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**TYSiC**

**Guangdong Tianyu Semiconductor Co., Ltd.**

**廣東天域半導體股份有限公司**

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

**(Stock Code: 2658)**

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

**FINANCIAL HIGHLIGHTS**

	Year ended December 31,		Change %
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	
Revenue	<b>709,228</b>	519,622	36.5
Cost of sales	<b>(575,804)</b>	(893,982)	(35.6)
Gross profit/(loss)	<b>133,424</b>	(374,360)	N/A
Research and development expenses	<b>(59,616)</b>	(61,032)	(2.3)
Loss before taxation	<b>(74,063)</b>	(589,188)	(87.4)
Loss for the year	<b>(62,209)</b>	(500,252)	(87.6)

The Company's revenue increased by 36.5% from RMB519.6 million for the year ended December 31, 2024 to RMB709.2 million for the year ended December 31, 2025, primarily due to a significant growth in sales volume, particularly for 6-inch and 8-inch SiC epitaxial wafers, driven by the Company's volume-driven sales strategy, partially offset by a decrease in the average selling price of SiC epitaxial wafers, and an increase in revenue generated from, among others, the provision of foundry services.

The Company's cost of sales decreased by 35.6% from RMB894.0 million for the year ended December 31, 2024 to RMB575.8 million for the year ended December 31, 2025, primarily due to (i) a substantial decrease in the provision for write-down of inventories compared to the previous year; (ii) the write-off of previous inventory write-downs resulting from strengthened inventory management, the utilization of previously provisioned inventories, and the return of certain non-conforming inventories to a supplier; (iii) a decrease in material costs and manufacturing costs per unit resulting from economies of scale driven by the increased sales volume of 6-inch and 8-inch SiC epitaxial wafers; and (iv) decreased purchase costs due to the Company's strategic shift towards domestic substitution of raw materials.

The Company recorded a gross profit of RMB133.4 million for the year ended December 31, 2025, as compared to a gross loss of RMB374.4 million for the year ended December 31, 2024. The gross profit margin was 18.8% for the year ended December 31, 2025 (2024: gross loss margin of 72.0%). The turnaround was primarily attributable to a significant year-on-year decrease in the write-down of inventories, coupled with the write-off of previous inventory write-downs, coupled with the increase in sales volume and effective cost management.

The Company's research and development expenses decreased by 2.3% from RMB61.0 million for the year ended December 31, 2024 to RMB59.6 million for the year ended December 31, 2025, primarily due to a decrease in the procurement prices of raw materials, coupled with the optimized management of R&D materials which effectively improved their utilization rate and frequency of use.

The Company recorded a loss before taxation of RMB74.1 million for the year ended December 31, 2025, as compared to a loss before taxation of RMB589.2 million for the year ended December 31, 2024.

The Company recorded a loss for the year of RMB62.2 million for the year ended December 31, 2025, as compared to a loss for the year of RMB500.3 million for the year ended December 31, 2024.

#### **FINAL DIVIDEND**

The Board does not recommend the payment of the final dividend for the year ended December 31, 2025 (2024: nil).

## **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Tianyu Semiconductor Co., Ltd. (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the year ended December 31, 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2024.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*for the year ended 31 December 2025*

*(Expressed in RMB)*

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Revenue</b>	3	<b>709,228</b>	519,622
Cost of sales		<u><b>(575,804)</b></u>	<u>(893,982)</u>
<b>Gross profit/(loss)</b>		<b>133,424</b>	(374,360)
Other net income	4	<b>27,724</b>	13,377
Selling and distribution expenses		<b>(19,134)</b>	(19,023)
Administrative and other operating expenses		<b>(107,714)</b>	(113,599)
Research and development expenses		<u><b>(59,619)</b></u>	<u>(61,032)</u>
<b>Loss from operations</b>		<b>(25,319)</b>	(554,637)
Finance costs	5(a)	<u><b>(48,744)</b></u>	<u>(34,551)</u>
<b>Loss before taxation</b>	5	<b>(74,063)</b>	(589,188)
Income tax credit	6(a)	<u><b>11,854</b></u>	<u>88,936</u>
<b>Loss for the year</b>		<u><b>(62,209)</b></u>	<u>(500,252)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(55,605)</b>	(492,455)
Non-controlling interests		<u><b>(6,604)</b></u>	<u>(7,797)</u>
<b>Loss for the year</b>		<u><b>(62,209)</b></u>	<u>(500,252)</u>
<b>Loss per share</b>	7		
Basic and diluted ( <i>RMB</i> )		<u><b>(0.15)</b></u>	<u>(1.36)</u>

	<b>2025</b>	2024
<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Loss for the year</b>	<b>(62,209)</b>	(500,252)
<b>Other comprehensive income for the year</b>		
Item that is or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>1,392</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<b><u>(60,817)</u></b>	<b><u>(500,252)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(54,213)</b>	(492,455)
Non-controlling interests	<b><u>(6,604)</u></b>	<u>(7,797)</u>
<b>Total comprehensive income for the year</b>	<b><u>(60,817)</u></b>	<b><u>(500,252)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

		31 December 2025	31 December 2024
	Note	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	2,761,138	2,338,738
Right-of-use assets		185,775	195,850
Intangible assets		5,180	3,452
Prepayments, deposits and other receivables	9	180,335	233,310
Deferred tax assets		117,748	105,894
		<u>3,250,176</u>	<u>2,877,244</u>
<b>Current assets</b>			
Inventories	10	69,209	183,399
Trade and bills receivables	11	742,586	147,538
Prepayments, deposits and other receivables	9	207,973	118,973
Restricted cash		6,907	37,822
Cash and cash equivalents		1,166,275	114,577
		<u>2,192,950</u>	<u>602,309</u>
<b>Current liabilities</b>			
Trade and bills payables	12	141,168	158,750
Other payables and accruals		210,073	323,729
Contract liabilities		4,255	1,877
Bank loans and other borrowings	13	765,453	634,559
Lease liabilities		6,709	6,351
		<u>1,127,658</u>	<u>1,125,266</u>
<b>Net current assets/(liabilities)</b>		<u>1,065,292</u>	<u>(522,957)</u>
<b>Total assets less current liabilities</b>		<u>4,315,468</u>	<u>2,354,287</u>

		<b>31 December</b>	31 December
		<b>2025</b>	2024
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Non-current liabilities</b>			
Bank loans and other borrowings	10	<b>1,501,521</b>	1,059,620
Lease liabilities		<b>41,331</b>	48,754
Deferred income		<b>59,466</b>	26,200
Deferred tax liabilities		<b>104</b>	104
		<u><b>1,602,422</b></u>	<u>1,134,678</u>
<b>NET ASSETS</b>		<u><b>2,713,046</b></u>	<u>1,219,609</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	14(b)	<b>393,269</b>	363,198
Reserves		<b>2,321,711</b>	851,741
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,714,980</b>	1,214,939
Non-controlling interests		<b>(1,934)</b>	4,670
<b>TOTAL EQUITY</b>		<u><b>2,713,046</b></u>	<u>1,219,609</u>

## NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in RMB, unless otherwise indicated)*

### 1 General Information

Guangdong Tianyu Semiconductor Co., Ltd. (廣東天域半導體股份有限公司) (the “Company”) was established in Dongguan, Guangdong Province, the People’s Republic of China (the “PRC”) on 7 January 2009 as a limited liability company. In November 2022, 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 (“Stock Exchange”) on 5 December 2025.

The Company and its subsidiaries (together, the “Group”) are principally engaged in design, research and development and manufacture of various types of silicon carbide (“SiC”) epitaxial wafers.

### 2 Basis of preparation and changes in accounting policies

#### *(a) Basis of preparation*

The consolidated results set out in this announcement do not constitute the Group’s financial statements for the year ended 31 December 2025 but are extracted from those financial statements.

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) 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 of Hong Kong Limited.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

#### *(b) Changes in accounting policies*

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 Revenue and segment reporting

#### (a) Revenue

The Group principally generates its revenue from the sales of SiC epitaxial wafer and other products.

#### *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 IFRS 15</b>		
<i>Disaggregated by major products</i>		
Self-manufactured SiC epitaxial wafer		
— 4-inch epitaxial wafer	2,672	7,615
— 6-inch epitaxial wafer	321,408	455,849
— 8-inch epitaxial wafer	198,448	20,959
Other sales and services	186,700	35,199
	<u>709,228</u>	<u>519,622</u>

All revenue was recognised at a point in time.

#### (b) Segment reporting

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland	705,436	474,857
South Korea	1,107	39,305
Others	2,685	5,460
	<u>709,228</u>	<u>519,622</u>

All assets of the Group are located in Chinese Mainland and no analysis of geographic information is presented.

#### 4 Other net income

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income from bank deposits	935	1,081
Government grants	36,852	11,063
(Loss)/gain on disposals of property, plant and equipment	(14)	85
Net foreign exchange (loss)/gain	(9,466)	959
Others	(583)	189
	<u>27,724</u>	<u>13,377</u>

#### 5 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

##### (a) Finance costs

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest expenses on bank loans and other borrowings	67,004	41,953
Interest on lease liabilities	2,441	2,739
	<u>69,445</u>	<u>44,692</u>
Less: Interest expense capitalised into property, plant and equipment ( <i>note</i> )	<u>(20,701)</u>	<u>(10,141)</u>
	<u>48,744</u>	<u>34,551</u>

*Note:* The borrowing costs have been capitalised at a rate of 3.60%–3.90% per annum (2024: 3.60%–4.50%).

##### (b) Staff costs (including directors' and supervisors' emoluments)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, wages and other benefits	72,975	78,262
Contributions to defined contribution retirement plans	13,023	10,790
Equity-settled share-based payment expenses	25,819	23,166
	<u>111,817</u>	<u>112,218</u>

(c) *Other items*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amortisation cost of intangible assets	1,001	458
Depreciation charge		
— Owned property, plant and equipment	135,679	120,420
— Right-of-use assets	10,075	10,395
	<u>145,754</u>	<u>130,815</u>
Auditors' remuneration	2,200	1,337
Listing expenses	15,119	3,393
Cost of inventories sold	575,074	892,659
	<u>592,393</u>	<u>897,389</u>
Provision for impairment losses on financial assets		
— Trade receivables	16,880	45,040
— Other receivables	222	—
	<u>17,102</u>	<u>45,040</u>

6 **Income tax in the consolidated statement of profit or loss and other comprehensive income**

(a) *Taxation in the consolidated statement of loss and other comprehensive income:*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(11,854)</u>	<u>(88,936)</u>
<b>Income tax credit</b>	<u>(11,854)</u>	<u>(88,936)</u>

**(b) Reconciliation between tax credit and accounting loss at applicable tax rates:**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before taxation	<u>(74,063)</u>	<u>(589,188)</u>
Notional tax on loss before taxation, calculated at the tax rates applicable to the respective tax jurisdictions	(11,110)	(88,378)
Tax effect of PRC preferential tax treatments	19	9
Tax effect of non-deductible expenses	244	188
Tax effect of unused tax losses and deductible temporary differences not recognised	6,750	7,276
Tax effect of utilisation of tax losses and deductible temporary differences not recognised in prior years	(2)	(8)
Additional deduction for research and development expenses	<u>(7,755)</u>	<u>(8,023)</u>
Actual tax credit	<u>(11,854)</u>	<u>(88,936)</u>

*Notes:*

- (i) In accordance with relevant PRC rules and regulations, the PRC Corporate Income Tax rate applicable to the Company and Company's subsidiaries registered in Chinese Mainland is principally 25% during the year, except as described below:
- (a) Guangdong Tianyu Semiconductor Co., Ltd. was originally qualified as the High and New Technology Enterprise ("HNTE") and entitled to a preferential tax rate of 15% until 2026.
  - (b) Dongguan Southern Semiconductor Technology Co., Ltd. was qualified as HNTE and entitled to a preferential tax rate of 15% until 2027.
  - (c) Dongguan Hengxin Third Generation Semiconductor Research Institute had been filed as Small Low-Profit Enterprises for previous years. The management of the Group believes that Dongguan Hengxin Third Generation Semiconductor Research Institute and Guangdong Zhuhai Runfu Technology Co., Ltd. will continue to be qualified as Small Low-Profit Enterprises for the year ended 31 December 2025 and are subject to a preferential effective tax rate at 5% for the year ended 31 December 2025 (2024: 5%).
- (ii) The additional deduction for research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by Guangdong Tianyu Semiconductor Co., Ltd. and Dongguan Southern Semiconductor Technology Co., Ltd. for the years ended 31 December 2025 and 2024.

## 7 Loss per share

### (a) *Basic loss per share*

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB55,605,000 (2024: RMB492,455,000) and the weighted average of 365,340,000 ordinary shares (2024: 363,198,000 shares) in issue during the year.

#### *Weighted-average number of ordinary shares*

	Year ended 31 December	
	2025 '000	2024 '000
Issued ordinary shares at 1 January	363,198	363,198
Effect of shares issued by initial public offering	<u>2,142</u>	<u>—</u>
Weighted average number of ordinary shares at 31 December	<u><u>365,340</u></u>	<u><u>363,198</u></u>

### (b) *Diluted loss per share*

For the years ended 31 December 2025 and 2024, the Company did not have any dilutive potential ordinary shares outstanding. Accordingly, diluted loss per share were equal to basic loss per share for both years.

## 8 Property, plant and equipment

### Reconciliation of carrying amount

	Building and Construction RMB'000	Machinery and equipment RMB'000	Office equipment and others RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>							
At 1 January 2024	—	1,175,101	6,559	1,761	70,164	368,536	1,622,121
Additions	—	1,320	200	—	126	1,067,942	1,069,588
Disposals	—	(3,175)	(155)	—	(1,221)	—	(4,551)
Transfers within property, plant and equipment	—	154,259	6,800	—	3,830	(164,889)	—
At 31 December 2024 and 1 January 2025	—	1,327,505	13,404	1,761	72,899	1,271,589	2,687,158
Additions	—	10,776	15	—	—	547,302	558,093
Disposals	—	(29)	(10)	—	—	—	(39)
Transfers within property, plant and equipment	362,189	50,645	5,786	—	122,111	(540,731)	—
Transfer to construction in progress for upgrades	—	(151,332)	—	—	—	151,332	—
At 31 December 2025	<b>362,189</b>	<b>1,237,565</b>	<b>19,195</b>	<b>1,761</b>	<b>195,010</b>	<b>1,429,492</b>	<b>3,245,212</b>
<b>Accumulated depreciation:</b>							
At 1 January 2024	—	(206,373)	(3,696)	(814)	(20,142)	—	(231,025)
Charge for the year (note 6(c))	—	(107,309)	(1,826)	(250)	(11,035)	—	(120,420)
Written back on disposals	—	2,787	147	—	91	—	3,025
At 31 December 2024 and 1 January 2025	—	(310,895)	(5,375)	(1,064)	(31,086)	—	(348,420)
Charge for the year (note 6(c))	—	(122,218)	(1,760)	(240)	(11,461)	—	(135,679)
Transfer to construction in progress for upgrades	—	33,677	—	—	—	(33,677)	—
Written back on disposals	—	15	10	—	—	—	25
At 31 December 2025	—	<b>(399,421)</b>	<b>(7,125)</b>	<b>(1,304)</b>	<b>(42,547)</b>	<b>(33,677)</b>	<b>(484,074)</b>
<b>Net book value:</b>							
At 31 December 2024	—	1,016,610	8,029	697	41,813	1,271,589	2,338,738
At 31 December 2025	<b>362,189</b>	<b>838,144</b>	<b>12,070</b>	<b>457</b>	<b>152,463</b>	<b>1,395,815</b>	<b>2,761,138</b>

## 9 Prepayments, deposits and other receivables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current</b>		
Prepayments, deposits and other receivables		
— third parties	180,335	221,865
— related parties	—	11,445
	<u>180,335</u>	<u>233,310</u>
	-----	-----
	180,335	233,310
<b>Current</b>		
Prepayments, deposits and other receivables		
— third parties	159,887	35,268
— related parties	2,142	—
Other financial assets at amortised cost	27,297	—
Value added tax recoverable	19,197	84,038
	<u>208,523</u>	<u>119,306</u>
Less: loss allowance	(550)	(333)
	<u>207,973</u>	<u>118,973</u>
	-----	-----
	207,973	118,973
	<u>388,308</u>	<u>352,283</u>
	=====	=====

## 10 Inventories

(a) Inventories in the consolidated statement of financial position comprises:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	38,896	129,988
Semi-finished products and work in progress	16,503	23,922
Finished goods	13,810	29,489
	<u>69,209</u>	<u>183,399</u>
	=====	=====

## 11 Trade and bills receivables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables		
— third parties	793,923	156,777
— related parties	2,001	1,954
	<u>795,924</u>	<u>158,731</u>
Bills receivables — third parties	19,967	45,232
Less: loss allowance	<u>(73,305)</u>	<u>(56,425)</u>
	<u><u>742,586</u></u>	<u><u>147,538</u></u>

The Group derecognised the bills receivables issued by the major banks or the banks with qualified rating when the bill receivables are transferred to others through endorsement to suppliers or discounting to other banks. As at 31 December 2025, bills receivables of RMB9,259,000 (2024: RMB8,261,000) were transferred but not derecognised.

### *Aging analysis*

As of the end of the reporting period, the aging analysis of trade and bill receivables, based on the revenue recognition date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0–90 days	499,348	119,429
91–180 days	70,940	16,209
181–270 days	128,541	6,780
271–365 days	43,757	2,008
Over 1 year	—	3,112
	<u>742,586</u>	<u>147,538</u>

Trade receivables are due within 15 to 180 days from the date of billing.

## 12 Trade and bills payables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	141,168	134,244
Bills payables	—	24,506
	<u>141,168</u>	<u>158,750</u>

All trade and bills payables are expected to be settled within one year or are repayable on demand.

As of the end of each of the reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	133,300	154,457
1 year to 2 years	5,580	2,234
Over 2 years	<u>2,288</u>	<u>2,059</u>
	<u><u>141,168</u></u>	<u><u>1158,750</u></u>

### 13 Bank loans and other borrowings

The maturity profile for the interest-bearing bank loans and other borrowings of the Group at the end of each reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Current</b>		
Short-term bank loans and other borrowings	384,006	350,827
Current portion of long-term bank loans and other borrowings	<u>381,447</u>	<u>283,732</u>
	765,453	634,559
<b>Non-current</b>		
Long-term bank loans and other borrowings	<u>1,501,521</u>	<u>1,059,620</u>
	<u><u>2,266,974</u></u>	<u><u>1,694,179</u></u>

(a) The analysis of the repayment schedule of bank loans is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year or on demand	<u>558,898</u>	<u>431,320</u>
After 1 year but within 2 years	273,966	72,715
After 2 years but within 5 years	241,732	239,667
After 5 years	<u>841,337</u>	<u>514,267</u>
	<u><u>1,357,035</u></u>	<u><u>826,649</u></u>
	<u><u>1,915,933</u></u>	<u><u>1,257,969</u></u>

(b) The analysis of the repayment schedule of other borrowings is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year or on demand	206,555	203,239
After 1 year but within 2 years	73,963	168,005
After 2 years but within 5 years	70,523	64,966
	<u>144,486</u>	<u>232,971</u>
	<u>351,041</u>	<u>436,210</u>

#### 14 Capital, reserves and dividends

##### (a) Dividends

No dividends have been declared by the Company during the year (2024: Nil).

##### (b) Share capital

	Number of shares '000	Share capital <i>RMB'000</i>
<b>Ordinary shares, issued and fully paid:</b>		
At 1 January 2024, 31 December 2024 and 1 January 2025	363,198	363,198
Share issued by initial public offering ( <i>note</i> )	<u>30,071</u>	<u>30,071</u>
At 31 December 2025	<u>393,269</u>	<u>393,269</u>

*Note:* On 5 December 2025, the Company issued 30,071,000 H shares with par value of RMB1 each at a price of HK\$58.00 per share by initial public offering. The proceeds of RMB30,071,000, representing the par value, were credited to the Company's share capital. The remaining proceeds, net of share issuance costs, of approximately RMB1,510,364,000 were credited to the Company's capital reserve account.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Market Overview*

In 2025, the global third-generation semiconductor industry continued to develop amidst a complex and evolving landscape. As a critical material for power semiconductor devices, Silicon Carbide (“SiC”) remains at the forefront of the global transition towards green and low-carbon energy. The robust demand from downstream industries, particularly new energy vehicles (“xEVs”), photovoltaics, energy storage systems, and charging infrastructure, continued to drive the expansion of the SiC power device market. In particular, with the stringent requirements for high-voltage, high-temperature, and high-frequency performance in these applications, SiC epitaxial wafers have become increasingly indispensable compared to traditional silicon-based materials.

In the PRC market, the semiconductor industry continued to benefit from favorable government policies and the strategic push for self-reliance in science and technology. Driven by the rapid development of the domestic new energy vehicle industry and the deepening demand for import substitution, the localization rate of the SiC supply chain has continued to increase. The market environment in China has fostered a high degree of specialization and division of labor, promoting the rapid penetration of domestic SiC epitaxial wafers in downstream applications.

However, the industry also faced challenges during the Reporting Period. Following the temporary industry oversupply and inventory adjustments experienced in 2024, the market price of SiC epitaxial wafers and substrates showed signs of stabilization in 2025. The industry continued to undergo a period of technological iteration, characterized by the structural shift from 4-inch and 6-inch wafers to 8-inch wafers. The transition to 8-inch SiC epitaxial wafers, which are more cost-effective, has become a key trend for future industry development. Furthermore, global trade tensions and geopolitical uncertainties continued to present complexities for the global supply chain layout.

Despite these challenges, the long-term growth logic of the SiC industry remains unchanged. The Company continued to focus on the research and development and manufacturing of high-quality SiC epitaxial wafers, meeting the industry’s evolving needs for larger size and higher performance materials. By virtue of its leading market position as one of the largest manufacturers of self-manufactured SiC epitaxial wafers in the PRC market, the Company maintained its resilience during the Reporting Period.

## ***Business Overview***

During the Reporting Period, the Company remained committed to independent research and development and the innovation of fabrication technologies. Leveraging our comprehensive knowledge of technical specifications and applications, we continued to optimize our production processes to meet the evolving demands of downstream customers in industries such as electric vehicles, power supply, and rail transportation.

In response to the industry trend shifting towards larger and more cost-effective semiconductor materials, the Company focused on increasing the penetration of its 8-inch SiC epitaxial wafers. By virtue of our established mass production capability and yield improvement, the sales volume of our 6-inch and 8-inch SiC epitaxial wafers maintained growth during the Reporting Period. The Company effectively implemented a volume-driven sales strategy to counter the impact of market price fluctuations, deepening relationships with key customers while actively expanding our customer base domestically and internationally.

To improve operational efficiency and profitability, the Company actively optimized its supply chain management during the Reporting Period. We increased the proportion of raw material procurement from domestic suppliers, particularly for SiC substrates, which effectively reduced production costs and mitigated supply chain risks. Furthermore, we strengthened our inventory management and quality control measures, resulting in an improvement in inventory turnover days and the write-off of previous inventory write-downs during the year.

In terms of capacity expansion, the Company progressed with the construction of its new production base at the Ecological Park site in Dongguan. As of the end of 2025, the construction was completed and the facility was put into use, enhancing our production capacity to meet the potential market demand for 8-inch SiC epitaxial wafers.

Based on the foregoing, for the year ended December 31, 2025, the Company recorded a revenue of RMB709.2 million, representing a year-on-year increase of 36.5%. The Company achieved a significant reduction in net loss, recording a net loss of RMB62.2 million (2024: net loss of RMB500.3 million). This substantial narrowing of the loss was primarily attributable to: (i) the increase in revenue; and (ii) improved inventory management efficiency, which resulted in the substantial write-off of the large inventory write-down provision made in 2024.

## **Principal Business and Products**

The Company is one of the leading SiC epitaxial wafer manufacturers in China, focusing primarily on self-manufactured SiC epitaxial wafers. An epitaxial wafer is the key raw material for the production of power semiconductor devices. Through the epitaxial process, a specific single-crystal thin film is grown on a silicon carbide substrate, thereby producing individual epitaxial wafers with specific crystal planes and appropriate electrical, optical and mechanical properties. Through the cutting, grinding and polishing of silicon carbide epitaxial wafers, followed by further packaging and design, power semiconductor devices can then be produced.

The Company's product offerings primarily include 4-inch, 6-inch and 8-inch SiC epitaxial wafers. SiC, as a third-generation semiconductor material, offers significant performance advantages compared to traditional materials like silicon, making it highly suitable for high-voltage, high-temperature, and high-frequency environments. The Company's products are widely applied in downstream sectors such as electric vehicles, power supply, rail transportation, photovoltaics, energy storage and smart grids.

In addition to the sales of self-manufactured SiC epitaxial wafers, leveraging its capability and expertise in R&D and mass production, the Company provides value-added SiC epitaxial wafer related services, including SiC epitaxial foundry service, epitaxial wafer cleaning service, and SiC related inspection service.

For the year ended December 31, 2025, in terms of core technologies, the Company continued to focus on the industrialization of SiC epitaxial wafers, utilizing 4H-SiC thick-film rapid epitaxial growth technology. To meet the evolving customer demands for larger and more cost-effective materials, the Company focused on improving the stability and yield of 8-inch SiC epitaxial wafers, and is committed to their large-scale production. Compared to smaller wafers, 8-inch wafers provide a larger chip cutting area than 6-inch wafers, a lower proportion of edge loss, and a higher effective area utilization rate per wafer. In terms of production capacity, the Company's new production base at the Ecological Park site in Dongguan was put into use, positioning the Company as one of the major players in China equipped with significant production capacity for both 6-inch and 8-inch epitaxial wafers.

## Financial Review

### Revenue

#### Revenue by Product Line

During the Reporting Period, the Company generated revenue primarily from (i) sales of self-manufactured SiC epitaxial wafers; and (ii) other sales and services. 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:

	Year ended December 31,			
	2025		2024	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Sales of self-manufactured SiC epitaxial wafers	<b>522,528</b>	<b>73.7</b>	484,423	93.2
— 4-inch	<b>2,672</b>	<b>0.4</b>	7,615	1.5
— 6-inch	<b>321,408</b>	<b>45.3</b>	455,849	87.7
— 8-inch	<b>198,448</b>	<b>28.0</b>	20,959	4.0
Other sales and services	<b>186,700</b>	<b>26.3</b>	35,199	6.8
<b>Total</b>	<b><u>709,228</u></b>	<b><u>100.0</u></b>	<b><u>519,622</u></b>	<b><u>100.0</u></b>

#### Revenue by Geographical Location

The following table sets forth a breakdown of the Company's revenue by geographical location based on the location at which the services were provided or the goods were delivered, in absolute amounts and as a percentage of the total revenue, for the periods indicated:

	Year ended December 31,			
	2025		2024	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Chinese Mainland	<b>705,436</b>	<b>99.4</b>	474,857	91.4
South Korea	<b>1,107</b>	<b>0.2</b>	39,305	7.6
Others ( <i>Note</i> )	<b>2,685</b>	<b>0.4</b>	5,460	1.0
<b>Total</b>	<b><u>709,228</u></b>	<b><u>100.0</u></b>	<b><u>519,622</u></b>	<b><u>100.0</u></b>

*Note:* Others primarily includes Hong Kong, Japan, Taiwan, Singapore, Europe and Australia.

The Company's revenue increased by 36.5% from RMB519.6 million for the year ended December 31, 2024 to RMB709.2 million for the year ended December 31, 2025.

Below are details of changes in our revenue by business line and revenue by geographical location:

The Company's revenue from sales of self-manufactured SiC epitaxial wafers increased by 7.9% from RMB484.4 million for the year ended December 31, 2024 to RMB522.5 million for the year ended December 31, 2025. The increase was primarily driven by a significant growth in sales volume, particularly for 6-inch and 8-inch SiC epitaxial wafers, driven by the Company's volume-driven sales strategy. The revenue growth was partially offset by a decrease in the average selling price of SiC epitaxial wafers, as the Company flexibly adjusted prices in response to market conditions to maintain its industry position and gain market share.

The Company's revenue from other sales and services increased by 430.4% from RMB35.2 million for the year ended December 31, 2024 to RMB186.7 million for the year ended December 31, 2025. This was primarily due to an increase in revenue generated from, among others, the provision of foundry services.

The Company's revenue generated from the Chinese Mainland increased by 48.6% from RMB474.9 million for the year ended December 31, 2024 to RMB705.4 million for the year ended December 31, 2025. Despite a significant increase in sales volume driven by growing domestic market demand, the revenue growth was partially offset by the decrease in the average selling price of SiC epitaxial wafers.

The Company's revenue generated from countries and regions outside the Chinese Mainland decreased by 91.5% from RMB44.8 million for the year ended December 31, 2024 to RMB3.8 million for the year ended December 31, 2025. This decrease was primarily driven by a strategic reallocation of our sales focus towards the domestic market to mitigate the potential impacts of geopolitical uncertainties, which resulted in a lower overseas sales volume. Nevertheless, despite this strategic adjustment, the Company remains committed to its long-term global strategy and is actively laying the groundwork to expand its overseas business presence in markets such as Malaysia and Japan.

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

The Company's cost of sales decreased by 35.6% from RMB894.0 million for the year ended December 31, 2024 to RMB575.8 million for the year ended December 31, 2025. This change was primarily attributable to: (i) a substantial decrease in the provision for write-down of inventories to RMB13.1 million in 2025 compared to RMB315.1 million in the previous year; (ii) the write-off of previous inventory write-downs resulting from strengthened inventory management, the utilization of previously provisioned inventories, and the return of certain non-conforming inventories to a supplier; (iii) a decrease in

material costs and manufacturing costs per unit resulting from economies of scale driven by the increased sales volume of 6-inch and 8-inch SiC epitaxial wafers; and (iv) decreased purchase costs due to the Company's strategic shift towards domestic substitution of raw materials. However, the decrease in cost of sales was partially offset by the unallocated fixed costs of manufacturing overheads being directly expensed to the cost of sales, which resulted from a temporary underutilization of the Group's production facilities due to the reschedule of delivery timetables by certain customers towards the end of 2025. Please refer to the section headed "Management Discussion and Analysis — Financial Review — Gross Profit and Gross Profit Margin" in this announcement for further details.

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

As a result of the foregoing, the Company recorded a gross profit of RMB133.4 million for the year ended December 31, 2025, as compared to a gross loss of RMB374.4 million for the year ended December 31, 2024. The gross profit margin was 18.8% for the year ended December 31, 2025 (2024: gross loss margin of 72.0%).

The turnaround from gross loss to gross profit and the improvement in gross profit margin were mainly attributable to: (i) a significant reduction in the write-down of inventories recognized during the Reporting Period; (ii) a write-off of previous inventory write-downs; (iii) the increase in sales volume, particularly of 8-inch and 6-inch SiC epitaxial wafers, which led to economies of scale and diluted fixed costs; and (iv) decreased purchase costs of raw materials resulting from domestic substitution.

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

- **Sales of self-manufactured SiC epitaxial wafers:** The gross profit from this segment amounted to RMB130.5 million with a gross profit margin of 25.0% (2024: gross loss of RMB350.3 million and gross loss margin of 72.3%). The improvement was driven by the optimized product mix with a higher contribution from 8-inch wafers and improved production efficiency.
- **Other sales and services:** The gross profit from this segment amounted to RMB3.6 million with a gross profit margin of 1.9% (2024: gross loss of RMB22.7 million and gross loss margin of 64.5%). The improvement was primarily due to the increase in the provision of foundry services as a result of the increased volume of SiC epitaxial wafers processed, which reduced the fixed cost allocated to such services.

Despite the overall turnaround to a gross profit, the gross profit for the year was lower than initially expected. This was primarily due to the reschedule of delivery timetables by certain customers that materialized towards the end of 2025. Consequently, the relevant orders rescheduled did not translate into profit for the year. Furthermore, this reschedule led to a temporary underutilization of the Group's production facilities. The unallocated fixed costs of manufacturing overheads associated with this unutilized capacity were directly expensed to the cost of sales for the period, which adversely impacted the gross profit margin. Nevertheless, the aforementioned rescheduled orders have been successfully delivered as of the date of this announcement.

### ***Other Net Income***

The Company's other net income primarily consists of (i) government grants; (ii) net foreign exchange gain/(loss); (iii) interest income from bank deposits; and (iv) gain or loss on disposals of property, plant and equipment.

The Company's other net income increased by 107.1% from RMB13.4 million for the year ended December 31, 2024 to RMB27.7 million for the year ended December 31, 2025. This was primarily due to an increase in government grants mainly in relation to subsidies to SiC epitaxial wafer related R&D and development of the Company to increase its competitiveness, which was partially offset by a net foreign exchange loss of approximately RMB9.5 million recorded during the year, compared to a net foreign exchange gain in the previous year.

### ***Selling and Distribution Expenses***

The Company's selling and distribution expenses primarily consist of (i) sample fees; (ii) employee expenses; (iii) business entertainment expenses; (iv) share-based payment expenses; and (v) travel expenses.

The Company's selling and distribution expenses increased by 0.6% from RMB19.0 million for the year ended December 31, 2024 to RMB19.1 million for the year ended December 31, 2025.

### ***Administrative and Other Operating Expenses***

The Company's administrative and other operating expenses primarily consist of (i) provision for impairment losses on financial assets; (ii) employee expenses; (iii) professional fees; (iv) listing expenses; and (v) share-based payment expenses.

The Company's administrative and other operating expenses decreased by 5.2% from RMB113.6 million for the year ended December 31, 2024 to RMB107.7 million for the year ended December 31, 2025. This was primarily due to a year-on-year decrease in the provision for impairment losses on financial assets from RMB45.0 million in 2024 to RMB17.1 million in 2025.

Although the overall provision expense for impairment losses decreased significantly compared to the previous year, the settlement cycles of certain customers took slightly longer than initially anticipated towards the end of the year ended December 31, 2025. Given that the aging of these outstanding accounts receivables exceeded the original expectations, the Group performed a year-end reassessment and recognized an impairment provision on trade receivables of approximately RMB16.9 million. Up to the date of this announcement, the Group has collected an aggregate of over RMB470 million, representing over 58% of the trade receivables outstanding as of December 31, 2025.

The overall decrease in administrative and other operating expenses was partially offset by the recognition of non-recurring listing expenses of approximately RMB15.1 million incurred in connection with the Company's successful listing on the Stock Exchange in December 2025, representing an increase of approximately RMB11.7 million as compared to approximately RMB3.4 million recorded for the year ended December 31, 2024.

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

The Company's research and development expenses primarily consist of (i) employee expenses; (ii) material costs used in R&D projects; (iii) depreciation and amortization; (iv) share-based payments; (v) fuel and power expenses; and (vi) testing and certification expenses.

The Company's research and development expenses decreased by 2.3% from RMB61.0 million for the year ended December 31, 2024 to RMB59.6 million for the year ended December 31, 2025. This was primarily due to a reduction in material costs used in R&D projects, which was driven by: (i) a general decrease in the procurement prices of raw materials; and (ii) the Company's optimized management of R&D materials, which effectively improved the utilization rate and recycling frequency of such materials, thereby reducing overall material consumption.

### ***Finance Costs***

The Company's finance costs primarily consist of (i) interest expenses on bank loans and other borrowings; and (ii) interest expenses on lease liabilities.

The Company's finance costs increased by 41.1% from RMB34.6 million for the year ended December 31, 2024 to RMB48.7 million for the year ended December 31, 2025. This was primarily due to an increase in interest expenses on bank loans and other borrowings as the Company drew down additional bank loans and other borrowings mainly for the construction of the Ecological Park production base and purchases of equipment. The Company recorded interest expenses capitalized into property, plant and equipment in relation to the construction of the Ecological Park production base, which partially offset the gross increase in interest expenses.

### ***Loss before Taxation***

As a result of the foregoing, the Company recorded a loss before taxation of RMB74.1 million for the year ended December 31, 2025, as compared to a loss before taxation of RMB589.2 million for the year ended December 31, 2024.

### ***Income Tax***

The Company recorded an income tax credit of RMB11.9 million for the year ended December 31, 2025, as compared to an income tax credit of RMB89.0 million for the year ended December 31, 2024. This decrease in the income tax credit was primarily attributable to the significant reduction in the Company's loss before taxation during the year.

The Company and its subsidiary, Dongguan Southern Semiconductor Technology Co., Ltd.\* (東莞南方半導體科技有限公司), were qualified as High and New Technology Enterprises and entitled to a preferential tax rate of 15%. Additionally, the Company was entitled to an additional 100% tax deduction on eligible R&D expenses during the Reporting Period.

### ***Loss for the Year***

As a result of the foregoing, the Company recorded a loss for the year of RMB62.2 million for the year ended December 31, 2025, as compared to a loss for the year of RMB500.3 million for the year ended December 31, 2024.

### ***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, such as the selling prices of SiC epitaxial wafers and the purchase prices of raw materials (including SiC substrates). The semiconductor industry is cyclical and subject to rapid technological changes. During the Reporting Period, the Company faced challenges such as the fluctuation in market prices of SiC epitaxial wafers due to temporary industry oversupply. The management of the Company manages and monitors these risks to ensure that appropriate measures, such as flexible pricing strategies and inventory management, 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. The Company is exposed to various risks in its operations, including supply chain stability, production safety, and quality control. Responsibility for the management of operational risk rests primarily with the functional divisions and departments. The Company has established a risk management system with relevant policies and procedures, such as the “Emergency Preparedness and Response Control Procedures” and quality control standards (ISO9001 and IATF16949), to 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 Company operates in a capital-intensive industry and has made, and expects to continue to make significant capital expenditures for the expansion of production capacity (such as the Ecological Park production base) and R&D activities. The key consideration of the investment framework is to balance the risks and returns of various types of investments. The Company has an appropriate authorization system in place and will conduct a detailed analysis before approving an investment to ensure sufficient working capital is maintained.

### ***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, particularly R&D personnel and senior management who are critical to the Company’s business success and technological innovation. The Company offers competitive salaries, performance-based bonuses, and other incentives (including share-based payment schemes) to attract and retain exceptional talent in the industry.

### ***Financial Risk***

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

- **Credit Risk:** The Company’s credit risk is primarily attributable to trade receivables. The Company is exposed to concentration risk as a significant portion of trade receivables was due from its largest customers. The Company implements credit assessment and monitoring procedures to manage this risk.
- **Liquidity Risk:** The Company monitors current and expected liquidity requirements to ensure sufficient reserves of cash and adequate committed funding from financial institutions.

- **Interest Rate Risk:** The Company is exposed to interest rate risk primarily arising from bank loans and other borrowings issued at variable rates.

In response to the above risks, 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. The Company is exposed to foreign currency risk primarily through sales and purchases which give rise to receivables, payables, and cash balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily U.S. dollars, Euros and Japanese Yen. 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 safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company manages and optimizes its capital structure in response to changes in the economic environment and the risk characteristics of its underlying assets. To maintain or optimize the capital structure, taking into account the Company's current development stage, the Company will primarily focus on further adjusting its business plans to safeguard and enhance its profitability. In addition, the Company may optimize the composition of its long-term and short-term debt to reduce overall finance costs. Furthermore, the Company seeks to alleviate the cost pressures associated with long-term heavy-asset investments by further balancing its operational risks and returns. The capital structure of the Company primarily consists of equity attributable to equity shareholders of the Company, comprising issued share capital and various reserves.

The Company monitors capital using a debt-to-equity ratio. The debt-to-equity ratio of the Company as of December 31, 2025 was 83.6% (as of December 31, 2024: 138.9%). The gearing ratio is calculated based on total loans and borrowings divided by total equity as of the end of the respective year and multiplied by 100%. The decrease in the debt-to-equity ratio was primarily due to a significant increase in the Company's total equity, which was mainly driven by the net proceeds raised from the global offering (has the meaning ascribed thereto in the Company's prospectus (the "**Prospectus**") dated November 27, 2025, the "**Global Offering**").

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

During the Reporting Period, the Company financed its cash requirements primarily through cash generated from operating activities, bank loans and other borrowings, and the net proceeds from the Global Offering.

As of December 31, 2025, the Company's current assets amounted to RMB2,193.0 million (as of December 31, 2024: RMB602.3 million). The Company's cash and cash equivalents amounted to RMB1,166.3 million as of December 31, 2025 (as of December 31, 2024: RMB114.6 million). The Company's cash and cash equivalents are primarily denominated in RMB, United States Dollars, Hong Kong Dollars, Euro and Japanese Yen.

As of December 31, 2025, the Company had total bank loans and other borrowings of RMB2,267.0 million (as of December 31, 2024: RMB1,694.2 million). The increase was primarily due to the financing requirements for the construction of the Ecological Park production base and purchases of equipment.

As of December 31, 2025, the Company recorded net current assets of RMB1,065.3 million (as of December 31, 2024: net current liabilities of RMB523.0 million). This turnaround to a net current asset position was primarily attributable to the substantial increase in cash and cash equivalents resulting from the proceeds from the Global Offering, coupled with an increase in trade and bills receivables driven by the growth in sales volume during the year.

### ***Capital Expenditures***

The Company's capital expenditures during the Reporting Period primarily consist of payment for property, plant and equipment. The Company's capital expenditures amounted to RMB602.0 million for the year ended December 31, 2025 (for the year ended December 31, 2024: RMB843.9 million). The capital expenditures were primarily used for the construction of the Ecological Park production base and the purchase of machinery and equipment to expand production capacity.

The Company expects to fund future capital expenditures through cash generated from operations, bank borrowings and the net proceeds from the Global Offering.

### ***Capital Commitments***

The Company's capital commitments during the Reporting Period primarily relate to purchase for property, plant and equipment contracted but not provided for. As of December 31, 2025, the Company's capital commitments were RMB1,181.2 million (as of December 31, 2024: RMB1,198.0 million).

### ***Pledge of Assets***

As of December 31, 2025, certain of the Company's bank loans and other borrowings were secured by certain of the Group's assets, including property, plant and equipment and leasehold land. The total carrying value of such pledged assets (excluding restricted cash) amounted to RMB1,006.4 million (as of December 31, 2024: RMB946.7 million, comprising property, plant and equipment of RMB802.2 million and leasehold land of RMB144.5 million).

In addition, as of December 31, 2025, the Company's bank deposits totaling RMB6.9 million were pledged as restricted cash (as of December 31, 2024: RMB37.8 million). As of December 31, 2025, these deposits primarily consisted of deposits pledged for letters of guarantee and deposits related to litigation, whereas in the previous year, they also included deposits for issuing bank acceptance bills and letters of credit.

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

The Company's total outstanding bank loans and other borrowings increased from RMB1,694.2 million as of December 31, 2024 to RMB2,267.0 million as of December 31, 2025. This increase was primarily due to the draw-down of new bank loans for the construction of the Ecological Park production base and the purchase of equipment to support the expansion of production capacity.

As of December 31, 2025, the Company had interest-bearing borrowings of RMB2,267.0 million, of which RMB1,347.9 million were secured by certain assets of the Group. The effective interest rates ranged from 2.50% to 3.95% per annum.

As of December 31, 2025, the Company had committed unutilized banking facilities of RMB4,634.1 million.

### ***Contingent Liabilities***

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

### ***Future Plans for Material Investments and Capital Assets***

The Company intends to make capital expenditures to expand its overall production capacity over the next five years, specifically for the construction and equipment of the new Ecological Park production base in Dongguan.

Except as disclosed above and in the "Future Plans and Use of Proceeds" section of the Prospectus, for the year ended December 31, 2025, the Company had no other plan for material investments and capital assets.

### ***Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures***

Save as disclosed in this announcement and the Prospectus, the Company had no other significant investments and/or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

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

The Company's property, plant and equipment primarily consist of (i) buildings and construction; (ii) machinery and equipment used in R&D and production of SiC epitaxial wafers; (iii) construction in progress; (iv) leasehold improvements; (v) office equipment and others; and (vi) vehicles.

The amount of the Company's property, plant and equipment as of December 31, 2025 was RMB2,761.1 million, representing an increase compared to the amount of RMB2,338.7 million as of December 31, 2024. This was primarily due to additions to construction in progress and the purchase of machinery and equipment to support capacity expansion. With the Ecological Park production base being put into use during the year, a substantial portion of construction in progress was transferred to buildings, leasehold improvements, and machinery. The overall increase in property, plant and equipment was partially offset by depreciation charged during the year.

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

The Company's right-of-use assets represent carrying amounts of (i) leasehold land, representing the land use rights on parcels of land in the PRC; and (ii) leased properties, representing premises used as offices, plant and R&D base.

The Company's right-of-use assets decreased from RMB195.9 million as of December 31, 2024 to RMB185.8 million as of December 31, 2025, primarily due to the depreciation charged during the year.

### ***Inventories***

The Company's inventories primarily consist of (i) raw materials, mainly including SiC substrates; (ii) semi-finished products and work in progress; and (iii) finished goods.

The Company's inventories decreased from RMB183.4 million as of December 31, 2024 to RMB69.2 million as of December 31, 2025. This was primarily due to the Company's active measures to optimize inventory levels, including prioritizing the usage of existing raw materials and implementing a new strategic supply chain arrangement to reduce purchase lead times. Additionally, the decrease was further driven by the physical return and derecognition of certain non-conforming inventories to a supplier during the Reporting Period.

### ***Trade and Bills Receivables***

The Company's trade receivables during the Reporting Period primarily represent receivables from customers for sales of SiC epitaxial wafers. The credit period granted to customers was generally 15 days to 180 days from the date of billing. The Company's bills receivables primarily represent bank acceptance bills from customers.

The Company's trade and bills receivables increased from RMB147.5 million as of December 31, 2024 to RMB742.6 million as of December 31, 2025. This was primarily due to the increase in revenue and sales volume during the Reporting Period, particularly in the fourth quarter of 2025 compared to the same period in 2024. Nonetheless, the Group has maintained close communication with its customers and has achieved further collection progress subsequent to the year-end of 2025. Up to the date of this announcement, the Group has collected an aggregate of over RMB470 million, representing over 58% of the trade receivables outstanding as of December 31, 2025.

### ***Prepayments, Deposits and Other Receivables***

The Company's current prepayments, deposits and other receivables primarily consist of (i) prepayments for materials and expenses; (ii) value added tax recoverable; and (iii) other deposits and receivables.

The Company's current prepayments, deposits and other receivables increased from RMB119.0 million as of December 31, 2024 to RMB208.0 million as of December 31, 2025. This increase was primarily driven by: (i) an increase in prepayments for materials and expenses to secure raw material supplies; and (ii) the addition of other financial assets at amortized cost, representing short-term fixed-rate notes held by the Group.

In addition, the Company recorded non-current prepayments, deposits and other receivables of RMB180.3 million as of December 31, 2025 (as of December 31, 2024: RMB233.3 million), which primarily consisted of prepayments for the purchase of property, plant and equipment to support the Company's capacity expansion.

### ***Trade and Bills Payables***

The Company's trade and bills payables during the Reporting Period mainly include payments due to material suppliers.

The Company's trade and bills payables decreased from RMB158.8 million as of December 31, 2024 to RMB141.1 million as of December 31, 2025. This decrease was primarily attributable to the full settlement of bills payables during the year (which amounted to RMB24.5 million as of December 31, 2024), while trade payables remained relatively stable. The stable trade payables balance reflects the combined effect of a decrease in the procurement unit prices of raw materials, offset by the Company's ongoing procurement activities to support its production needs.

### ***Other Payables and Accruals***

The Company's other payables and accruals mainly include (i) payables for constructions and equipment purchases; (ii) salaries, wages, bonus and benefits payable; (iii) amounts due to related parties; and (iv) other tax payable.

The Company's other payables and accruals decreased from RMB323.7 million as of December 31, 2024 to RMB210.1 million as of December 31, 2025. This was primarily due to the partial settlement of payables in connection with the construction and equipment purchases for the production bases during the Reporting Period.

### ***Contract Liabilities***

The Company's contract liabilities mainly arise from the advance payments made by customers before the Company provided the SiC epitaxial wafer products.

The Company's contract liabilities increased from RMB1.9 million as of December 31, 2024 to RMB4.3 million as of December 31, 2025. This was primarily due to the increase in advance payments received from customers for new orders.

## **EMPLOYEES**

### **Employees**

As of December 31, 2025, the Group had a total of 960 full-time employees, substantially all of whom were based in China. The following table sets forth the number of the Group's employees by function as of December 31, 2025:

<b>Function</b>	<b>Number of employees</b>
Production and quality control	605
R&D	113
Business operations	139
Sales and marketing	15
Financial, administrative and supporting	83
Senior management	5
<b>Total</b>	<b>960</b>

## **Remuneration Policy**

The Group 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 Group recognizes the importance of talents for sustainable business growth and competitive advantages. The Group believes that its success depends on its ability to attract, retain and motivate qualified personnel. As part of its human resources strategy, the Group offers employees competitive salaries, performance-based bonuses, and other incentives. The Group typically enters into confidentiality agreements with all of its employees and non-competition agreements with key employees. The Group regularly reviews the performance of its employees on the basis of, among other criteria, their abilities to achieve stipulated performance targets. As a result, the Group has generally been able to attract and retain qualified employees and maintain a stable core business and operating team.

## **Training Plans**

The Group has adopted a diversified recruitment approach to ensure a sufficient talent pool for key positions. The Group primarily recruits employees through on-campus recruitment, online recruitment channels and third-party employment websites. The Group provides on-board training for all of its employees as well as periodic training or seminars to ensure their self-development. The Group also prioritizes the internal training of R&D personnel, utilizing a variety of training resources, including both internal and external courses, to enhance employees' professional skills and provide diverse career development paths. The Group strives to create a multiple-incentive mechanism and a friendly working environment to fulfil its employees' full potential.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has allocated abundant resources to ensure ongoing compliance with applicable laws and regulations and to maintain healthy relationships with regulators through effective communications.

The Group strictly complies with the laws and regulations of the PRC, mainly including laws and regulations on environmental protection, production safety, product quality, intellectual property and labor. The Group has established a comprehensive set of quality control and assurance procedures to monitor its operations to ensure compliance with relevant regulatory requirements.

To the best knowledge of the Board and management, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the Group's business and operations. For the year ended December 31, 2025, the Group had no material violations of or non-compliance with applicable laws and regulations.

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

The H Shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on December 5, 2025 (the “**Listing Date**”).

During the period from the Listing Date to December 31, 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. As at December 31, 2025, the Company did not hold any treasury shares.

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

Subsequent to December 31, 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 Group.

## **OUTLOOK**

In 2026, it is expected that the global and domestic demand for SiC power semiconductors will continue to grow rapidly, driven by downstream industries such as new energy vehicles, photovoltaics, energy storage, and smart grids. The industry trend of shifting from 6-inch to 8-inch SiC epitaxial wafers is expected to accelerate, driven by the need for higher chip yields and lower unit costs. Domestic substitution in the PRC market will continue to deepen, providing opportunities for leading domestic manufacturers.

In 2026, we will continue to seek steady growth and break new ground. We will focus on the following strategies:

- **Expand production capacity to match market demand:** We will ramp up the production capacity at our new Ecological Park production base, with a strategic focus on 8-inch SiC epitaxial wafers. We aim to optimize capacity utilization and efficiency to meet the rising orders from downstream customers and capture the market opportunities arising from the industry's transition to larger-size wafers.
- **Continue to invest in R&D to promote technological innovation:** We will continue to invest in R&D to enhance our product performance and technological barriers. We will focus on developing SiC epitaxial wafers with greater thickness for high-voltage applications, reducing defect density, and increasing minority carrier lifetime. Furthermore, we plan to extend our R&D to next-generation power semiconductor materials, such as gallium oxide and diamond, to sustain our technological edge.
- **Deepen customer relationships and expand cooperation ecosystem:** We will deepen our relationships with key domestic customers in the new energy vehicle and industrial sectors. Simultaneously, we will actively expand our global sales and marketing network. We plan to leverage our sales centers in Malaysia, Italy and Japan to secure local leading semiconductor companies and broaden our market access.

Looking forward, the Group will continue to leverage its technological leadership and mass production capabilities to solidify its position as a leading SiC epitaxial wafer manufacturer in China. We are committed to driving the development of the third-generation semiconductor industry and creating sustainable value for our Shareholders.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) Rules as its own corporate governance code.

During the period from the Listing Date to December 31, 2025, the Company has complied with all applicable code provisions of the CG Code, except for the deviation from code provision C.2.1 as described below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Xiguang (“**Mr. Li**”) currently serves as both the Chairman of the Board and the general manager of the Company. In view of Mr. Li’s extensive industry experience, personal profile and critical role in the Group’s historical development, the Board believes that vesting the roles of both Chairman and general manager in Mr. Li provides the Group with strong and consistent leadership, allowing for more effective planning and management of the Group.

The Board considers that the balance of power and authority is ensured by the operation of the Board and the senior management, which comprises experienced and diverse individuals. The Board currently comprises one executive Director, two non-executive Directors and three independent non-executive Directors. Therefore, the Board possesses a strong independence element in its composition. The Board will continue to review and monitor the corporate governance structure of the Company to ensure that the Company’s corporate governance practices remain high.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Having made specific enquiry of all Directors and Supervisors, the Directors and Supervisors of the Company have confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2025.

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

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The Audit Committee consists of two independent non-executive Directors, namely, Ms. LI Min and Mr. HE Zhengsheng, and one non-executive Director, namely, Mr. JIANG Dacai. Ms. Li Min is the chairlady of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2025 and discussed with the management of the Company and the auditor the accounting principles and practices adopted by the Group, 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.

### **Scope of Work of KPMG**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the preliminary results announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary results announcement.

### **FINAL DIVIDEND**

The Board does not recommend the payment of the final dividend for the year ended December 31, 2025 (for the year ended December 31, 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.sicity.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Group for the year ended December 31, 2025, 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 abovementioned websites in due course.

By order of the Board  
**Guangdong Tianyu Semiconductor Co., Ltd.**  
**Li Xiguang**  
*Chairman and executive director*

Hong Kong, March 30, 2026

*As of the date of this announcement, the Board comprises Mr. LI Xiguang as executive Director, Mr. AU YEUNG Chung and Mr. JIANG Dacai as non-executive Directors, Mr. HE Zhengsheng, Ms. LI Min and Mr. CHIN Vincent as independent non-executive Directors.*

*\* for identification purpose only*