 (six months ended 30 June 2023: RMB0).

## 11 Other non-current assets

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayments for construction and property, plant and equipment	35,277	35,032
Investment deposits ( <i>Note</i> )	24,525	—
	<b>59,802</b>	35,032

Note: The Investment deposits are the deposits paid by the Company for investment-related purpose.



## 12 Inventories

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

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Raw materials	<b>191,327</b>	179,638
Finished goods	<b>47,723</b>	38,493
	<b>239,050</b>	218,131

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

	<b>At 30 June 2024 RMB'000</b>	At 30 June 2023 RMB'000
Carrying amount of inventories sold	<b>122,677</b>	88,246
Write-down of inventories	<b>18,712</b>	2,688
	<b>141,389</b>	90,934
Cost of inventories directly recognised as research and development expenses	<b>55,938</b>	32,653
	<b>197,327</b>	123,587

**13 Trade and other receivables**

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Amounts due from third parties		
Trade receivables, net of loss allowance	<b>130,230</b>	61,257
Bills receivable, net of loss allowance	—	2,131
Other receivables and deposits, net of loss allowance	<b>1,013</b>	5,781
	<b>131,243</b>	69,169

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 receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Within 1 month	<b>34,531</b>	23,729
1 to 2 months	<b>22,632</b>	25,539
2 to 3 months	<b>24,061</b>	11,464
3 to 6 months	<b>49,006</b>	525
	<b>130,230</b>	61,257

**14 Prepayments**

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Prepayments to suppliers	<b>354,163</b>	261,135
Others	<b>74</b>	184
	<b>354,237</b>	261,319

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

## Notes to the Unaudited Interim Financial Report (Continued)

### 15 Pledged bank deposits

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Pledged bank deposits	<b>56,567</b>	66,862

As at 30 June 2024 and 31 December 2023, 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.

### 16 Cash and cash equivalents

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at bank and on hand	<b>483,293</b>	550,838

### 17 Loans and borrowings

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans, within 1 year or on demand	<b>241,771</b>	171,601

### 18 Trade and other payables

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Amounts due to third parties		
Trade payables	<b>5,566</b>	4,391
Bills payable	<b>214,352</b>	213,841
	<b>219,918</b>	218,232
Contract liabilities	<b>6,685</b>	7,538
Other payables and accruals	<b>12,649</b>	22,731
Trade and other payables	<b>239,252</b>	248,501

## 18 Trade and other payables (Continued)

- (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 2024 RMB'000	At 31 December 2023 RMB'000
Within 3 months	104,529	115,967
After 3 months but within 6 months	115,389	102,265
	<b>219,918</b>	218,232

## 19 Capital, reserves and dividends

### (a) Dividends

No dividends were paid or declared by the Company during the six months ended 30 June 2024.

### (b) Equity-settled share-based transaction

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

The Company recognised this transaction as equity-settled share-based payments with no vesting conditions in recognition of Mr. Shi Chao's contribution to the Company. The Company recognised a share-based compensation expenses of RMB9,995,300 for the 6 month period ended 30 June 2023, being the difference between the fair value of equity interest of the Company and the consideration received by Backward Partnership.

## 20 Commitments

Capital commitments outstanding at 30 June 2024 and 2023 not provided for in the financial statements were as follows:

	At 30 June 2024 RMB'000	2023 RMB'000
Contracted for	66,364	720

## 21 Material related party transactions

### (a) Key management personnel remuneration

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries, allowance and benefits in kind	1,353	1,325
Discretionary bonuses	1,107	796
Contributions to retirement benefit schemes	57	26
	<b>2,517</b>	2,147

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

## 22 Subsequent events

No significant subsequent events have occurred subsequent to 30 June 2024.