

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2026**

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change %
	2026	2025	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Revenue	347,888	333,404	4.3
Cost of sales	(349,104)	(234,067)	49.1
Gross (loss)/profit	(1,216)	99,337	N/A
Research and development expenses	(29,874)	(26,984)	10.7
(Loss)/profit before taxation	(144,209)	38,070	N/A
(Loss)/profit for the period	(122,574)	30,905	N/A

The Company's revenue increased by 4.3% from RMB333.4 million for the six months ended June 30, 2025 to RMB347.9 million for the six months ended June 30, 2026, primarily due to (1) the year-on-year increases in sales volume driven by increased production capacity for 8-inch epitaxial wafers and stronger downstream market demand. Such revenue growth was partially offset by the decline in the average selling price of epitaxial wafers and lower sales volume of 6-inch epitaxial wafers, mainly as a result of intensified phase-specific competition in the industry; and (2) increased revenue generated from businesses such as the provision of foundry services.

The Company's cost of sales increased by 49.1% from RMB234.1 million for the six months ended June 30, 2025 to RMB349.1 million for the six months ended June 30, 2026, primarily due to (1) the year-on-year increase in the production and sales volume of 8-inch epitaxial wafers, which had higher unit costs; and (2) increased provisions for inventory write-downs, together with a substantial reduction in the benefit arising from the write-off or utilisation of previous inventory write-downs as compared with the six months ended June 30, 2025.

The Company recorded a gross loss of RMB1.2 million for the six months ended June 30, 2026, as compared to a gross profit of RMB99.3 million for the six months ended June 30, 2025. The gross loss margin was 0.3% for the six months ended June 30, 2026 (six months ended June 30, 2025: gross profit margin of 29.8%). The turnaround from gross profit to gross loss was primarily attributable to the cumulative effect of (1) a year-on-year decrease in the average selling price of SiC epitaxial wafers as a result of supply-demand rebalancing and continued intense price competition in the market; (2) weaker absorption of fixed manufacturing costs and depreciation, as the progressive recovery in customer orders and production volume during the second quarter of 2026 did not fully offset the impact of lower production volume during the first quarter of 2026 arising from the customary seasonal slowdown and the Chinese New Year holiday; (3) a non-cash provision for write-down of inventories, mainly attributable to decreases in estimated selling prices and the higher inventory balance as at June 30, 2026 compared with that as at December 31, 2025; and (4) a substantial reduction in the benefit arising from the write-off or utilisation of previous inventory write-downs as compared with the six months ended June 30, 2025.

The Company's research and development expenses increased by 10.7% from RMB27.0 million for the six months ended June 30, 2025 to RMB29.9 million for the six months ended June 30, 2026. The increase mainly reflected higher testing and validation expenditure for new products, higher depreciation of R&D and testing equipment, and higher employee expenses as the Group continued the ramp-up of its 8-inch product and production capability.

The Company recorded a loss before taxation of RMB144.2 million for the six months ended June 30, 2026, as compared with a profit before taxation of RMB38.1 million for the six months ended June 30, 2025.

The Company recorded a loss for the period of RMB122.6 million for the six months ended June 30, 2026, as compared to a profit for the period of RMB30.9 million for the six months ended June 30, 2025. The turnaround from profit to loss was primarily attributable to (1) the substantial decrease in gross profit for the reasons set out above, including the decline in average selling prices, weaker absorption of fixed manufacturing costs and depreciation, the non-cash provision for write-down of inventories and the reduced benefit from previous inventory write-downs; (2) the decrease in other net income, mainly due to increased net foreign exchange losses arising from the depreciation of the Hong Kong dollar against the Renminbi in respect of the Group's Hong Kong dollar-denominated funds; and (3) the increase in administrative and other operating expenses, mainly due to the change from a reversal of impairment losses on financial assets during the six months ended June 30, 2025 to an impairment loss on trade receivables during the six months ended June 30, 2026 following the Group's reassessment of expected credit losses on certain trade receivables in light of their slower-than-anticipated settlement progress.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Tianyu Semiconductor Co., Ltd. (the “**Company**” or “**we**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2026 (the “**Reporting Period**”), together with the comparative figures for the six months ended June 30, 2025.

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

*for the six months ended June 30, 2026 — unaudited
(Expressed in Renminbi (“RMB”))*

		Six months ended June 30, 2026	2025
	Note	RMB'000	RMB'000
Revenue	4	347,888	333,404
Cost of sales		<u>(349,104)</u>	<u>(234,067)</u>
Gross (loss)/profit		(1,216)	99,337
Other net income	5	3,956	17,076
Selling and distribution expenses		(9,717)	(9,104)
Administrative and other operating expenses		(77,849)	(17,545)
Research and development expenses		<u>(29,874)</u>	<u>(26,984)</u>
(Loss)/profit from operations		(114,700)	62,780
Finance costs	6(a)	<u>(29,509)</u>	<u>(24,710)</u>
(Loss)/profit before taxation	6	(144,209)	38,070
Income tax credit/(expense)	7(a)	<u>21,635</u>	<u>(7,165)</u>
(Loss)/profit for the period		<u>(122,574)</u>	<u>30,905</u>
Attributable to:			
Equity shareholders of the Company		(119,807)	34,245
Non-controlling interests		<u>(2,767)</u>	<u>(3,340)</u>
(Loss)/profit for the period		<u>(122,574)</u>	<u>30,905</u>
(Loss)/earnings per share	8		
Basic and diluted (RMB)		<u>(0.30)</u>	<u>0.09</u>
(Loss)/profit for the period		(122,574)	30,905
Other comprehensive income for the period			
Item that is or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<u>(3,627)</u>	<u>—</u>
Total comprehensive income for the period		<u>(126,201)</u>	<u>30,905</u>
Attributable to:			
Equity shareholders of the Company		(123,434)	34,245
Non-controlling interests		<u>(2,767)</u>	<u>(3,340)</u>
Total comprehensive income for the period		<u>(126,201)</u>	<u>30,905</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at June 30, 2026 — unaudited**(Expressed in RMB)*

		As at June 30, 2026 <i>RMB'000</i>	As at December 31, 2025 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	9	2,813,349	2,761,138
Right-of-use assets		180,737	185,775
Intangible assets		6,756	5,180
Prepayments, deposits and other receivables		290,247	180,335
Deferred tax assets		139,371	117,748
		<u>3,430,460</u>	<u>3,250,176</u>
Current assets			
Inventories		211,817	69,209
Trade and bills receivables	10	461,019	742,586
Prepayments, deposits and other receivables		427,588	207,973
Restricted cash		106,872	6,907
Cash and cash equivalents		570,378	1,166,275
		<u>1,777,674</u>	<u>2,192,950</u>
Current liabilities			
Trade and bills payables	11	327,926	141,168
Other payables and accruals		139,449	210,073
Contract liabilities		92,850	4,255
Bank loans and other borrowings	12	535,086	765,453
Lease liabilities		6,906	6,709
		<u>1,102,217</u>	<u>1,127,658</u>
Net current assets		<u>675,457</u>	<u>1,065,292</u>
Total assets less current liabilities		<u>4,105,917</u>	<u>4,315,468</u>

		As at June 30, 2026 <i>RMB'000</i>	As at December 31, 2025 <i>RMB'000</i>
	<i>Note</i>		
Non-current liabilities			
Bank loans and other borrowings	12	1,415,125	1,501,521
Lease liabilities		37,123	41,331
Deferred income		52,200	59,466
Deferred tax liabilities		92	104
		<u>1,504,540</u>	<u>1,602,422</u>
NET ASSETS		<u>2,601,377</u>	<u>2,713,046</u>
CAPITAL AND RESERVES			
Share capital		393,269	393,269
Reserves		<u>2,212,809</u>	<u>2,321,711</u>
Total equity attributable to equity shareholders of the Company		2,606,078	2,714,980
Non-controlling interests		<u>(4,701)</u>	<u>(1,934)</u>
TOTAL EQUITY		<u>2,601,377</u>	<u>2,713,046</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(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 January 7, 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 December 5, 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

The interim financial information set out in this announcement does not constitute the interim financial report of the Group for the six months ended June 30, 2026 but is extracted from that interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue on August 27, 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 IAS 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 consolidated 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 Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. Of these, only the amendments to International Financial Reporting Standard (“**IFRS**”) 9, *Financial instruments*, and IFRS 7, *Financial instruments: Disclosures — Amendments to the classification and measurement of financial instruments*, are relevant to the Group’s financial statements. None of these developments have had a material effect on this interim financial report. The Group 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

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:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
<i>Disaggregated by major products</i>		
Self-manufactured SiC epitaxial wafer		
— 4-inch epitaxial wafer	1,091	2,589
— 6-inch epitaxial wafer	146,756	185,217
— 8-inch epitaxial wafer	147,058	104,652
Other sales and services	52,983	40,946
	<u>347,888</u>	<u>333,404</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.

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Chinese Mainland	285,360	332,155
South Korea	60,631	150
Others	1,897	1,099
	<u>347,888</u>	<u>333,404</u>

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

5 OTHER NET INCOME

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Interest income from bank deposits	3,124	162
Government grants	18,725	16,701
Loss on disposals of property, plant and equipment	(1,305)	—
Net foreign exchange (loss)/gain	(19,109)	62
Others	2,521	151
	<u>3,956</u>	<u>17,076</u>

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Interest expenses on bank loans and other borrowings	33,044	32,840
Interest on lease liabilities	1,048	1,183
	<u>34,092</u>	<u>34,023</u>
Less: Interest expense capitalised into property, plant and equipment (<i>note</i>)	(4,583)	(9,313)
	<u>29,509</u>	<u>24,710</u>

Note: The borrowing costs have been capitalised at a rate of 3.73% (six months ended June 30, 2025: 3.60%–3.90%) per annum for six months ended June 30, 2026.

(b) Staff costs

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Salaries, wages and other benefits	50,123	34,630
Contributions to defined contribution retirement plans	7,443	6,144
Equity-settled share-based payment expenses	14,532	13,219
	<u>72,098</u>	<u>53,993</u>

(c) Other items

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Amortisation cost of intangible assets	717	442
Depreciation charge		
— Owned property, plant and equipment	104,901	71,126
— Right-of-use assets	5,038	5,038
	<u>109,939</u>	<u>76,164</u>
Cost of inventories sold	<u>349,104</u>	<u>234,067</u>
Provision/(reversal of provision) for impairment losses on financial assets		
— Trade receivables	35,402	(16,940)
— Other receivables	(48)	15
	<u>35,354</u>	<u>(16,925)</u>

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- (a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Deferred tax		
Origination and reversal of temporary differences	<u>(21,635)</u>	<u>7,165</u>
Income tax (credit)/expense	<u>(21,635)</u>	<u>7,165</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% for the six months ended June 30, 2026 (six months ended June 30, 2025: 25%), 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 and Guangdong Zhuhai Runfu Technology Co., Ltd. had been filed as Small Low-Profit Enterprises for previous years. The management of the Group believes that these entities will continue to qualify as Small Low-Profit Enterprises for the year ending December 31, 2026 and are subject to a preferential effective tax rate at 5% for the six months ended June 30, 2026 (2025: 5%).
- (d) Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
- (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 six months ended June 30, 2026 and 2025.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company of RMB119,807,000 (six months ended June 30, 2025: RMB34,245,000) and the weighted average of 393,269,000 ordinary shares (2025: 363,198,000 shares) in issue during the interim period.

(b) Diluted (loss)/earnings per share

For the six months ended June 30, 2026 and 2025, the Company did not have any dilutive potential ordinary shares outstanding. Accordingly, diluted (loss)/earnings per share were equal to basic (loss)/earnings per share for both periods.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2026, the Group acquired items of property, plant and equipment with a cost of RMB158,417,000 (six months ended June 30, 2025: RMB256,903,000).

10 TRADE AND BILLS RECEIVABLES

	At June 30, 2026 RMB'000	At December 31, 2025 RMB'000
Trade receivables		
— third parties	487,149	793,923
— related parties	1,118	2,001
	<u>488,267</u>	<u>795,924</u>
Bills receivables — third parties	81,459	19,967
Less: loss allowance	(108,707)	(73,305)
	<u>461,019</u>	<u>742,586</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 June 30, 2026, bills receivables of RMB10,317,000 (December 31, 2025: RMB9,259,000) were transferred but not derecognised.

Aging analysis

As at June 30, 2026 and December 31, 2025, the aging analysis of trade and bill receivables, based on the revenue recognition date and net of loss allowance, is as follows:

	At June 30, 2026 RMB'000	At December 31, 2025 RMB'000
0–90 days	249,087	499,348
91–180 days	59,327	70,940
181–270 days	61,993	128,541
271–365 days	77,612	43,757
Over 1 year	13,000	—
	<u>461,019</u>	<u>742,586</u>

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

11 TRADE AND BILLS PAYABLES

	At June 30, 2026 RMB'000	At December 31, 2025 RMB'000
Trade payables	200,984	141,168
Bills payables	126,942	—
	<u>327,926</u>	<u>141,168</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:

	At June 30, 2026 RMB'000	At December 31, 2025 RMB'000
Within 1 year	315,965	133,300
1 year to 2 years	6,792	5,580
Over 2 years	5,169	2,288
	<u>327,926</u>	<u>141,168</u>

12 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:

	At June 30, 2026 <i>RMB'000</i>	At December 31, 2025 <i>RMB'000</i>
Current		
Short-term bank loans and other borrowings	338,541	384,006
Current portion of long-term bank loans and other borrowings	<u>196,545</u>	<u>381,447</u>
	535,086	765,453
Non-current		
Long-term bank loans and other borrowings	<u>1,415,125</u>	<u>1,501,521</u>
	<u><u>1,950,211</u></u>	<u><u>2,266,974</u></u>

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

	At June 30, 2026 <i>RMB'000</i>	At December 31, 2025 <i>RMB'000</i>
Within 1 year or on demand	<u>442,465</u>	<u>558,898</u>
After 1 year but within 2 years	303,373	273,966
After 2 years but within 5 years	54,948	241,732
After 5 years	<u>908,962</u>	<u>841,337</u>
	<u><u>1,267,283</u></u>	<u><u>1,357,035</u></u>
	<u><u>1,709,748</u></u>	<u><u>1,915,933</u></u>

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

	At June 30, 2026 <i>RMB'000</i>	At December 31, 2025 <i>RMB'000</i>
Within 1 year or on demand	92,621	206,555
After 1 year but within 2 years	85,701	73,963
After 2 years but within 5 years	62,141	70,523
	147,842	144,486
	240,463	351,041

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

During the six months ended June 30, 2026 and 2025, the Company did not declare nor pay dividends to the equity shareholders.

(b) Equity settled share-based transactions

During the six months ended June 30, 2026, no restricted shares were granted (during the six months ended June 30, 2025: 52,940 shares) and equity-settled share-based payment expenses were RMB14,532,000 (six months ended June 30, 2025: RMB13,219,000). No restricted share was vested as at June 30, 2026 (2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Market Overview

In the first half of 2026, the global third-generation semiconductor industry accelerated its development, and driven by a recovery in downstream market demand, certain product specifications in the industry were the first to achieve both volume and price growth. At the same time, the application boundaries of SiC epitaxy continued to expand, extending from the traditional new energy vehicle sector to scenarios such as photovoltaic energy storage, charging piles and high-voltage power supplies for AI data centers, with the market opportunity consequently continuing to grow.

Amid the rapid industrial upgrading, the industry still faces phased operational challenges. In the industrial chain, the operational efficiency of epitaxial manufacturers is, to a certain extent, constrained by upstream substrate costs, while also bearing the transmission pressure of refined cost reduction from the downstream device industry. At the same time, the stringent and lengthy certification cycle for automotive-grade products has somewhat slowed the pace of large-scale rollout of high-end products. Coupled with a degree of uncertainty in the global trade environment, the industry still needs to respond prudently and steadily to various external variables.

Overall, the industry's growth momentum is strengthening and its structure is optimising. The long-term positive fundamentals remain unchanged. As a core strategic track, the third-generation semiconductor industry enjoys proactive macro policy orientation and continuously increasing industrial support. Key downstream markets such as AI data centers, new energy vehicles and charging piles continue to exhibit high prosperity. Robust end-user demand continues to unleash incremental potential for the SiC epitaxial wafer industry. Concurrently, the pace of domestic substitution in core industrial chain segments such as substrates and epitaxial equipment in China is steadily accelerating. The stability and assurance capability of the local supply chain are continuously improving, effectively hedging upstream cost pressures and building a solid foundation for the sustained and stable operations and high-quality development of the Company.

Business Overview

The Company is focused on the research, development, production, and sales of SiC epitaxial wafers. By concentrating on its principal business, the Group is building long-term core competitiveness. Leveraging a customized delivery model to accommodate diverse downstream demands, the Group is committed to becoming a globally competitive supplier of SiC epitaxial wafers.

In terms of product and production capacity layout, the Group continued the ramp-up of 8-inch SiC epitaxial wafer production, including the phased commissioning of new production lines at the Ecological Park production base and established a complete product portfolio covering 4-inch to 8-inch specifications, catering for a wide range of application scenarios. During the Reporting Period, the Company actively deepened cooperation across the industry chain. The Company entered into a strategic cooperation agreement with Qinghe Jingyuan to jointly carry out process development and technological iteration in relation to next-generation bonding materials. The Company also entered into a strategic cooperation agreement with EYEQ Lab Inc. of South Korea in relation to the supply of SiC epitaxial wafers, with a view to expanding its international client base. Amid the intensifying market competition and intense price competition in the domestic 6-inch product market, the Group stabilised its market share in core products through continuous optimisation of production processes, improvement of product yield, and refined operational management.

In summary, for the six months ended June 30, 2026, the Company recorded revenue of RMB347.9 million, representing a year-on-year growth of 4.3%. The Company recorded a net loss of RMB122.6 million, primarily attributable to intensified pricing competition in the SiC epitaxial wafer market, including a more rapid-than-anticipated normalisation of the selling prices of 8-inch SiC epitaxial wafers as mass production was increasingly achieved across the industry, resulting in a decline in the average selling prices of SiC epitaxial wafers. Meanwhile, sales and production volumes were also affected by customary seasonal slowdown in the first quarter of 2026, compounded by the Chinese New Year holiday, resulting in weaker absorption of fixed manufacturing costs and further temporary pressure on profitability during the Reporting Period. Such losses are merely temporary operational outcomes resulting from industry cycles and capacity upgrading phases, and do not affect the core development logic of the Company's long-term technological iteration and capacity expansion.

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.

During the Reporting Period, 6-inch SiC epitaxial wafers continued to serve as the Company's mature mainstay product, supported by a solid customer certification base, and maintained stable volume shipments. The 8-inch SiC epitaxial wafer was the Company's key growth product during the Reporting Period. The production lines at the Company's Ecological Park production base in Dongguan continued to ramp up, while the proportion of shipments attributable to 8-inch products continued to increase. The proportion attributable to 4-inch products further decreased. For the six months ended June 30, 2026, 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.

Outlook

Looking ahead, driven by the rising prosperity of the SiC industry, the unlocking of demand in emerging application scenarios such as AI data centers, the continuous capacity ramp-up of the Company's 8-inch SiC epitaxial wafers, and the deepening of international market presence, the Company remains committed to consolidating and expanding its leading position in China's SiC epitaxial wafer market, contributing to the global green and low-carbon energy transition and the development of the power semiconductor industry.

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:

	Six months ended June 30,			
	2026		2025	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Sales of self-manufactured SiC epitaxial wafers	294,905	84.8	292,458	87.7
— 4-inch	1,091	0.3	2,589	0.8
— 6-inch	146,756	42.2	185,217	55.5
— 8-inch	147,058	42.3	104,652	31.4
Other sales and services	52,983	15.2	40,946	12.3
Total	347,888	100.0	333,404	100.0

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:

	Six months ended June 30,			
	2026		2025	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Chinese Mainland	285,360	82.0	332,155	99.63
South Korea	60,631	17.4	150	0.04
Others (Note)	1,897	0.6	1,099	0.33
Total	347,888	100.0	333,404	100.0

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

The Company's revenue increased by 4.3% from RMB333.4 million for the six months ended June 30, 2025 to RMB347.9 million for the six months ended June 30, 2026, primarily due to (1) the year-on-year increases in sales volume driven by increased production capacity for 8-inch epitaxial wafers and stronger downstream market demand. Such revenue growth was partially offset by the decline in the average selling price of epitaxial wafers and lower sales volume of 6-inch epitaxial wafers, mainly as a result of intensified phase-specific competition in the industry; and (2) increased revenue generated from businesses such as the provision of foundry services.

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 0.8% from RMB292.5 million for the six months ended June 30, 2025 to RMB294.9 million for the six months ended June 30, 2026. This increase was primarily due to the year-on-year increases in sales volume driven by increased production capacity for 8-inch epitaxial wafers and stronger downstream market demand. Such revenue growth was partially offset by the decline in the average selling price of epitaxial wafers and lower sales volume of 6-inch epitaxial wafers, mainly as a result of intensified phase-specific competition in the industry.

The Company's revenue from other sales and services increased by 29.4% from RMB40.9 million for the six months ended June 30, 2025 to RMB53.0 million for the six months ended June 30, 2026. This was primarily due to increased revenue generated from businesses such as the provision of foundry services.

The Company's revenue generated from Chinese Mainland decreased by 14.1% from RMB332.2 million for the six months ended June 30, 2025 to RMB285.4 million for the six months ended June 30, 2026. This was primarily driven by the decline in the average selling price of epitaxial wafers and lower sales volume of 6-inch epitaxial wafers as a result of intensified phase-specific competition in the industry.

The Company's revenue generated from countries and regions outside Chinese Mainland increased by 4,906.2% from RMB1.2 million for the six months ended June 30, 2025 to RMB62.5 million for the six months ended June 30, 2026. This was primarily attributable to growth in the global markets for AI computing power and data centres. The Company continues to actively expand its overseas sales and marketing network in countries such as South Korea, Japan and Europe to capture emerging market opportunities.

Cost of Sales

The Company's cost of sales increased by 49.1% from RMB234.1 million for the six months ended June 30, 2025 to RMB349.1 million for the six months ended June 30, 2026, primarily due to (1) the year-on-year increase in the production and sales volume of 8-inch epitaxial wafers, which had higher unit costs; and (2) increased provisions for

inventory write-downs, together with a substantial reduction in the benefit arising from the write-off or utilisation of previous inventory write-downs as compared with the six months ended June 30, 2025.

Gross Loss and Gross Loss Margin

As a result of the foregoing, the Company recorded a gross loss of RMB1.2 million for the six months ended June 30, 2026, as compared to a gross profit of RMB99.3 million for the six months ended June 30, 2025. The gross loss margin was 0.3% for the six months ended June 30, 2026 (six months ended June 30, 2025: gross profit margin of 29.8%).

The turnaround from gross profit to gross loss was primarily attributable to the cumulative effect of (1) a year-on-year decrease in the average selling price of SiC epitaxial wafers as a result of supply-demand rebalancing and continued intense price competition in the market; (2) weaker absorption of fixed manufacturing costs and depreciation, as the progressive recovery in customer orders and production volume during the second quarter of 2026 did not fully offset the impact of lower production volume during the first quarter of 2026 arising from the customary seasonal slowdown and the Chinese New Year holiday; (3) a non-cash provision for write-down of inventories, mainly attributable to decreases in estimated selling prices and the higher inventory balance as at June 30, 2026 compared with that as at December 31, 2025; and (4) a substantial reduction in the benefit arising from the write-off or utilisation of previous inventory write-downs as compared with the six months ended June 30, 2025.

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

- **Sales of self-manufactured SiC epitaxial wafers:** The gross profit from this segment amounted to RMB8.9 million with a gross profit margin of 3.0% (six months ended June 30, 2025: gross profit of RMB113.3 million and gross profit margin of 38.8%). This was driven by the year-on-year decrease in the average selling price of SiC epitaxial wafers, increased provisions for write-down of inventories and a substantial reduction in the benefit arising from the write-off or utilisation of previous inventory write-downs as compared with the six months ended June 30, 2025.
- **Other sales and services:** The gross loss from this segment amounted to RMB10.1 million with a gross loss margin of 19.1% (six months ended June 30, 2025: gross loss of RMB14.0 million and gross loss margin of 34.2%). This was primarily due to the increased volume of SiC epitaxial wafers processed under foundry services, which reduced the fixed costs allocated to such services.

Other Net Income

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

The Company's other net income decreased by 76.8% from RMB17.1 million for the six months ended June 30, 2025 to RMB4.0 million for the six months ended June 30, 2026. This was primarily due to an increase in net foreign exchange losses arising from the depreciation of the Hong Kong dollar against the Renminbi in respect of the Group's Hong Kong dollar-denominated funds.

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 6.7% from RMB9.1 million for the six months ended June 30, 2025 to RMB9.7 million for the six months ended June 30, 2026. This was primarily due to the Company's increased promotional and marketing efforts during the Reporting Period.

Administrative and Other Operating Expenses

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

The Company's administrative and other operating expenses increased by 343.7% from RMB17.5 million for the six months ended June 30, 2025 to RMB77.8 million for the six months ended June 30, 2026. This was primarily due to the change from a reversal of impairment losses on trade receivables of RMB17.0 million during the six months ended June 30, 2025 to an impairment loss on trade receivables of RMB35.4 million during the six months ended June 30, 2026, following the Group's reassessment of the expected credit losses on certain trade receivables in light of their slower-than-anticipated settlement progress.

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 increased by 10.7% from RMB27.0 million for the six months ended June 30, 2025 to RMB29.9 million for the six months ended June 30, 2026. The increase mainly reflected higher testing and validation expenditure for new products, higher depreciation of R&D and testing equipment, and higher employee expenses as the Group continued the ramp-up of its 8-inch product and production capability.

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 19.4% from RMB24.7 million for the six months ended June 30, 2025 to RMB29.5 million for the six months ended June 30, 2026. This was primarily due to a decrease in capitalised interest expenses during the Reporting Period after certain construction in progress, including factory buildings and offices at the Group's Ecological Park production base, was put into use and transferred to buildings, leasehold improvements and machinery at the end of 2025.

Loss before Taxation

As a result of the foregoing, the Company recorded a loss before taxation of RMB144.2 million for the six months ended June 30, 2026, as compared with a profit before taxation of RMB38.1 million for the six months ended June 30, 2025.

Income Tax

The Company recorded an income tax credit of RMB21.6 million for the six months ended June 30, 2026, as compared to an income tax expense of RMB7.2 million for the six months ended June 30, 2025. The credit represented deferred tax arising from the origination and reversal of temporary differences, principally the recognition of deferred tax assets in respect of tax losses.

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

Loss for the Period

As a result of the foregoing, the Company recorded a loss for the period of RMB122.6 million for the six months ended June 30, 2026, as compared to a profit for the period of RMB30.9 million for the six months ended June 30, 2025. The turnaround from profit to loss was primarily attributable to (1) the substantial decrease in gross profit for the reasons set out above, including the decline in average selling prices, weaker absorption of fixed manufacturing costs and depreciation, the non-cash provision for write-down of inventories and the reduced benefit from previous inventory write-downs; (2) the decrease in other net income, mainly due to increased net foreign exchange losses arising from the depreciation of the Hong Kong dollar against the Renminbi in respect of the Group's Hong Kong dollar-denominated funds; and (3) the increase in administrative and other operating expenses, mainly due to the change from a reversal of impairment losses on financial assets during the six months ended June 30, 2025 to an impairment loss on trade receivables during the six months ended June 30, 2026 following the Group's reassessment of expected credit losses on certain trade receivables in light of their slower-than-anticipated settlement progress.

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 Group was affected by industry supply-demand imbalance and rebalancing and intense price competition. The duration and outcome of those conditions remain uncertain. 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 Hong Kong dollars, 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 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, issue new shares or sell assets to reduce debt. 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 at June 30, 2026 was 75.0% (as at December 31, 2025: 83.6%). 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 the repayment of bank loans during the Reporting Period.

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 (has the meaning ascribed thereto in the Company's prospectus (the "**Prospectus**") dated November 27, 2025, the "**Global Offering**").

As of June 30, 2026, the Company's current assets amounted to RMB1,777.7 million (as of December 31, 2025: RMB2,193.0 million). The Company's cash and cash equivalents amounted to RMB570.4 million as of June 30, 2026 (as of December 31, 2025: RMB1,166.3 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 June 30, 2026, the Company had total bank loans and other borrowings of RMB1,950.2 million (as of December 31, 2025: RMB2,267.0 million). The decrease mainly reflected the maturity of certain bank loans without replacement financing and the prepayment of certain higher-cost long-term borrowings to optimise the Group's debt structure.

As of June 30, 2026, the Company recorded net current assets of RMB675.5 million (as of December 31, 2025: net current assets of RMB1,065.3 million). This decrease was primarily attributable to increased capital expenditures relating to property and equipment as the Ecological Park production base was put into use, construction in progress was added and equipment was purchased to support capacity expansion, as well as the Group's proactive early repayment of certain long-term borrowings bearing relatively high interest rates to optimise its debt structure.

Capital Expenditures

The Company's capital expenditures during the Reporting Period primarily consist of payment for purchase of property, plant and equipment. The Company's capital expenditures amounted to RMB360.3 million for the six months ended June 30, 2026 (for the year ended December 31, 2025: RMB602.0 million). The capital expenditures were primarily used for the continuing construction of properties at the Ecological Park production base and the purchase of 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 June 30, 2026, the Company's capital commitments were RMB1,193.3 million (as of December 31, 2025: RMB1,181.2 million).

Pledge of Assets

As of June 30, 2026, 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 RMB674.1 million, comprising property, plant and equipment of RMB534.1 million and leasehold land of RMB140.0 million (as of December 31, 2025: RMB1,006.4 million.)

In addition, as of June 30, 2026, the Company's bank deposits totalling RMB106.9 million were pledged as restricted cash (as of December 31, 2025: RMB6.9 million). As of June 30, 2026, these deposits primarily consisted of deposits pledged for foreign exchange options, deposits pledged for letters of guarantee and deposits related to litigation.

Loans and Borrowings

The Company's total outstanding bank loans and other borrowings decreased from RMB2,267.0 million as of December 31, 2025 to RMB1,950.2 million as of June 30, 2026. This decrease was primarily because, in order to optimise its debt structure, the Group did not obtain replacement financing after certain bank loans matured, thereby reducing its financing scale, and prepaid certain long-term borrowings bearing relatively high financing costs.

As of June 30, 2026, the Company had interest-bearing borrowings of RMB1,950.2 million, of which RMB1,271.5 million were secured by certain assets of the Group. The effective interest rates ranged from 2.39% to 3.80% per annum.

As of June 30, 2026, the Company had committed unutilized banking facilities of RMB4,824.3 million.

Contingent Liabilities

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

Future Plans for Material Investments and Capital Assets

The Company intends to make significant capital expenditures to expand its overall production capacity over the next five years, specifically for the construction of ancillary facilities, such as the dormitories, at its new Ecological Park production base in Dongguan.

Except as disclosed above and in the "Future Plans and Use of Proceeds" section of the Company's Prospectus, for the six months ended June 30, 2026, the Company had no other plan for material investments and capital assets.

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

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; (iii) office equipment and furniture; and (iv) motor vehicles.

The amount of the Company's property, plant and equipment as of June 30, 2026 was RMB2,813.3 million, representing an increase compared to the amount of RMB2,761.1 million as of December 31, 2025. This was primarily due to additions to construction in progress and purchases of equipment to support capacity expansion after the Ecological Park production base was put into use. The overall increase in property, plant and equipment was partially offset by depreciation charged during the Reporting Period.

Right-of-use Assets

The Company's right-of-use assets principally comprise (i) leasehold land in Chinese Mainland; and (ii) leased office premises, staff dormitories and equipment.

The Company's right-of-use assets decreased from RMB185.8 million as of December 31, 2025 to RMB180.7 million as of June 30, 2026, primarily due to depreciation charged during the Reporting Period.

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 increased from RMB69.2 million as of December 31, 2025 to RMB211.8 million as of June 30, 2026. This was primarily due to the gradual commencement of production of new production lines at the Ecological Park production base during the Reporting Period and their capacity ramp-up, and increased production undertaken to fulfil a higher level of customer orders on hand, resulting in increases in raw materials, semi-finished products and finished goods. Subject to the utilisation of new production capacity ramping up and customer certification at the new production site progressing as planned, inventory turnover efficiency is expected to improve gradually.

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 decreased from RMB742.6 million as of December 31, 2025 to RMB461.0 million as of June 30, 2026. This was primarily due to collections of significant receivable balances outstanding as at December 31, 2025. Notwithstanding such collection progress, the Group increased its loss allowance following a reassessment of certain trade receivables whose settlement progress was slower than anticipated.

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 RMB208.0 million as of December 31, 2025 to RMB427.6 million as of June 30, 2026. This was primarily due to (i) increased prepayments for materials and expenses to secure the supply of raw materials; and (ii) the acquisition of additional other financial assets measured at amortised cost.

In addition, as of June 30, 2026, the Company recorded non-current prepayments, deposits and other receivables of RMB290.2 million (as of December 31, 2025: RMB180.3 million), which primarily comprised prepayments for purchases 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 increased from RMB141.2 million as of December 31, 2025 to RMB327.9 million as of June 30, 2026. This was primarily due to increased purchases of raw materials as new production lines at the Ecological Park production base gradually commenced production during the Reporting Period and to fulfil a higher level of existing and anticipated customer orders.

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 RMB210.1 million as of December 31, 2025 to RMB139.4 million as of June 30, 2026. This was primarily due to the partial settlement during the Reporting Period of payables relating to the construction of Ecological Park production base and purchases of equipment.

Contract Liabilities

The Company's contract liabilities increased from RMB4.3 million as of December 31, 2025 to RMB92.9 million as of June 30, 2026. This was primarily due to increased prepayments received from customers for new orders.

EMPLOYEES

Employees

As of June 30, 2026, the Group had a total of 1,239 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 June 30, 2026:

Function	Number of employees
Production and quality control	874
R&D	116
Business operations	145
Sales and marketing	15
Financial, administrative and supporting	84
Senior management	5
Total	<u><u>1,239</u></u>

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 adequate 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 six months ended June 30, 2026, 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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. As of June 30, 2026, the Company did not hold any treasury shares.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to June 30, 2026 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.

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 Listing Rules as its own corporate governance code.

During the Reporting Period, 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 the Directors and, prior to the abolition of the Supervisory Committee on May 19, 2026, the former 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**”) in Appendix C3 to the Listing Rules.

Having made specific enquiry of all Directors and of the former Supervisors in respect of their respective tenures during the Reporting Period, the Company confirmed that each of them had complied with the Model Code throughout the applicable period.

REVIEW OF INTERIM 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 unaudited consolidated financial statements of the Group for the six months ended June 30, 2026 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 matters. 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 an interim dividend for the six months ended June 30, 2026 (six months ended June 30, 2025: nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement has been published on the Company’s website (www.sicty.com) and the website of the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended June 30, 2026, which contains all the information required under the Listing Rules, will be dispatched to Shareholders who requested for a printed copy and published on the above websites in due course.

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

Hong Kong, August 27, 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