

The 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.



SICC CO., LTD.

山東天岳先進科技股份有限公司

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

(Stock Code: 2631)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- During the Reporting Period, the Group achieved a total revenue of approximately RMB1,464.9 million, representing a decrease of 17.1% compared with approximately RMB1,768.1 million in 2024;
- During the Reporting Period, the Group's research and development expenses were approximately RMB165.8 million, representing an increase of 16.9% compared with approximately RMB141.8 million in 2024;
- During the Reporting Period, the Group's gross profit was approximately RMB141.8 million, representing a decrease of 67.4% compared with approximately RMB435.5 million in 2024. For the year ended 31 December 2025, the Group's gross profit margin was 9.7%, representing a decrease of 14.9 percentage points compared with 24.6% in 2024;
- During the Reporting Period, the Group turned from profit to loss. The loss attributable to the owners of the Company was approximately RMB208.3 million, while the profit attributable to the owners of the Company in 2024 was approximately RMB179.0 million; and
- The Board recommends not to pay a final dividend for the year ended 31 December 2025.

The Board of Directors (the “**Board**”) of SICC CO., LTD. (the “**Company**” or “**our Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the audited comparative figures for the year ended 31 December 2024.

ANNUAL FINANCIAL INFORMATION

Unless otherwise specified in this announcement, all currencies are in Renminbi.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	4	1,464,882	1,768,141
Cost of sales		<u>(1,323,052)</u>	<u>(1,332,688)</u>
Gross profit		<u>141,830</u>	<u>435,453</u>
Other income		325	607
Other gains and losses, net	5	86,792	88,945
Net investment (expense)/income		(716)	762
Reversal of/(provision for) impairment losses on financial assets		710	(10,166)
Selling expenses		(31,059)	(28,827)
Administrative expenses		(238,952)	(189,438)
Research and development expenses		(165,836)	(141,845)
Finance income, net		12,695	5,904
Share of results of associates		<u>(5,163)</u>	<u>(2,131)</u>
(Loss)/profit before tax	6	(199,374)	159,264
Income tax (expense)/credit	7	<u>(9,189)</u>	<u>19,761</u>
(Loss)/profit for the year		<u>(208,563)</u>	<u>179,025</u>
Other comprehensive (loss)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		<u>(1,811)</u>	<u>(2,522)</u>
Total comprehensive (loss)/income for the year		<u>(210,374)</u>	<u>176,503</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/profit for the year attributable to			
Owners of the Company		(208,319)	179,025
Non-controlling interests		(244)	—
		<u>(208,563)</u>	<u>179,025</u>
Total comprehensive (loss)/income attributable to			
Owners of the Company		(210,130)	176,503
Non-controlling interests		(244)	—
		<u>(210,374)</u>	<u>176,503</u>
(Loss)/earnings per share attributable to the ordinary shareholders of the Company			
Basic (<i>RMB</i>)	9	(0.47)	0.42
Diluted (<i>RMB</i>)	9	(0.47)	0.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		3,747,377	3,747,168
Right-of-use assets		270,872	265,451
Intangible assets		18,194	17,857
Financial assets at fair value through profit or loss		12,200	2,093
Investments in associates		21,529	26,899
Deferred tax assets		106,635	59,933
Other non-current assets		114,222	112,651
		<hr/>	<hr/>
Total non-current assets		4,291,029	4,232,052
		<hr/>	<hr/>
Current assets			
Trade and other receivables	<i>10</i>	628,704	575,837
Prepayments	<i>10</i>	121,237	39,062
Inventories		1,063,440	1,021,876
Other current assets		191,950	248,680
Financial assets at fair value through profit or loss		108,573	—
Cash and bank balances		3,178,286	1,239,198
		<hr/>	<hr/>
Total current assets		5,292,190	3,124,653
		<hr/>	<hr/>
Total assets		9,583,219	7,356,705
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade and other payables	<i>11</i>	789,997	842,648
Contract liabilities		8,465	45,150
Borrowings		695,902	609,263
Tax payables		35,827	32,921
Other current liabilities		807	8,832
Lease liabilities		8,546	3,961
		<hr/>	<hr/>
Total current liabilities		1,539,544	1,542,775
		<hr/>	<hr/>
Net current assets		3,752,646	1,581,878
		<hr/>	<hr/>
Total assets less current liabilities		8,043,675	5,813,930
		<hr/>	<hr/>

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Borrowings	345,206	85,737
Lease liabilities	11,732	—
Contract liabilities	—	44,104
Other non-current liabilities	—	5,734
Deferred income	511,422	365,373
	<hr/>	<hr/>
Total non-current liabilities	868,360	500,948
	<hr/>	<hr/>
NET ASSETS	<u>7,175,315</u>	<u>5,312,982</u>
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	484,619	429,711
Capital reserve	7,094,718	5,098,348
Treasury shares	(80,438)	(100,243)
Surplus reserve	12,761	12,761
Exchange reserve	(6,435)	(4,624)
Accumulated losses	(331,290)	(122,971)
	<hr/>	<hr/>
	7,173,935	5,312,982
Non-controlling interest	1,380	—
	<hr/>	<hr/>
TOTAL EQUITY	<u>7,175,315</u>	<u>5,312,982</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was established in the People’s Republic of China (“**PRC**”) in November 2010. In January 2022, the Company’s shares were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange with the stock code 688234. The Company’s H shares have been listed on the Main Board of the Hong Kong Stock Exchange since 20 August 2025.

The Company’s registered office and the principal place of business activities is located at No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC.

The Company is principally engaged in research and development, manufacturing and sales of SiC substrates during the year ended 31 December 2025.

Mr. Zong Yanmin is the controlling shareholder of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements contain the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The consolidated financial statements are prepared on a historical cost basis, except that certain financial instruments are measured at fair value at the end of the year. The consolidated financial statements are presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand unless otherwise specified.

3. APPLICATION OF REVISED IFRS ACCOUNTING STANDARDS

The Group has applied the following amendment to an IFRS Accounting Standard issued by the IASB, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendment to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

At the date of the consolidated financial statements, the following new standard and amendments to IFRS Accounting Standards that have been issued but are not effective and have not been early adopted by the Group:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards — Volume 11 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

1 Effective for annual period beginning on or after 1 January 2026.

2 Effective for annual period beginning on or after 1 January 2027.

3 Effective for annual period beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SEGMENT INFORMATION AND REVENUE

For the purpose of assessing performance and allocating resources, the Group's business is regarded as a reportable operating segment, namely the SiC substrate segment. This segment is engaged in the research and development, production and sales of SiC substrates. The Company's executive directors review the Group's overall financial performance and condition during the period. Therefore, no segment data is presented.

The Group's revenue streams are categorised as follows:

- Sales of SiC semiconductor materials; and
- Others

An analysis of the Group's revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of SiC semiconductor materials	1,224,980	1,473,688
Others	233,885	290,723
Contracts with customers	<u>1,458,865</u>	<u>1,764,411</u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers by timing of recognition within IFRS 15		
Point in time	1,456,578	1,762,900
Over time	2,287	1,511
Contracts with customers	<u>1,458,865</u>	<u>1,764,411</u>
Revenue from other sources		
Rental income	<u>6,017</u>	<u>3,730</u>

The following table provides information on trade receivables and contract liabilities from contracts with customers.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables (<i>Note 10</i>)	539,455	520,264
Contract liabilities	8,465	89,254

Contract liabilities are mainly related to the prepaid consideration received from customers.

Geographical information

An analysis of the Group's revenue from external customers, based on location of customers and analysed by region is presented below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from external customers		
— Mainland China	779,396	918,944
Outside Mainland China		
— other regions and overseas countries	679,469	845,467
	1,458,865	1,764,411

Information on the Group's non-current assets excluding financial assets and deferred tax assets classified by the geographical location of the assets are presented as below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets excluding financial assets and deferred tax assets		
— Mainland China	4,142,932	4,179,251
Outside Mainland China		
— other regions and overseas countries	29,262	468
	4,172,194	4,179,719

5. OTHER GAINS AND LOSSES, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants and others	127,621	60,284
Net foreign exchange (loss)/gain	(40,821)	11,029
(Loss)/gain on disposal of property, plant and equipment	(8)	403
Gain on early termination of leases	—	63
VAT input tax deduction	—	17,166
	<hr/>	<hr/>
Total	<u>86,792</u>	<u>88,945</u>

6. (LOSS)/PROFIT BEFORE TAX

The (loss)/profit before tax is arrived at after charging/(crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories	1,267,781	1,305,264
Depreciation and amortization	375,123	358,423
Inventory written down	45,150	22,435
Staff costs (including directors' emoluments):		
— Salaries and other benefits	263,201	265,043
— Retirement benefits scheme contributions	29,126	28,414
— Share-based payment expenses	(3,491)	10,209
Auditors' remuneration	2,023	1,300
Short-term leases with application of recognition exemption	6,454	4,014
Impairment loss on property, plant and equipment	4,247	—

7. INCOME TAX EXPENSE/(CREDIT)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax		
— PRC Enterprise Income Tax (“EIT”)	38,393	1,405
— Others	8	1,386
— Under/(over) provision in respect of prior year	17,490	(47)
Sub-total	55,891	2,744
Deferred tax	(46,702)	(22,505)
Total income tax expense/(credit)	<u>9,189</u>	<u>(19,761)</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as “High and New Technology Enterprise” by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as “Micro and Small Enterprise” by the relevant government authorities, which the annual taxable income that is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 25% for year ended 31 December 2023 to 2027, with the applicable enterprise income tax rate of 20%.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended 31 December 2024 and 2025. On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

8. DIVIDENDS

No dividends were paid or proposed during the current year. No final dividends were declared by the board of directors of the Company for the year.

9. (LOSS)/EARNINGS PER SHARE

(a) *Basic (Loss)/Earnings per Share*

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/earnings for the year attributable to owners of the Company and purpose of calculating basic (loss)/earnings per share	<u>(208,319)</u>	<u>179,025</u>

Number of shares:

	2025	2024
Weighted average number of ordinary shares in issue, excluding treasury shares held for the restricted share scheme, as these shares are not considered outstanding for the purpose of calculating basic (loss)/earnings per share	<u>445,509,918</u>	<u>428,177,262</u>

(b) *Diluted (Loss)/Earnings per Share*

The calculation of the diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/earnings for the year attributable to the owners of the Company and the purpose of calculating diluted (loss)/earnings per share <i>(note)</i>	<u>(208,319)</u>	<u>179,025</u>

Number of shares:

	2025	2024
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	445,509,918	428,177,262
Effect of restricted shares (<i>Note</i>)	<u>—</u>	<u>48,091</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<u>445,509,918</u>	<u>428,225,353</u>

Note: As the Group incurred a loss for the year ended 31 December 2025, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is the same as the basic loss per share for the year ended 31 December 2025.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables		
— Third parties	551,229	528,327
— Related parties	17,329	19,391
	<u>568,558</u>	<u>547,718</u>
Less: loss allowance on trade receivables	(29,103)	(27,454)
	<u>539,455</u>	<u>520,264</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bills receivable		
— Commercial	5,763	48,252
— Bank	75,728	317
	<u>81,491</u>	<u>48,569</u>
Less: loss allowance on bills receivable	<u>(288)</u>	<u>(2,413)</u>
	<u>81,203</u>	<u>46,156</u>
Other receivables		
— Third parties	7,917	9,363
— Related parties	390	550
	<u>8,307</u>	<u>9,913</u>
Less: loss allowance on other receivables	<u>(261)</u>	<u>(496)</u>
	<u>8,046</u>	<u>9,417</u>
Trade and other receivables	628,704	575,837
Prepayment (<i>Note (a)</i>)	121,237	39,062
	<u>749,941</u>	<u>614,899</u>

Note:

- (a) Prepayment mainly include amounts paid to inventory suppliers.

The Group generally allows a credit ranging from 60 to 180 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of year:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	292,940	420,264
91 to 180 days	163,582	79,558
181 days to 1 year	81,042	20,250
Over 1 year	1,891	192
	<u>539,455</u>	<u>520,264</u>

Movements in lifetime ECL that have been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2025 and 2024:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	27,454	16,252
Provision	1,649	11,278
Exchange differences	—	(76)
	<u>29,103</u>	<u>27,454</u>

11. TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables		
— Third parties	432,268	616,865
— Related parties	237	174
	<u>432,505</u>	<u>617,039</u>
Bills payable (<i>Note (a)</i>)	299,141	153,728
Other payables		
— Third parties	13,957	22,357
— Related parties	1,422	125
— Salary and bonus payables	37,153	43,394
— Other taxes payable	5,819	6,005
	<u>58,351</u>	<u>71,881</u>
Total trade and other payables	<u><u>789,997</u></u>	<u><u>842,648</u></u>

Note:

- (a) As at 31 December 2025, the Group's bills payable of approximately RMB230,895,000 (2024: RMB153,728,000), were secured by certain deposits of the Group of approximately RMB71,100,000 (2024: RMB64,317,000).

Payment terms with suppliers are mainly on credit period of 30 to 90 days from invoice date. The following is an aging analysis of trade payables presented based on transaction date at the end of year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 90 days	229,000	268,777
91 to 180 days	68,952	27,126
181 days to 1 year	40,003	89,670
Over 1 year	94,550	231,466
	<u>432,505</u>	<u>617,039</u>

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY OVERVIEW

(I) Overview of Related Industries

The revolution in renewable energy and AI technology has brought about significant changes in the global industry. Building a world of growth, innovation, and sustainable development is the core goal of the energy transformation and the integrated development of AI technology, which drives the increasing demand for more powerful and efficient power semiconductor devices. Traditional silicon semiconductors have difficulty meeting the needs of industrial upgrading due to their inherent limitations, prompting the semiconductor industry to seek materials with higher efficiency, longer lifespan, and better performance. In the process of industry innovation and development, silicon carbide has become a game-changing material, bringing revolutionary changes to various industries with its excellent performance.

Silicon carbide is a composite material composed of carbon and silicon elements, with high hardness and excellent physical and chemical properties. Silicon carbide materials have the characteristics of high-voltage resistance, high-frequency resistance, high thermal conductivity, high-temperature stability, and high refractive index, and can serve as a key material for many industries to reduce costs and increase efficiency. Silicon carbide materials have first promoted the transformation of the semiconductor industry and begun to accelerate their penetration and application in more fields, with broad industry prospects.

Compared with silicon-based semiconductors, wide-bandgap semiconductors represented by silicon carbide and gallium nitride have prominent performance advantages from the material end to the device end, featuring high frequency, high efficiency, high power, high-voltage resistance, and high-temperature resistance. They are an important development direction for the future semiconductor industry. Among them, silicon carbide exhibits unique physical and chemical properties. The high bandgap width, high breakdown electric field strength, high electron saturation drift velocity, and high thermal conductivity of silicon carbide play a crucial role in applications such as power electronic devices. These characteristics give silicon carbide significant advantages in high-performance application fields such as new energy vehicles and photovoltaics, especially in terms of stability and durability.

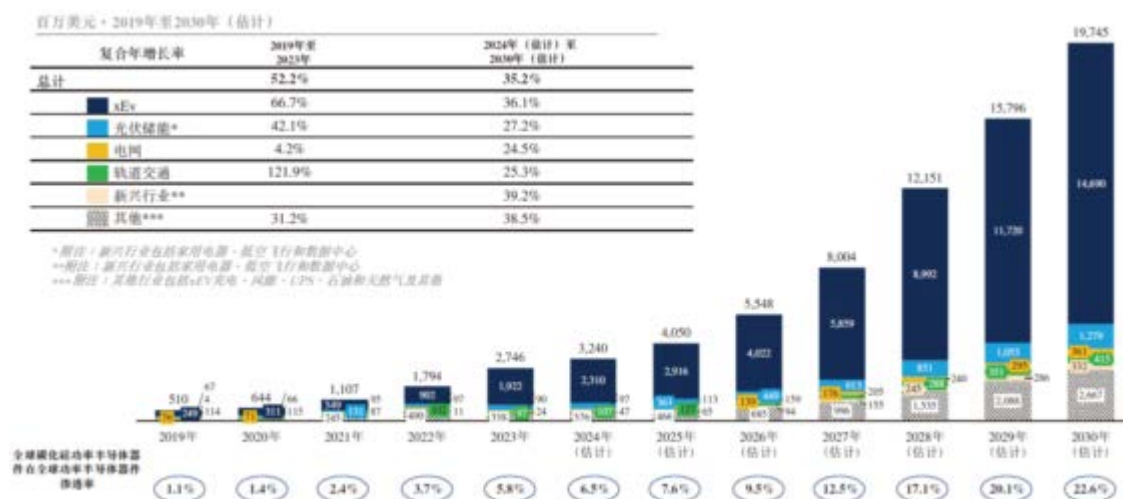
Silicon carbide substrates can be widely used in power semiconductor devices, radio-frequency semiconductor devices, as well as downstream products such as optical waveguides, TF-SAW filters, and heat dissipation components. The main application industries include new energy vehicles, photovoltaic and energy-storage systems, power grids, rail transit, communications, AI glasses, smartphones, and semiconductor lasers.

Power semiconductor devices are semiconductor devices used as switches or rectifiers in power electronic products, mainly including power diodes, power transistors, thyristors, MOSFETs, IGBTs, etc.

According to Frost & Sullivan, from 2019 to 2023, the market for silicon carbide power semiconductor devices grew significantly. The penetration rate of global silicon carbide power semiconductor devices in the global power semiconductor device market increased from 1.1% to 5.8% and is expected to reach 22.6% by 2030.

From the perspective of specific application fields, according to Frost & Sullivan, from 2019 to 2023, the compound annual growth rate of the global revenue of silicon carbide power semiconductor devices used in new energy vehicles was as high as 66.7%. From 2024 to 2030, the compound annual growth rate in the new energy vehicle field will still be as high as 36.1%, continuing to lead the growth of the global silicon carbide power semiconductor device market. The photovoltaic energy-storage, power grid, and rail-transit fields also show strong growth momentum, with compound annual growth rates of 27.2%, 24.5%, and 25.3% respectively during the future forecast period. Emerging application fields of silicon carbide power semiconductor devices such as household appliances, low-altitude flight, and data centers will show the fastest growth rate. The predicted compound annual growth rate of the global revenue of silicon carbide power semiconductor devices used in the above-mentioned fields is expected to reach 39.2%.

Global market size of silicon carbide power semiconductor devices (by application field), measured by sales revenue



Data source: Frost & Sullivan

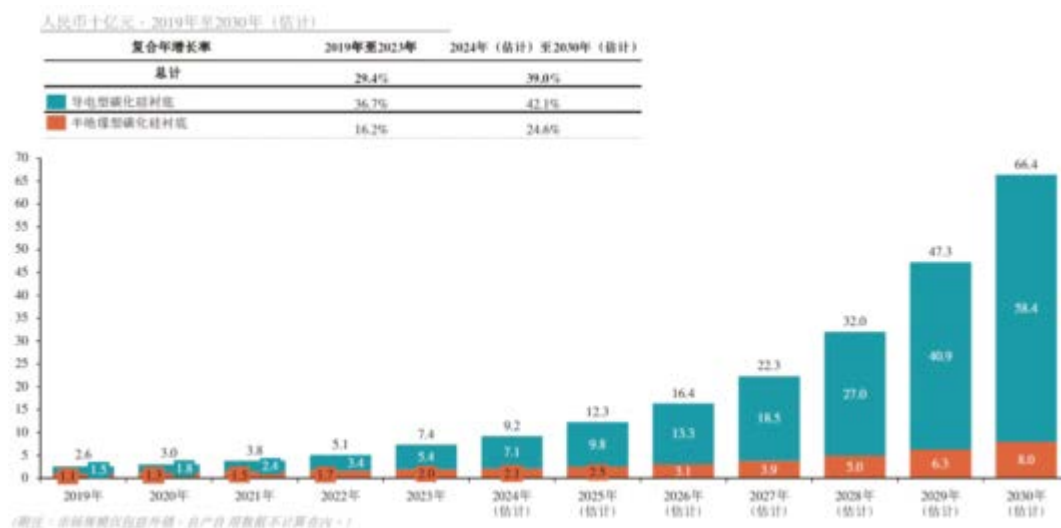
With the continuous expansion of the global new energy industry, the market demand for silicon carbide materials is showing an explosive growth. Silicon carbide materials are also an inevitable choice for the growth and innovation of the AI industry and have great potential in data centers, power infrastructure, and end-user applications. As the computing power required for AI development grows rapidly, the energy consumption of data centers is also increasing rapidly.

In addition, the applications of silicon carbide in other emerging fields are also emerging one after another, such as the field of AI glasses. Silicon carbide materials can be used in the optical waveguide lenses of AI glasses. The refractive index of silicon carbide materials is significantly higher than that of high — refractive — index glass and lithium niobate, which can achieve a larger viewing angle and a simpler full — color display structure, reducing the size, weight, manufacturing cost, and complexity of AI glasses, thereby significantly improving the user experience of AI glasses. Due to the excellent optical properties of silicon carbide materials, the global market for AI glasses is expected to grow significantly, with global shipments exceeding 60 million pairs by 2030.

As a substrate manufacturer, the Company is an upstream participant in the entire silicon carbide semiconductor device industry chain and a key link in the industry chain that transforms raw materials into substrate products for downstream use.

According to Frost & Sullivan, measured by sales revenue, the global silicon carbide substrate market grew from RMB2.6 billion in 2019 to RMB7.4 billion in 2023, with a compound annual growth rate of 29.4%. It is expected that by 2030, the market size will reach RMB66.4 billion, with a compound annual growth rate of 39.0%.

Global market size of silicon carbide substrates, measured by sales revenue



Data source: Frost & Sullivan;

Note: The market size only includes exports, and self-produced and self-used data are not included.

With the strong demand in downstream application areas, the continuous and stable release of production capacity in the silicon carbide market, the coordinated development of the upstream and downstream industrial chains, and the core technological competitiveness of silicon carbide manufacturers will become the focus of the future development of the global wide-bandgap semiconductor industry.

(II) Current situation and development trends of the industry

1. Current situation of the industry development

1.1 Silicon carbide materials empower “AI + new energy” deeply and become the cornerstone of new-quality productivity.

During the Reporting Period, the global scientific and technological revolution has entered a new stage jointly driven by the “energy transformation” and “artificial intelligence (AI)”. Silicon carbide (SiC) semiconductor materials, with their excellent physical properties such as high bandgap, high breakdown electric field, and high thermal conductivity, have become the underlying core support for these two strategic fields.

In the field of new energy, the penetration rate of silicon carbide in the high-voltage platforms of new energy vehicles, photovoltaic inverters, and energy storage systems has further increased, and it has transformed from a “high-end optional feature” to a “mainstream standard configuration”. In the field of artificial intelligence, with the explosion of AI computing power demand, data centers have put forward extremely high requirements for power conversion efficiency and heat dissipation management. Silicon carbide power devices can significantly improve the power density and conversion efficiency of server power supplies (PSU) and effectively reduce the energy consumption (PUE value) of data centers, becoming an inevitable choice for the green development of AI infrastructure. The Company seizes the opportunity of the dual-wheel drive and helps downstream customers achieve in-depth integration in the fields of green energy and intelligent computing power by providing high-quality substrate materials.

1.2 Technological progress drives the continuous reduction of unit costs, and the improvement of cost-effectiveness accelerates industry-wide penetration.

In 2025, the silicon carbide industry is at a critical window period of size upgrade and process innovation. During the Reporting Period, the trend of substrate technology evolving towards larger sizes has become more and more obvious. With the maturing of the Company's large-size substrate production technology and the steady improvement of the yield rate, the progress of crystal growth, slicing, grinding and polishing processes on the technological side has significantly improved the production efficiency of silicon carbide substrates and reduced the production cost. With the continuous progress of technology and the expansion of production capacity, it is expected that the cost of silicon carbide substrates will be further reduced, and the cost-effectiveness and market penetration rate will continue to increase.

The economic benefits brought by technological progress have further lowered the application threshold of silicon carbide. The economic advantages of using silicon carbide are no longer limited to top-level fields such as new energy vehicles and data centers. In the fields of industrial automation, smart grids, rail transit, and consumer electronics such as high-end household appliances represented by air conditioners and washing machines, the process of silicon carbide replacing traditional silicon-based semiconductors has accelerated significantly. Industry reports show that the Company's market share of 8-inch substrates has exceeded 50% this year, and that of 6-inch substrates is 27.5%. The size upgrade led by the Company has not only enhanced its own competitiveness but also driven the large-scale effect of the entire industrial chain and promoted the penetration of SiC applications into the entire industrial field.

1.3 Diverse physical properties trigger cross-border integration, and SiC accelerates its extension into emerging blue-ocean markets.

During the Reporting Period, the application logic of silicon carbide materials is changing from a single “power electronics device” to a “multi-functional application” based on its diverse physical properties. Silicon carbide’s high bandgap, high thermal conductivity, high refractive index, and chemical stability make it show great application potential in multiple emerging fields.

Micro-nano optics field: The high refractive index and low loss characteristics of silicon carbide make it an ideal material for manufacturing micro-nano optical components such as microlenses and optical waveguides. Through strategic cooperation with leading optical customers, the Company has achieved initial applications in the fields of AR/VR and precision optical sensing.

Advanced packaging field: Using silicon carbide’s extremely high thermal conductivity, using it as a heat-dissipation substrate or packaging material for high-power chips can effectively solve the “thermal management” problem of high-performance chips.

Ultra-high-voltage power field: With the R&D breakthrough of high-quality P-type silicon carbide substrates, their application in fields such as smart grids and ultra-high-voltage direct-current power transmission is entering the actual measurement stage, providing key material support for the construction of a new-type power system.

In the future, with the advancement of the layout of larger-size substrates such as 12-inch ones and the industrialization of cutting-edge preparation technologies like the liquid-phase method, silicon carbide substrates will continue to break through the existing application boundaries, forming a new industrial pattern of “one material with multiple uses and cross-border empowerment”, providing continuous growth impetus for the Company.

2. *Development trends*

2.1 *The industry has entered an era that emphasizes quality and efficiency from extensive growth, and the leading position of industry leaders has become more prominent in the fluctuating development.*

The year 2025 is a watershed in the development of the silicon carbide (SiC) industry. Technological progress has further effectively reduced the unit production cost, driving up the industry penetration rate and continuously increasing the shipment volume. At the same time, the market has accelerated the elimination process in the violent fluctuations, and the industry competition has shifted from scale expansion to a competition of efficiency and quality. In 2025, the market share of leading manufacturers with core technology and customer resource advantages has significantly increased, and the global pattern has gradually shifted from being dominated by overseas giants to being broken through by leading Chinese enterprises.

- (1) Technology drives the systematic decline of the cost center. During the Reporting Period, the enlargement of substrate size and process improvement have become the core driving forces for cost reduction in the industry. At the same time, the Company's 8-inch substrate process has been further optimized, and the unit comprehensive cost has been significantly reduced compared with that of 6-inch substrates. In 2025, as the yield rates of leading enterprises such as SICC gradually increase, the production cost of substrates will be optimized. In addition, the research and development of 12-inch (300mm) substrates has further opened up the space for cost reduction, and the industry has officially entered a higher-dimensional competition stage of quality + efficiency.
- (2) The shipment volume has increased sharply against the trend, and the domestic share has increased. Despite the pressure on the industry, the decline in silicon carbide cost has stimulated more market applications. The strong demand in new energy vehicles, industry, photovoltaic energy storage and charging, and smart power grids has driven a significant increase in the shipment volume. Taking our Company as an example, the production volume reached 410,200 pieces in 2024 and 690,400 pieces in 2025, continuing to maintain a growth trend. Behind the decrease in price and increase in volume, the domestic industrial chain, relying on economies of scale and yield rate breakthroughs, is becoming a major growth pole in the global silicon carbide industry.

- (3) The industry is accelerating the elimination process, and the leading camp has shown a sharp differentiation. After a two-year industry adjustment period, the industry has entered the deep water area of survival of the fittest. On the one hand, due to the lack of cost advantages and customer stickiness, a large number of medium and small manufacturers in the middle and lower reaches are facing serious underutilization of production capacity, and the industry is gradually being cleared in the fluctuations. On the other hand, the performance of global leading enterprises has shown a differentiation: some overseas manufacturers are facing huge operational challenges, while leading domestic enterprises in China and other countries are gradually establishing a new industry development order through the advantages of large-size substrates, the improvement of yield rate and process, and the incubation of large downstream end-customer markets, and their market share has steadily increased. According to relevant calculations, the global market share of SICC will further increase in 2025, reflecting its strong operational resilience.
- (4) The industry has shifted from extensive expansion to the pursuit of quality and systematic capabilities. Looking back at the beginning of 2026, simple production capacity scale can no longer build effective operational capabilities, and the focus of industry competition has fully shifted to stable delivery, quality assurance, and the customer ecosystem. Leading enterprises are establishing closer cooperative relationships with global leading customers with their performance of large-scale, stable, and high-quality delivery accumulated over the years. The silicon carbide industry has bid farewell to the extensive growth stage and officially entered an era of high-quality development characterized by advanced quality, ultimate cost, and stable supply.

2.2 *Size upgrade: 6-inch is still the current mainstream, 8-inch is rapidly increasing in volume, and 12-inch is opening up the next-generation track*

From 2025 to the beginning of 2026, the upgrade of substrate size is still one of the most important structural trends in the industry: 6-inch is the most mainstream product category in current shipments. At the same time, 8-inch is rapidly increasing in volume and has become the key to the game between profitability and cost. 12-inch is the high ground for the next-generation technology and discourse power.

In terms of 6-inch substrates, due to the mature process, relatively stable yield rate, and perfect equipment system, 6-inch conductive substrates are still the mainstream in current shipments, accounting for more than 90% of the global substrate shipments. In particular, they still undertake most of the mass production requirements in domestic applications. However, the 6-inch device market has entered the “red ocean era”, with the most intense competition.

In terms of 8-inch substrates, leading enterprises entered the stage of rapid volume increase in 2025, and SICC has a generational lead in 8-inch shipments in the global market. The economic efficiency of 8-inch substrates has been gradually verified. The output of single-chip chips is about twice that of 6-inch substrates. With the progress of crystal growth technology and the improvement of yield rate, the unit comprehensive cost is expected to further decrease, and they can be used in conjunction with some silicon-based production line equipment. Leading enterprises in downstream devices have been extremely active in capital expenditure on 8-inch substrates, which has become the main battlefield and key point in the entire industry.

In terms of 12-inch substrates, the period from 2024 to 2025 is a critical window for moving from the laboratory stage to engineering samples and small-batch supply. During the Reporting Period, the Company has completed the technical research on the full range of 12-inch conductive N-type, conductive P-type, and high-purity semi-insulating products, and displayed samples at international exhibitions. Some leading customers have started verification or placed orders. The stable mass production of 8-inch substrates and the forward-looking layout of 12-inch substrates enable the Company to gain an advantage in the competition in the next era.

Meanwhile, some leading international downstream enterprises are accelerating their investment in 200mm (8-inch) production lines and subsequent production lines of larger sizes. The 12-inch substrate has clearly become an important direction representing the future cost structure and competitive landscape.

In this path, the importance of the Chinese market has significantly increased. During the Reporting Period, the share of the Chinese silicon carbide market in the global market has significantly increased and is expected to become the world's largest single market in the future. Domestic manufacturers are advancing simultaneously in the replacement of 6-inch substrates, the breakthrough of 8-inch substrates, and the exploration of 12-inch substrates, forming a new pattern of moving from "catching up" to "partially running alongside and even leading" the overseas giants.

2.3 The demand structure is shifting from a "single-core new energy" to a "multi-core new energy + AI" model, with the application scenarios continuously expanding.

In 2025, the downstream demand for silicon carbide will accelerate its expansion from the new energy vehicle sector to more fields, including new energy, AI, industry, and consumer sectors, further enhancing the industry's anti-cyclical ability and medium- to long-term growth certainty during the year of industry fluctuations.

New energy remains the largest basic market and shows signs of accelerated growth starting from the end of 2025. The silicon carbide power devices in electric vehicles are gradually extending from the high-price segment to the mid-and low-price segments. The penetration rates in the fields of photovoltaics, energy storage, charging piles, power grids, and rail transit are also rapidly increasing with the decline in the unit cost of silicon carbide devices.

In terms of AI data centers, Frost & Sullivan expects that the global capacity of AI data centers will reach 299GW in 2030, a net increase of 244GW compared with 2023, with a compound annual growth rate of 27.4% from 2023 to 2030. By then, the proportion of power consumption in data centers in the global power consumption may rise from 1.4% to 10%. In the 800V HVDC architecture, SST, PSU, and other links, silicon carbide is regarded as a key material for reducing energy consumption, increasing the power density of cabinets, and optimizing heat dissipation design due to its advantages of high efficiency, high frequency, high temperature resistance, and high power density.

In the fields of AI terminals and optics, silicon carbide materials, with their high refractive index and excellent optical properties, are gradually moving from concept verification to ecological co-construction in the application of optical waveguides in AI glasses/AR glasses. Multiple parties expect that the global shipments of AI/AR glasses will exceed 60 million pairs in 2030. The optical waveguide chips based on silicon carbide can provide a larger field of view, a more simplified full-color display structure, and reduce weight and cost. The Company has established a joint development relationship with the global leader in the optical application field to promote the industrialization of this emerging scenario.

In addition, in the directions of advanced packaging, high-end heat dissipation, filters, smart grids, home appliances, and industrial control, the multiple characteristics of silicon carbide, such as high thermal conductivity, high frequency, high-voltage resistance, and high-temperature resistance, are constantly being explored. For example, it is used in the heat dissipation interposer for AI chip packaging, the substrate of TF-SAW filters, the P-type substrate for ultra-high voltage power grids, etc. The diversification trend on the demand side is becoming increasingly significant.

2.4 Parallel development of localization and globalization

The long verification cycle and high switching cost of silicon carbide substrates determine that customer resources are barriers. Enterprises that have obtained global Tier 1 customer certifications, signed long-term supply agreements (LTA), and have in-depth cooperation in multiple scenarios such as EV, AI data centers, industry, and advanced optical packaging will show stronger resilience in price wars and business fluctuations. The Company further enhances its overseas brand recognition and capital strength through the “A+H” dual financing platform. Coupled with the layout of overseas production capacity in Southeast Asia and other places, its ability to cope with geopolitical and trade barriers is more solid, and it is gradually establishing a more stable dual-circulation supply system of “China for global” and “China for China”.

At the same time, the domestic silicon carbide industry chain is accelerating its breakthroughs in the links of substrates, epitaxy, devices, and equipment. In 2025, domestic silicon carbide products will accelerate their development, the competitiveness of domestic downstream enterprises will be marginally strengthened, and domestic manufacturers will become increasingly important players in the silicon carbide industry. Meanwhile, the cooperation between overseas IDMs and domestic manufacturers is also deepening. In 2025, the Company has also established deeper cooperation and binding relationships with many domestic downstream customers, making full preparations for the next step of development.

The period from 2025 to 2026 is a critical stage for the development of the silicon carbide industry. Low-end, undifferentiated production capacities and manufacturers lacking self-research capabilities and without binding relationships with leading customers will be accelerated to be cleared out or marginalized. Enterprises with technological leadership, cost advantages, understanding of multi-scenario applications, and system-solution capabilities will gain greater growth space and industry discourse power driven by both AI and new energy.

(III) The Company's industry status

According to the Industrial Classification for National Economic Activities (《國民經濟行業分類》) (GB/T4754-2017) of the National Bureau of Statistics, the Company belongs to the sub-category 398 "Manufacture of electronic components and special electronic materials" of the major category 39 Manufacture of computers, communication equipment, and other electronic equipment (《戰略性新興產業分類(2018)》). According to the "Classification of Strategic Emerging Industries (2018)" issued by the National Bureau of Statistics, the Company's products belong to "1.2.3 Manufacture of high-energy-storage and key electronic materials" and "3.4.3.1 Manufacture of semiconductor crystals", which are strategic emerging industries that the state key encourages and supports.

The Company's continuous in-depth exploration in the field of materials science is leading the development of multiple industries. With innovation in silicon carbide materials, it provides core support for the two major industries of new energy and AI, empowering the future technological revolution. The Company's silicon carbide substrates can be widely used in fields such as new energy vehicles, AI data centers, photovoltaic systems, AI glasses, rail transit, power grids, household appliances, and advanced communication base stations. With its industry-leading technological innovation capabilities, strong mass-production capabilities, high-quality product portfolio, a close-cooperation ecosystem established with upstream and downstream market participants, and efficient management capabilities, the Company is leading the silicon carbide industry to thrive. The Company is one of the few global companies that can achieve mass production of 8-inch silicon carbide substrates, the first to commercialize silicon carbide substrates from 2 inches to 8 inches, the first to launch 12-inch silicon carbide substrates, and one of the first to use the liquid-phase method to produce P-type silicon carbide substrates.

The Company has become an important supplier to well-known international semiconductor companies, and its products have also gained wide recognition internationally. We have established business cooperation relationships with more than half of the world's top ten power semiconductor device manufacturers. The Company's silicon carbide substrates are made into power devices and radio-frequency devices by customers, and these devices are ultimately used in end-products in multiple fields such as new energy vehicles, AI data centers, and photovoltaic energy storage. At the same time, the Company is actively expanding into emerging fields such as AI data centers, micro-nano optics, and advanced packaging. Silicon carbide substrate materials have great development potential in emerging fields.

The Company has formed a comprehensive technical system covering key production links of silicon carbide substrates, such as equipment design, thermal field design, powder synthesis, crystal growth, substrate processing, and quality inspection. The Company's independent technical toolkit enables it to reach the world-class level in product defect control and cost optimization. According to the data from the intellectual property research company under Yole, the Company ranks among the top five globally in silicon carbide substrate patents.

The global silicon carbide substrate market is dominated by a few leading enterprises, which have significant advantages in terms of technical strength, production scale, brand awareness, and recognition. According to a report released by Fuji Keizai Japan in March 2026, in the global conductive silicon carbide substrate material market in 2025, SICC had a market share of 27.6%, ranking first globally; among them, the market share in the 6-inch segment was 27.5%, and the market share in the 8-inch segment was 51.3%, fully reflecting the results of the Company's strategic implementation.

II. THE COMPANY'S MAIN BUSINESS DURING THE REPORTING PERIOD

(I) Main business

1. Main business

The Company is a leading enterprise in the global wide-bandgap semiconductor material industry. Since its establishment, it has been focused on the research, development, and industrialization of high-quality silicon carbide substrates. According to a report released by Fuji Keizai Japan in March 2026, in the global conductive silicon carbide substrate material market in 2025, SICC had a market share of 27.6%, ranking first globally.

The Company has been focused on the silicon carbide industry for more than 15 years. It was one of the first in China to industrialize semi-insulating silicon carbide substrates and further achieved the industrialization of conductive silicon carbide substrates. Relying on its R&D, production, and management experience, the Company's advantage in large-size products has been continuously improved. The size of mass-produced silicon carbide substrates has been upgraded from 2 inches to 8 inches, and in 2024, the Company launched the industry's first 12-inch silicon carbide substrate. In 2025, it completed the technical research on the full range of 12-inch conductive N-type, conductive P-type, and semi-insulating silicon carbide substrates, bringing the global silicon carbide substrate industry into the 12-inch era. While achieving full-size industrialization from 2 inches to 12 inches, the Company has also made key technological breakthroughs in diversified products such as semi-insulating substrates, conductive substrates, P-type substrates, optical substrates, and advanced packaging heat-dissipation interposers, and has continuously promoted the domestic substitution of key equipment, achieving full-process self-control from raw materials to finished products.

2. *Main products and services*

Silicon carbide material is a compound wide — bandgap semiconductor material. Compared with traditional silicon, it has the following advantages:

- 2.1 Larger bandgap, suitable for higher voltage, frequency, and temperature;
- 2.2 Higher thermal conductivity, very suitable for devices with large thermal loads;
- 2.3 Higher breakdown electric field strength, which can make devices thinner and have lower on-resistance;
- 2.4 Higher saturated electron drift velocity and faster switching speed.

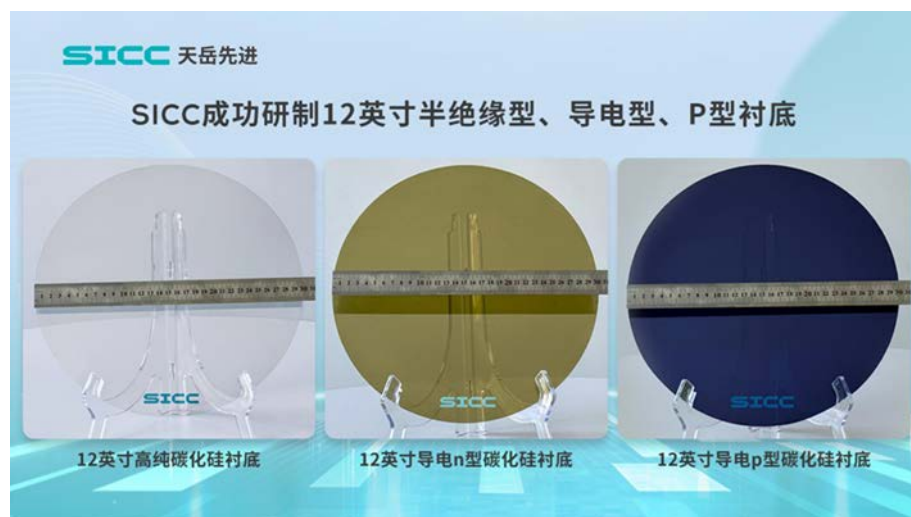
The above characteristics improve the performance of end-products using silicon carbide substrates, enabling the products to operate at higher temperatures, voltages, and frequencies while maintaining excellent efficiency. This leads to an increase in power density, a reduction in energy loss, and an enhancement in the reliability of electronic components and systems. Therefore, riding on the wave of the surging demand in the renewable energy and AI fields, innovative wide-bandgap semiconductor materials represented by silicon carbide have a significant impact on the semiconductor industry. Silicon carbide materials have become one of the cornerstones for empowering energy transformation and achieving the core development goals of AI.

The Company is a globally leading producer of wide-bandgap semiconductor materials. Since its establishment, it has been focusing on the R&D and industrialization of high-quality silicon carbide substrates. The Company has been dedicated to the field of silicon carbide substrates for over 15 years. It has established business cooperation relationships with more than half of the top ten global power semiconductor device manufacturers and is committed to providing customers with high-quality silicon carbide substrates. Through technological innovation, the Company continuously enhances the performance of its customers' products in various industries. The company mainly offers 4-inch, 6-inch, 8-inch, and 12-inch silicon carbide substrates. It is one of the few companies in the world that can simultaneously provide conductive and semi-insulating silicon carbide substrates in various sizes.

The Company is a pioneer and innovator in the R&D and production of silicon carbide substrates. We are one of the few market participants globally capable of mass-shipping 8-inch silicon carbide substrates. Thanks to the Company's in-house R&D capabilities, the Company has mastered core technologies covering all stages of silicon carbide substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing, and quality inspection. This has enabled the Company to mass-produce 8-inch silicon carbide substrates in 2023 and launch the industry's first 12-inch silicon carbide substrate in November 2024, overcoming the challenges in controlling high-quality growth interfaces and defects in silicon carbide substrate production.

In 2025, the Company completed the layout of a full range of large-size products, including 12-inch conductive N-type and conductive P-type, and 12-inch semi-insulating silicon carbide substrates. As of now, the 12-inch silicon carbide substrate products have received orders from leading customers and been delivered, which marks an important step towards the era of large-size silicon carbide substrates.

The following figure shows the Company's 12-inch silicon carbide substrate samples:



(II) Business Model

1. *R&D Model*

Our R&D work is led by the R&D team and operates under a hierarchical project-based management system. The process is as follows:

- 1.1 Our employees submit demand applications to the R&D team based on information collected in daily operations, cooperation with industry participants, market research, and analysis of customer feedback;
- 1.2 After the demand application is approved, the R&D team selects the project leader and project team members, forms a designated project group. The project leader then writes the “Project Initiation Report”, including the project name, background, feasibility analysis, project objectives, and financial budget;
- 1.3 The project group writes the R&D design plan according to the project requirements, refines the experimental plan and schedule, and completes experimental verification based on the design plan;
- 1.4 The project leader, considering the project plan and delivery completion status, determines that all project objectives are met, initiates a project acceptance application, writes the “Project Acceptance Report”, and submits it to the R&D team for review;
- 1.5 After project acceptance, the R&D team evaluates the R&D results and takes various measures to protect intellectual property.

2. *Procurement Model*

The production of silicon carbide substrates relies on high-quality raw materials. Their intrinsic quality directly affects the efficiency, reliability, and effectiveness of silicon carbide substrates, making them indispensable for the production of advanced semiconductor devices. Therefore, the largest suppliers of high-quality raw materials usually choose to cooperate with leading market participants like our Company, which demonstrates a commitment to excellence and innovation. By establishing long-term cooperative relationships with these largest suppliers, the Company ensures a stable supply of necessary resources, enabling the Company to maintain consistent quality and performance standards in silicon carbide substrates and thus consolidating its competitive position in the market.

The Company purchases various materials and equipment required for manufacturing silicon carbide substrates, including carbon powder, silicon powder, graphite insulation materials, and equipment for crystal growth, slicing, grinding, and polishing. To mitigate the potential impact of rising raw material costs, the Company mainly enters into long-term cooperation agreements with suppliers of key production materials such as graphite insulation materials, maintains close communication, and implements strategic procurement. The Company implements a regular review mechanism, considering the Company's inventory levels, sales prospects, and market trends to monitor the Company's raw material costs.

The Company has determined a list of qualified suppliers so that it can select the most suitable raw material suppliers according to the procurement plan. The Company's procurement plan is formulated based on production progress, inventory levels, supplier delivery times, and product lifespans. After the procurement plan is approved, the Company's procurement department will conduct price inquiries and evaluate potential suppliers based on criteria such as the suppliers' basic information, price, quality, qualification documents, and delivery times. To cope with potential price increases from suppliers, we also evaluate other similar suppliers simultaneously to reduce the impact on our raw material costs.

3. *Production Model*

The Company's production model is conducive to meeting different customer needs, improving the on-time order delivery rate, product quality consistency, and customer satisfaction, and helps control inventory levels and improve capital utilization efficiency.

The Company has developed and implemented an information system to handle customer orders and control the production process. By combining artificial intelligence digital simulation and big data technology, the Company automates the production process of silicon carbide substrates. On the one hand, intelligent production can reduce the risks caused by human intervention, which is crucial for preparing high-quality silicon carbide substrates. On the other hand, high-level automation can effectively optimize labor costs in production, laying a solid foundation for the Company's technological upgrading and product iteration.

The Company has established a comprehensive production-stage control plan to ensure comprehensive production and product quality control. When product quality non-conformance issues occur, the Company will initiate the non-conforming product control procedure, including non-conforming product review, root-cause analysis, and the designation of corrective and preventive measures. The Company's production process management measures help prevent non-conforming products from flowing out and reduce the recurrence of quality problems.

4. *Marketing Model*

The Company adopts a direct sales model and has an experienced and well-trained sales and marketing team, which actively identifies market opportunities and designs sales strategies.

The Company's sales and marketing team is mainly responsible for contacting customers and providing after-sales services for them. Adopting the direct sales model enables us to achieve the following advantages:

- 4.1 Obtain real-time and unfiltered feedback about our products from customers;
- 4.2 Accurately understand customer preferences and identify areas for improvement;
- 4.3 Respond to customer requirements to provide high-quality products that meet customer needs;
- 4.4 Rely on first-hand customer insights to quickly adapt to changing market demands or customer preferences, and thus formulate flexible marketing strategies;
- 4.5 Improve the customer experience by directly addressing customer concerns, thereby increasing satisfaction and loyalty.

The Company mainly wins customers by carrying out continuous, comprehensive and in-depth cooperation with top companies in different application fields, as well as other targeted marketing and promotion activities, leveraging its good brand reputation and great industry influence.

III. ANALYSIS OF CORE COMPETITIVENESS

(I) **Leading the industry with large-size technology and making forward-looking layout of full-matrix products**

The large-sizing of silicon carbide substrates is one of the core directions for the industry to reduce costs, increase efficiency and expand applications. Since its establishment, the Company has continuously laid out the R&D and industrialization of silicon carbide substrates of different sizes and types, and has formed a strong first-mover advantage in size upgrading. During the Reporting Period, the Company not only continuously improved the mass-supply capacity of 8-inch products and deepened customer adoption, but also completed the technical breakthrough of the full-series products of 12-inch conductive N-type, conductive P-type and semi-insulating silicon carbide substrates, and took the lead in establishing a full-matrix layout of next-generation large-size products in the industry.

The Company is one of the few global enterprises capable of mass-producing 8-inch silicon carbide substrates and is also the first to launch 12-inch silicon carbide substrates. Data shows that the size of the Company's mass-produced silicon carbide substrates has been upgraded from 2 inches to 8 inches, and the industry's first 12-inch silicon carbide substrate was launched in 2024. In 2025, the Company continued to promote customer demonstrations, sample verifications and technology improvements for 12-inch conductive and semi-insulating products, further consolidating its leading position in the ultra-large-size field.

In 2025, the Company's 8-inch products further moved towards mainstream applications. According to Fuji Keizai, the Company's global market share of 8-inch products has exceeded 50%. During the industry's transition from 6-inch to 8 -inch, the Company has completed the transformation from "technological leadership" to "mainstream products and large-scale customer adoption". The proportion of the main business income of the Company's 8-inch products was 30% in 2024 and further increased to about 44% in 2025. The continuous increase in the proportion of 8-inch products not only indicates that the Company has made accurate judgments on the technical route, but also shows that the Company has formed high barriers in terms of the quality, delivery and customer verification of large-size products.

From an industrial trend perspective, the significance of 8-inch products lies in their ability to significantly increase the chip output per wafer, improve equipment compatibility and reduce comprehensive costs. The chip output per 8-inch substrate is about twice that of a 6-inch substrate. At the same time, the progress of crystal growth technology has promoted the mass production of 8-inch conductive substrates, and the larger available substrate area has driven down the unit comprehensive cost. The Company's early completion of the industrialization of 8-inch products and their mainstream application in 2025 means that it is not only at the forefront of technology but also effectively meets the downstream customers' needs for cost optimization and production line upgrading.

In the layout of larger sizes, the 12-inch products further strengthen the Company's next-generation competitive barriers. The area of 12-inch products is larger than that of 8-inch products, which is expected to further reduce unit costs and improve economic efficiency. At the same time, the further development of many downstream emerging fields such as advanced packaging and AI optics urgently needs the large-scale mass production of 12-inch products. Currently, the Company has completed the full-product large-size layout of 12-inch conductive N-type, conductive P-type and semi-insulating products, marking that the Company has officially entered the forefront of the global silicon carbide large-size technology competition.

While leading in large-size technology, the Company's cutting-edge process layout has also deepened its technological leadership. The Company pioneered the use of the liquid-phase method to prepare P-type silicon carbide substrates without macroscopic defects in the industry, breaking through the problems of high-quality growth interface control and defect control of silicon carbide single crystals. At the same time, the Company is also one of the first to use the liquid-phase method to produce P-type silicon carbide substrates. Compared with traditional methods, the liquid-phase method can better control growth parameters, make the doping distribution more uniform, and is particularly suitable for high-power and high-voltage scenarios. It has strategic value for the Company in high-voltage power grids, P-type substrates and the development of higher-quality large-size products in the future.

Overall, the Company's core competitiveness in the large-size route is not only reflected in the early launch of large-size products, but also in the establishment of a complete cycle from technological leadership, process method breakthroughs, customer collaborative development and verification to large-scale stable delivery. The mainstream application of 8-inch products and the full-matrix layout of 12-inch products enable the Company to have a strong initiative in both the current and next-stage industry competition.

(II) Empowering the diversified application ecosystem capabilities driven by the “AI + new energy” dual engines

The Company has a profound understanding of the underlying characteristics of silicon carbide materials, the requirements of downstream scenarios, and the direction of industrial evolution. At the same time, it has rich experience in conducting collaborative R&D and product definition around customer needs. During the Reporting Period, the Company's products and technologies continued to penetrate into a wider range of scenarios driven by new energy and AI, demonstrating strong ecosystem-enabling capabilities.

Silicon carbide materials have diverse physical properties. Existing data clearly shows that it has characteristics such as high band-gap width, high breakdown electric field strength, high electron saturation drift velocity, high thermal conductivity, and high refractive index, and can be applied in various downstream products such as power devices, radio-frequency devices, optical waveguides, heat-dissipation components, and filters. Combining user requirements, the Company's understanding and application layout of SiC materials are not limited to the “electrical” direction but have further extended to directions such as optics and thermal management, reflecting the systematic development ability of the material's multiple physical properties.

In the new energy field, silicon carbide materials have been widely used in scenarios such as electric vehicles, photovoltaic energy storage, power grids, rail transit, charging facilities, and household appliances. As the power density and energy-efficiency requirements in various sub-scenarios of power electronics increase, the foundation for the application of silicon carbide materials in new energy continues to expand and shows signs of acceleration.

In the AI field, according to Frost & Sullivan, by 2030, the global AI data center capacity will increase to 299GW, a net increase of 244GW compared with 2023, corresponding to a compound annual growth rate of 27.4% from 2023 to 2030; the proportion of data center power consumption in global electricity consumption will increase from 1.4% to 10.0%. The Company's silicon carbide substrates can be applied in scenarios such as high-efficiency power supplies, PSUs, HVDCs, and SSTs required by AI data centers, opening up new growth space for the Company.

In the fields of micro-nano optics and AI glasses, silicon carbide materials can be applied in the optical waveguide lenses of AI glasses. With characteristics such as high refractive index, they can achieve a larger field of view and a simpler full-color display structure, reducing weight, volume, and manufacturing complexity. It is expected that by 2030, the global shipment of AI glasses will exceed 60 million pairs. During the Reporting Period, in July 2025, the Company reached a strategic cooperation with Sunny OmniLight NanoOptics Co., Ltd. (舜宇奧來微納光學(上海)有限公司). By integrating the Company's material advantages with the other party's optical technology expertise, they are promoting the application of silicon carbide materials in the optical field. At the same time, the Company's "Application of silicon carbide optical waveguide sheets in AI glasses" solution was successfully selected as an excellent case by the China Academy of Information and Communications Technology in November 2025, indicating that the Company has made substantial progress in the industrialization exploration of optical scenarios.

In the fields of advanced packaging and high-end heat dissipation, silicon carbide can be used in semiconductor heat-dissipation components, advanced packaging interposers, etc. due to its high thermal conductivity and high-temperature resistance. The Company has successfully applied semi-insulating silicon carbide substrates to the heat-dissipation layer of high-power laser chips and has achieved mass shipments, verifying the feasibility of large-scale industrial application of silicon carbide as a heat dissipation material. It continues to promote technological breakthroughs in new application scenarios such as AI, data centers, and advanced heat dissipation components. Essentially, these applications utilize the advantages of silicon carbide in thermal management and material stability to serve high-power and high-heat-dissipation-density scenarios in AI computing centers.

In terms of filters and advanced communications, silicon carbide has been applied in TF-SAW filters and other fields, and its penetration rate in advanced communication base stations is increasing year by year. The Company is working with customers to promote product verification and application implementation based on the material advantages of silicon carbide in high-frequency and high-speed communication scenarios.

Overall, the Company's diversified application ecosystem capabilities around "AI + new energy" continue to expand the customer industries, gradually transforming the multi-dimensional characteristics such as "electricity, light, sound, and heat" of silicon carbide materials into product capabilities that can be mass-produced, verified, and collaboratively developed. As more new downstream scenarios move from verification to large-scale production, the Company is expected to further improve its industry penetration rate and customer stickiness with its cross-scenario understanding and rapid response capabilities.

(III) Globally leading large-scale mass-production capabilities and a lean manufacturing system

In an environment of industry pressure and intensified competition, the ability to stably achieve large-scale production of large-size products, ensure consistency and yield, and deliver on time to global leading customers has become a key factor in determining an enterprise's competitive position. During the Reporting Period, the Company continued to strengthen its large-scale mass-production capabilities and lean manufacturing system, forming a relatively prominent delivery advantage.

The Company has currently formed a coordinated layout of two major production bases in Lingang, Shanghai, and Jinan, Shandong. As of the end of the Reporting Period, the Company has established two production bases in Shandong and Shanghai, with a total designed annual production capacity of over 500,000 silicon carbide substrates. At the same time, the second-phase capacity improvement plans of the Shanghai factory and the Jinan factory are still in progress, and the construction of overseas factories is gradually entering the planned stage. The perfect capacity layout enhances the Company's support ability for stable delivery to global large customers and also improves the capacity scheduling and risk-dispersion ability.

In terms of actual production, the Company's scale advantage continues to be realized. In 2025, the Company's equivalent production of silicon carbide products was 690,400 pieces, a year-on-year increase of 68.31%.

The Company's rapid mass production capability for large-size products is an important manifestation of its manufacturing system. Taking the Shanghai production base as an example, it started equipment installation in January 2023, achieved product delivery by May of the same year, and had reached an annual mass production capacity of 300,000 silicon carbide substrates in the first half of 2024, while the original plan was to achieve this goal in 2026. This indicates that the Company's production management team has developed a complete set of rapid mass production experience from factory building construction to stable production of large-size products, and can complete the implementation from project construction to customer delivery in a relatively short period. This is also crucial for the Company's overseas production capacity layout.

In terms of yield, thickness, and consistency, the Company also has leading capabilities. Currently, the Company has solved the mass-production problem of increasing the effective crystal growth thickness, and the effective thickness exceeds the industry average. A higher effective thickness means that more substrates can be cut from a single ingot, which helps significantly reduce the unit product cost. Meanwhile, the Company's products have reached a near-zero micro-pipe level, with no stacking faults, low BPD, low TSD, and low TED densities. The Company has also implemented the "Z Plan" aiming to achieve high-quality products and defect-free delivery.

In terms of intelligent manufacturing, the Company continues to promote the construction of AI and digital meta-factories. The Shanghai factory was positioned as a smart factory from the very beginning of its design, equipped with high-performance and intelligent equipment, and continuously optimizes the process through AI and digital technologies. The Company uses information systems to conduct real-time analysis, monitoring, and early warning of production quality. By deploying robot systems and intelligent equipment units, it has achieved automation of operation control and management, and some crystal growth facilities operate unmanned. High automation and high informatization capabilities not only reduce the quality fluctuations caused by human intervention but also improve production efficiency and consistency.

Overall, the Company's diversified production capacity layout, large-size rapid mass-production ability, high-consistency flatness guarantee, and system ability to continuously reduce costs have laid a solid foundation for the Company to serve global leading customers, and also provided key support for the Company to remain resilient and expand its market share in the industry competition.

(IV) Deeply-bound global leading customer resources and international brand influence

In the silicon carbide substrate industry, customers have high entry thresholds, long verification cycles, and high replacement costs. Therefore, leading high-quality customers are the cornerstone of the Company's long-term development. After years of accumulation, the Company has established stable cooperative relationships with global leading power semiconductor enterprises and leading customers in multiple emerging fields, forming a stable and in-depth customer ecological advantage.

Currently, the Company has established business cooperation relationships with more than half of the top ten global power semiconductor device manufacturers and has entered the important supply chain of well-known international semiconductor companies. This cooperation relationship reflects the Company's comprehensive strength in terms of quality, stability, delivery, and technical services.

In terms of brand and market position, the Company has strong international influence. According to a report released by Fuji Keizai Japan in March 2026, in the global conductive silicon carbide substrate material market in 2025, SICC had a market share of 27.6%, ranking first in the world. At the same time, the Company's steady development has also been widely recognized and respected by leading customers, enabling the Company to have stronger influence in industry bargaining, understanding and formulating industry standards, and industrial chain collaboration.

In 2025, the Company completed its listing on the H-share market, forming an "A+H" dual financing platform, which further enhanced the Company's credibility in the international capital market and global customer system. The Company's H-shares were listed on the main board of the Hong Kong Stock Exchange on 20 August 2025, with the stock code of 2631.HK. This listing on the Hong Kong stock market is conducive to the Company building a global capital and marketing network with the help of the A+H dual-listing platform, which helps enhance overseas customers' confidence in the Company's long-term supply ability, governance standardization, and international development ability.

In terms of brand recognition, in October 2025, the Company stood out from more than 35,000 suppliers of Bosch globally and won the “Bosch Global Supplier Award”, marking the entry of the two-party industrial chain collaboration into a deeply-bound stage. During the same period, the Company also won many honors such as “Good Products in Shandong”, “Golden Bull Award for Science and Technology Innovation in Hong Kong Stocks”, and “Global Influential Enterprise in SiC Substrates”, which strengthened the Company’s brand image in the global market.

The underlying logic of the Company’s customer resource advantage is that once a silicon carbide substrate is verified, customers usually do not easily change suppliers. Silicon carbide substrates need to go through complex verification procedures such as epitaxy, chip manufacturing, packaging and testing, and the verification cycle is long. Therefore, suppliers that have passed the verification usually have a strong continuous supply advantage. Relying on product quality, continuous delivery ability, and technical service ability, the Company has not only entered the customer system but also continuously deepened the cooperation level, thus forming strong customer stickiness.

Overall, the Company’s deeply-bound global leading customer resources and international brand influence have become an important barrier in the industry competition. As the Company further improves its global marketing and capital network through the “A + H” platform and continuously enhances its supply ability of 8-inch and 12-inch products, it is expected to further increase its market share and brand influence globally.

IV. ANALYSIS OF MAIN BUSINESSES

(I) Company's business operation

Since its establishment, the Company has focused on the R & D and industrialization of high-quality silicon carbide substrates. It is one of the few global companies that can achieve mass production of 8-inch silicon carbide substrates, and is the first to commercialize silicon carbide substrates from 2-inch to 8-inch. It is also the first company to launch 12-inch silicon carbide substrates.

In 2025, the global energy transformation and artificial intelligence (AI) technology are accelerating their integration, driving the continuous evolution of the demand for power semiconductors and new semiconductor materials. With comprehensive advantages such as high voltage resistance, high frequency, high thermal conductivity, and high-temperature stability, silicon carbide materials are becoming an important material support for green, low-carbon, and high-efficiency computing infrastructure. Along with the development of new scenarios such as new energy vehicles, power grids and new energy green electricity, energy storage upgrades, energy efficiency improvement in data centers, energy efficiency improvement in industrial and consumer electronics, as well as optics and advanced packaging, the trend of the downstream application of silicon carbide expanding from point to area is becoming clearer.

Meanwhile, in 2025, the industry competition pattern is further optimized, with price fluctuations, industry scale growth, and customer introduction cycles coexisting. The industry is in an important stage of advancing in parallel from early disorderly expansion to large-size, large-scale, cost optimization, and structural upgrading. Against this background, the Company adheres to long-termism and promotes its operations around two main lines: “increasing market share” and “continuous technological progress”. On the one hand, it seizes the window of industry adjustment to continuously consolidate its cooperative relationship with global leading customers. On the other hand, it enhances its long-term competitive barriers through large-size products, process optimization, and application expansion.

From the perspective of industrial trends, 2025 has become an important year for the further expansion of large-scale application of silicon carbide. With technological progress, the decline of unit cost, and the growth of leading enterprises' scale, silicon carbide shows comprehensive advantages over traditional semiconductor materials in new energy vehicles, data centers, advanced packaging, micro-nano optics, as well as in a broader range of fields such as industry, power grids, photovoltaics, energy storage, charging facilities, household appliances, and consumer electronics. Its application penetration has entered the "large-scale introduction" stage. The company, focusing on this trend, continuously improves its product matrix, strengthens joint research with customers, and promotes large-size and diversified application layout, striving to occupy a more favorable position in the new round of industry development. The company is also extending from a semiconductor device material supplier to a broader advanced material platform enterprise. At the same time, as a leading enterprise in the global wide-bandgap semiconductor material industry, the Company's management closely focuses on the Company's development strategy and annual business objectives, continuously optimizes internal production management, improves process technology, and enhances product yield, and adheres to R & D innovation and market expansion. At the same time, the Company actively takes measures to increase revenue and reduce expenditure, reasonably control costs and expenses, and promote lean improvement to achieve cost reduction and efficiency improvement. Specifically:

1. Focus on increasing market share and consolidate the leading position in the industry against the trend.

In 2025, the Company took seizing market share as one of its core business strategies and still achieved share growth under the background of industry pressure. According to the report released by Fuji Keizai in March 2026, in the global conductive silicon carbide substrate material market in 2025, the market share of Tianyue Advanced (SICC) was 27.6%, ranking first in the world. Among them, the market share of 6-inch products was 27.5%, and that of 8-inch products was 51.3%, fully demonstrating the results of the Company's strategic implementation.

From the perspective of business logic, the downward stage of the industry often better tests a company's real competitiveness. The company was able to achieve share growth against the trend in 2025 mainly because: first, it made forward-looking layout for 8-inch and 12-inch products, grasping the direction of industry size upgrade; second, it had deep cooperation with customers and high certification barriers, with strong stickiness under the long-cycle verification system; third, its large-scale delivery and quality stability had been verified by international leading customers, enabling it to obtain more orders and introduction opportunities in the industry competition.

During the Reporting Period, the Company continuously increased its investment in product quality, mass production delivery, technological iteration, and customer collaboration, maintained business cooperation with more than half of the top ten global power semiconductor device manufacturers, further expanded the coverage of high-quality customers in the downward cycle of the industry, and continuously explored new fields, new customers, and new applications.

Through forward-looking layout of large-size products, the Company gained obvious advantages in the process of the industry's accelerated switch from 6-inch to 8-inch products. In 2025, the Company continuously increased its market share in the 6-inch market and occupied a leading position in the 8-inch market. At the same time, the increase in the proportion of large-size products not only helped the Company expand its market share but also contributed to improving the product structure, strengthening customer binding, and enhancing long-term competitive barriers.

2. *Deepen cooperation with leading customers and continuously expand the customer base.*

During the Reporting Period, the Company further deepened its cooperation with leading customers in various industries, and strengthened its cooperative relationship with key customers in fields such as new energy vehicles, data centers, advanced packaging, and micro-nano optics, demonstrating the Company's comprehensive competitiveness in the key material link of the industrial chain. The company has long adopted a direct sales model. Relying on the linkage mechanism of sales, R & D, and production, it can quickly respond to customer needs and participate in customers' pre-verification, product definition, and process optimization, thus enhancing the depth of cooperation and customer stickiness.

In the fields of new energy vehicles and power devices, the Company continues to serve globally leading customers. The company has established cooperative relationships with more than half of the top ten global power semiconductor device manufacturers and formed a long-term and stable cooperation ecosystem with international customers. During the Reporting Period, the trend of large-sized products in the industry was further confirmed. As the economic efficiency of the Company's large-sized products continued to improve and the industry switched from 6-inch to 8-inch products, the Company further deepened its cooperative relationships with customers through large-sized products. Meanwhile, as silicon carbide substrates are key materials for device manufacturing and need to go through complex verification procedures such as epitaxy, chip manufacturing, and packaging testing, downstream customers usually do not easily change suppliers once they complete the verification. This gives the Company a strong advantage in continuous supply after serving leading customers.

During the Reporting Period, the Company continued to promote various technical cooperations with downstream customers. For example, in the field of micro-nano optics, in July 2025, the Company reached a strategic cooperation with Sunny Aolei Micro-Nano Optics (Shanghai) Co., Ltd. The two parties will integrate the advantages of silicon carbide materials and optical technology to promote the application of silicon carbide substrate materials in the optical field and explore new blue-ocean markets. In the power supply solutions for AI data centers, the Company cooperated closely with global leading power device manufacturers in the R & D of next-generation power management chips. In the field of advanced packaging, the Company cooperated with global leading customers to promote the application breakthrough of SiC. At the same time, in the direction of chip heat dissipation, the Company has successfully applied semi-insulating silicon carbide substrates to the heat dissipation layer of high-power laser chips and achieved mass shipments, which verifies the feasibility of large-scale application of silicon carbide heat dissipation in the industrial end. These cooperations not only reflect the Company's forward-looking layout in emerging application directions but also mark that the Company is extending from a single-material semiconductor device material supplier to a more extensive advanced material platform-type enterprise.

In addition, the Company continued to deepen its relationships with important partners. For example, in October 2025, the Company won the “Bosch Global Supplier Award”, which marks that the industrial chain collaboration between the two parties has entered a deep-binding stage and further deepens the long-term strategic partnership with Bosch. The continuous stability of such cooperative relationships is conducive to the Company maintaining order resilience during industry fluctuations and further enhancing its global influence.

Generally speaking, the Company is deeply integrated into the silicon carbide industry value chain and has established a close cooperation ecosystem with upstream and downstream enterprises. Centered on advanced technical capabilities, the Company accurately grasps the latest needs of global customers, connects with top-notch global supply chain resources, continuously promotes the penetration rate of large-sized and high-quality silicon carbide substrate products in various fields, and finally achieves win-win results in the industrial chain and continuously enhances its global influence.

3. *The application scenarios continue to expand, and silicon carbide enters a more extensive large-scale application stage*

In 2025, the application of silicon carbide extended from traditional high-growth scenarios such as new energy vehicles and photovoltaic energy storage to AI data centers, smart power grids, advanced packaging, micro-nano optics, industry, charging facilities, home appliances, and more consumer electronics scenarios. The underlying driver of this trend is that with the continuous progress of silicon carbide materials and device technologies, size upgrades, cost reduction, and the emergence of scale effects, its high-efficiency performance in low-medium-high voltage, high frequency, high efficiency, high power density, and thermal management compared with traditional silicon-based materials is being accepted by more end-applications.

In the field of AI data centers, with the rapid growth of AI computing power, the problems of data center energy consumption and power supply efficiency have become increasingly prominent. According to data from Japan's Fuji Keizai, by 2030, the global AI data center capacity will increase to 299GW, a net increase of 244GW compared with 2023. The compound annual growth rate from 2023 to 2030 will reach 27.4%, and the proportion of data center power consumption in global power consumption will increase from 1.4% to 10.0%. Silicon carbide power devices can achieve higher conversion efficiency and power density in scenarios such as data center power supplies, UPS, and server power supplies. Therefore, the demand for high-quality silicon carbide substrates has a clear incremental significance.

In the field of AI glasses-micro-nano optics, silicon carbide materials are becoming important new display materials due to their excellent optical properties and lightweight potential. Data shows that by 2030, the global shipments of AI glasses are expected to exceed 60 million pairs. In 2025, the Company has made a substantial layout in this field. It not only reached a strategic cooperation with Sunny Aolei but also was selected as an excellent case by the China Academy of Information and Communications Technology with the "Application of Silicon Carbide Optical Waveguide Sheets in AI Glasses" solution, indicating that the Company has strong industrialization implementation capabilities in the cross-border application direction of silicon carbide materials.

In fields such as power grids, industry, photovoltaic energy storage, rail transit, and home appliances, the performance improvement brought by the excellent material properties of silicon carbide is more obvious. According to relevant forecasts, from 2024 to 2030, the compound growth rates of silicon carbide power semiconductor devices in fields such as photovoltaic energy storage, power grids, and rail transit can reach 27.2%, 24.5%, and 25.3% respectively. As the economic efficiency of use continues to improve, more scenarios originally dominated by traditional silicon-based devices are beginning to introduce silicon carbide solutions, promoting the industry to evolve from single-track growth to multi-scenario resonance.

4. *Lead the trend of size upgrade, promote the industry to switch from 6-inch to 8-inch and layout 12-inch*

During the Reporting Period, the Company continued to lead the industry in upgrading to large-size substrates. Currently, 6-inch conductive substrates remain the mainstream, the volume of 8-inch conductive substrates is rapidly increasing, and the forward-looking layout of 12-inch substrates is progressing smoothly. In particular, the Company is globally leading in terms of the quality and mass supply capacity of 8-inch conductive substrates. It is one of the few market participants globally capable of mass-producing and shipping 8-inch silicon carbide substrates, and it continuously promotes leading customers to transition to 8-inch substrates.

The importance of 8-inch substrates lies in the fact that their larger available area helps to increase the output per wafer, improve the economics of device manufacturing, and promote the compatibility optimization of downstream production lines and equipment. Meanwhile, the total investment of global silicon carbide power device manufacturers in 8-inch projects continues to increase, and the industry's switch to 8-inch substrates has become a clear trend.

In terms of larger-size layout, the Company launched the industry's first 12-inch silicon carbide substrate in November 2024 and completed the technological breakthroughs for the full range of 12-inch conductive N-type, conductive P-type, and semi-insulating products in the first quarter of 2025. Currently, the 12-inch products have received orders from leading customers, which means the Company is at the forefront of the industry in the direction of next-generation large-size substrates. The significance of the 12-inch substrate is not just for technology demonstration. More importantly, the mass production of 12-inch substrates will enable the successful implementation of many emerging fields. As an advanced platform material, SiC will further reduce the unit cost in many fields and open up a larger commercialization space.

From the perspective of industrial competition, those who can take the lead in completing mass production and customer introduction from 6-inch to 8-inch and then to 12-inch substrates will have a better chance of taking the initiative in the next round of industry competition. During the Reporting Period, the Company's performance in increasing the proportion of 8-inch substrates and continuously promoting 12-inch substrates reflects its coordination ability in three aspects: technology roadmap selection, production capacity building, and customer verification. It also strengthens the foundation for future profitability and further improvement in market share.

(II) R&D and innovation situation

The silicon carbide substrate industry is highly technology-intensive, with a complex preparation process and high technological barriers. The core competitiveness largely depends on the basic research of materials, crystal growth, defect control, processing technology, equipment design, and industrialization synergy ability. Maintaining technological leadership is the Company's long-term strategic focus. In 2025, the Company continued to make continuous investments in basic research, product development, and engineering optimization, strengthened its independent innovation ability, and promoted the mutual promotion of technological progress and industrialization ability.

In 2025, the Company's R & D expenses were RMB166 million, a year-on-year increase of 16.91% compared with 2024. The increase in R & D investment was mainly used for the industrialization R & D of 12-inch silicon carbide substrates and 8-inch substrates, as well as the development of P-type substrates and emerging fields such as optics and advanced packaging. During the period of industry downturn, the Company did not reduce its R & D investment but continued to increase the layout of forward-looking technologies and new application directions, demonstrating a strong determination for long-term investment.

From the perspective of technological direction, the Company continued to promote R & D in the directions of larger size, lower defects, lower cost, liquid-phase method, P-type substrates, and new application materials. The company pioneered the use of the liquid-phase method to produce 8-inch silicon carbide substrates without macroscopic defects in the industry, breaking through the difficulties in interface control and defect control for high-quality growth of silicon carbide single crystals. At the same time, the Company is also one of the first companies to use the liquid-phase method to produce P-type silicon carbide substrates, which provides technical support for the expansion of scenarios such as smart power grids and high-voltage high-power devices.

During the Reporting Period, the Company continued to strengthen its R & D system based on the "sales-R&D-production" linkage mechanism. The company jointly carried out R & D with downstream strategic customers, conducted targeted R & D according to pain points and needs, and continuously optimized and iterated products based on customer feedback, so that R & D achievements could be more quickly transformed into industrialization ability and customer value. For the material industry, such as silicon carbide, with a long verification cycle and high requirements for industrial chain synergy, this mechanism is conducive to forming a positive cycle between technological innovation and market expansion for the Company.

In terms of intellectual property achievements, based on continuous R & D investment, the Company has formed a relatively systematic accumulation of intellectual property and technological barriers. As of the end of 2025, the Company and its subsidiaries had obtained a total of 203 authorized invention patents and 308 authorized utility model patents, including 14 overseas invention patents. During the Reporting Period, the Company filed a total of 64 new applications for invention patents and utility model patents, including 49 invention patents and 13 utility model patents.

From the perspective of talent and organizational capabilities, the Company continued to build a global highland for silicon carbide talents. As of the end of the Reporting Period, there were 67 master's and doctoral degree holders among the Company's R & D personnel, accounting for 37.43% of the total R & D personnel. The company has two experts enjoying special government allowances from the State Council and has gathered 7 national-level talents, 12 provincial-level talents, and 6 municipal-level talents. In the next three years, we will continue to optimize the talent matrix and further improve the R & D team with a multi-disciplinary background covering materials science, electronic engineering, physics, chemistry, mechanical engineering, etc., to support the Company's continuous progress in basic research, product development, and engineering transformation.

In 2025, the Company's R & D and innovation achievements were also reflected in many external honors. In May 2025, the Company won the silver award of the 25th China Patent Award for "A Large-Diameter Single-Crystal Silicon Carbide Substrate with High Flatness and Low Damage". In June 2025, it won the gold award in the "Semiconductor Electronic Materials" category issued by a Japanese authoritative semiconductor media. In November 2025, it was selected into the "Top Ten Achievements in the Third Generation Semiconductor Technology in China in 2025" for "the Global First Release of the Full Range of 12-inch Silicon Carbide Substrates". These achievements reflect the influence of the Company's technological innovation in the domestic and international industries from the side.

Overall, in 2025, the Company continued to promote R & D and innovation, insisting on high-intensity investment and maintaining the pace of technological progress unchanged amidst industry fluctuations. It made forward-looking layouts around the trends of larger sizes and new applications, which not only served to increase its current market share but also laid the foundation for future industrial upgrading. At the same time, the Company strengthened the transformation of R & D achievements into mass production and customer value, and continuously promoted the formation of a virtuous cycle from technological breakthroughs to industrial competitiveness. These efforts will strongly support the Company's further expansion in the 8-inch market, continuous breakthroughs in the 12-inch market, as well as the exploration of new application areas such as green and low-carbon applications, AI data centers, micro-nano optics, and advanced packaging in the future.

(III) Awards and Honors within the Year

In 2025, the Company won multiple honors in areas such as technological innovation, brand building, ESG management, and capital market layout, demonstrating its industry influence and comprehensive strength, and winning wide recognition from the industry, the capital market, and all sectors of society.

1. In Terms of Technological and Brand Honors

Thanks to its remarkable achievements in substrate technology breakthroughs and mass-production applications, the Company won multiple high-profile awards, with a major breakthrough in its core honors. The company's conductive silicon carbide substrate was recognized as a "National Single-Champion in Manufacturing". Following the semi-insulating silicon carbide substrate, which had already won this honor, it achieved the industry's first "double-champion", fully demonstrating its absolute leading position in the core field of silicon carbide substrates. With the relevant achievements of "Key Technologies and Applications for Industrialized Preparation of High-Quality Silicon Carbide Single-Crystal Substrates", the Company won the Special Prize for Scientific and Technological Progress in Shandong Province. As one of the highest honors in the scientific and technological field of Shandong Province, this award fully affirmed the Company's outstanding contributions to the industrialization of silicon carbide technology and the high-quality development of the regional semiconductor industry. It also won the "China Patent Award (Silver Prize)" issued by the National Intellectual Property Administration, which is the highest government award in the field of intellectual property in China and highly competitive, fully demonstrating the Company's strong technological R & D strength and high-value

patent cultivation ability. With the achievement of “World Premiere of Full-Range 12-inch Silicon Carbide Substrates”, it was included in the “Top Ten Achievements in China’s Third-Generation Semiconductor Technology in 2025”, highlighting its global leading position in the field of large-size substrates. It won the “Outstanding Contribution Award in the Semiconductor Materials Industry” issued by the Semiconductor Materials Branch of the China Electronic Materials Industry Association, which recognized the Company’s breakthrough contributions in technological R & D and domestic substitution. With the project of “Key Technologies and Applications for Industrialized Preparation of High-Quality Silicon Carbide Single-Crystal Substrates”, it won the “Silver Prize of the International Invention Exhibition”, reflecting the international influence of the Company’s technological innovation. At the same time, the Company was recognized as a “Shandong Provincial Advanced-Level (Provincial) Smart Factory”, demonstrating its benchmark level in the field of intelligent manufacturing, as well as a “Leading Cultivation Enterprise of New Materials in Shandong Province” and a “High-Quality Chain-Master Enterprise Serving the Industrial Chain Development in Jinan”, highlighting its core leading role in regional industrial development. In addition, the Company’s previous awards, such as the “Global SiC Substrate Influential Enterprise” in the “2025 Expert Aurora Award” and the “2025 Excellent Product Award”, further consolidated its leading position in the industry.

2. In Terms of ESG and Standardized Operation

Thanks to its systematic ESG management system and solid sustainable development practices, the Company won the 2025 Best ESG Practice Award for Listed Companies, reflecting its excellent performance in environmental, social, and governance aspects. The company has always maintained a high-level of information disclosure quality, continuously improved the level of standardized operation and the quality of investor relations management. It not only set a good example for the standardized operation of Science and Technology Innovation Board (STAR Market) listed companies but also laid a solid foundation for its successful listing on the Hong Kong Stock Exchange with its compliance operation standards in line with international capital markets, and set a compliance example for domestic silicon carbide enterprises to connect with global capital. At the same time, the Company was recognized as a “Jinan Industrial Water-Saving Demonstration Enterprise”, actively implementing the ecological protection strategy of the Yellow River Basin and demonstrating the concept of green development.

3. *In Terms of Industry Influence and International Recognition*

The company's silicon carbide materials were successfully selected for the "14th Five-Year Plan" Achievements Exhibition of Made in China and displayed in the National Museum, demonstrating the Company's hardcore technological strength and the country's high recognition of the silicon carbide industry and the Company's development. As a leading enterprise in the domestic silicon carbide substrate industry, the Company actively co-organized relevant meetings of the National Semiconductor Materials Standardization Sub-Technical Committee, helping to improve industry standards and promote high-quality industrial development. In the international arena, the Company won the "Excellence Supplier" award from Robert Bosch GmbH, becoming one of the 49 companies among about 35,000 global suppliers, demonstrating international recognition of its product quality and supply capacity. At the same time, as the first Chinese company in 31 years to win the gold award in the "Semiconductor Electronic Materials" category of the 31st Semiconductor of the Year Award by the Japanese Device Industry News, it has entered the ranks of the world's top semiconductor material companies, marking a leap in the overall strength of China's silicon carbide industry.

4. *In Terms of the Capital Market*

In August 2025, the Company successfully listed on the Hong Kong Stock Exchange, becoming the first domestic enterprise in the silicon carbide substrate field to be listed on both "the A-share and H-share" markets. This major breakthrough in capital layout has not only propelled the Company into a new stage of development with dual capital platforms of "A and H shares" but also set a benchmark for domestic third-generation semiconductor hard-tech companies to connect with global capital and achieve international development. It fully demonstrates that the Company's core technological strength and global development potential have been highly recognized by the international capital market. Meanwhile, with its outstanding scientific and technological innovation strength and global development layout, the Company has won the "Golden Bull Science and Technology Innovation Award for Listed Companies (New Materials)", the "2025 Science and Technology Innovation Golden Bull Award (Hong Kong Stocks)", and the "2025 Hard Science and Technology Breakthrough Award", with its recognition in the capital market continuously rising. In addition, the Company's R & D team was awarded the "Outstanding Youth Collective in Promoting High-quality Development by the Provincial Communist Youth League Committee", highlighting the remarkable achievements in talent team building.

In 2026, Tianyue Advanced will continue to take “becoming an internationally renowned semiconductor material company” as its strategic goal. Based on the opportunity of the new technological revolution led by new energy and AI, the Company will always adhere to the business philosophy of “advanced quality and continuous improvement” to lead the development of the industry and technology and create greater value for customers with high-quality products.

In 2026, the Company will continue to focus on the following key tasks to promote the high-quality development of Tianyue Advanced and enhance the Company’s long-term investment value.

1. *Focus on the main business and steadily improve the large-size production capacity and effective utilization rate*

The Company will continue to center on the main business of silicon carbide substrates. Around the two major bases in Jinan and Shanghai Lingang, it will systematically sort out and optimize the production capacity structure and production scheduling rhythm of the existing 6/8-inch production lines, prudently advance capital expenditures, steadily improve the effective production capacity utilization rate and delivery ability. Through process optimization, capacity expansion of bottleneck links, and intelligent production scheduling, it will improve the overall output efficiency and ensure the stability of customer supply.

2. *Deepen the mainstream application of 8-inch products and proactively promote the industrialization of the full range of 12-inch products*

The Company will continue to take “absolute leadership in 8-inch products, the preferred supplier for global leading customers, and the benchmark for mass-producing large-size and high-quality substrates” as the key annual business focus. In terms of 8-inch products, the Company plans to continue to increase the proportion of 8-inch products in 2026. On the one hand, by further improving the yield rate and stability of 8-inch products, it will consolidate its dominant position in the Company’s revenue. On the other hand, it will speed up the mass-production introduction of more automotive-grade and industrial customers. In terms of 12-inch products, it will focus on promoting cooperation with leading customers based on the completed technological breakthroughs in the full range of conductive N-type, P-type, and high-purity semi-insulating products, laying a foundation for the rapid industrialization when the conditions for large-scale delivery are met.

3. *Build brand power based on high-quality products and high-quality services and maintain a healthy profit margin in the industry*

In 2026, the Company plans to build brand power based on high-quality products and high-quality services, construct a profit-repair path anchored by technology and service quality, and maintain a healthy profit margin in the industry. The company will adhere to value-based pricing. By comprehensively considering factors such as product size, quality, service content, and long-term strategic supply capacity, it will establish long-term cooperative relationships with customers based on performance and reliability, avoiding in-house price competition. It will attach importance to customer satisfaction, yield rate, and delivery timeliness. Through process improvement and lean manufacturing, it will ensure the smooth progress of cost reduction and efficiency-enhancement work, and rely on endogenous profits to support continuous R & D and the iterative investment in intelligent factories, effectively improving the business quality.

4. *Systematically optimize the product and market structure driven by “AI + new energy”*

The Company will optimize resource allocation under the dual themes of “new energy + AI”. On the one hand, it will continue to deepen its presence in traditional high-growth sectors such as new energy vehicles, photovoltaic energy storage, power grids, and industry, ensuring the stable supply of automotive-grade 6/8 -inch conductive substrates and supporting the rapid increase in the penetration rate of silicon carbide in the downstream xEV field. On the other hand, it will focus on new application fields such as power supplies for AI data centers, heat dissipation for advanced packaging, and optical waveguides for AI/AR glasses. It will improve the product line layout of conductive substrates, optical-grade substrates, and advanced packaging materials, strengthen joint development with leading customers in power electronics, AI computing, and optics, increase the proportion of non-vehicle business in revenue, and enhance the overall gross profit and brand image through multi-scenario and high-threshold applications, improving the profit elasticity.

5. *Strengthen cost reduction and efficiency — enhancement and lean manufacturing to consolidate cost advantages*

Against the backdrop of the industry competition entering a new stage, the Company plans to further strengthen cost and efficiency management. In 2026, the Company will continue to explore potential in aspects such as improving crystal-growth quality, low-defect production, and intelligent production scheduling to effectively reduce unit costs. At the same time, relying on the AI + intelligent manufacturing management system, it will conduct more granular monitoring and parameter optimization of the entire process of crystal growth, slicing, grinding, polishing, and cleaning, reducing labor costs and improving the yield rate and consistency. In addition, the Company will promote a diversified supply system at the procurement end to smooth out raw material price fluctuations. At the operational level, it will set phased goals around core indicators such as unit cost, unit energy consumption, and unit labor efficiency to maintain a reasonable gross profit in the competition.

6. *Consolidate and expand the global leading-customer ecosystem and enhance international operation capabilities under the “A + H” platform*

The Company will continue to bind key customers and serve diverse terminal tracks. On the one hand, it will consolidate long-term cooperation with the world’s leading power semiconductor manufacturers. By meeting their continuously iterative product specification requirements, it ensures its core position in their global supply chain. On the other hand, it will accelerate the joint development and industrialization progress with leading customers in fields such as AI data centers, power grids, micro-nano optics, and advanced packaging, and promote more new application projects to enter the mass production and shipment stage. Relying on the “A + H” dual financing and dual-brand platform formed by the Company’s H share listing in 2025, the Company will simultaneously improve its overseas sales and technical support network, enhance its cross-regional delivery, settlement, and compliance capabilities, and lay a good foundation for subsequent overseas production capacity layout and larger-scale overseas expansion.

7. *Continuously increase R&D investment and talent building, and strengthen the dual moats of “technology + intellectual property”*

On the basis that the R&D expenses reached RMB166 million in 2025, a year-on-year increase of 16.91%, the Company plans to continue to maintain the intensity of R & D investment. The funds will be mainly used for new materials such as 12-inch substrates, P-type substrates produced by the liquid-phase method, various conductive substrates for new application directions in the power electronics field, optical substrates, advanced packaging heat dissipation materials, and radio frequency materials. At the same time, the Company will continue to promote the implementation of ongoing R & D projects and improve the conversion efficiency from basic research to product development, engineering tests, and then to large-scale mass production. In terms of talent, the Company will attract and retain high-level talents through incentive measures, scientific research platforms, and international cooperation, providing a guarantee for the Company to maintain long-term competitiveness during future industry technology inflection points and application switches.

V. FINANCIAL REVIEW

Profit and Loss Analysis

Revenue

During the Reporting Period, the Group’s revenue mainly came from silicon carbide semiconductor material products. During the Reporting Period, the Group’s revenue from contracts with customers was RMB1,458.9 million, a decrease of approximately 17.3% compared with RMB1,764.4 million in 2024. This was mainly because the sales volume of the Company’s silicon carbide semiconductor materials increased significantly during the Reporting Period, the market demand was actively released, and the efficiency of production-sales connection was effectively improved. However, affected by changes in the macro-economic environment, dynamic adjustments in the industry’s supply-demand relationship, and industrial phased factors, coupled with the Company’s active market penetration strategy to expand market share and consolidate its industry position, the average selling price of products was adjusted downwards in stages. The price adjustment exerted phased pressure on the short-term revenue scale, resulting in a year-on-year decline in overall revenue.

The following table shows the Group's revenue analysis by category:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of silicon carbide semiconductor materials	1,224,980	1,473,688
Others	233,885	290,723
	<u>1,458,865</u>	<u>1,764,411</u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers by timing of recognition within IFRS 15		
Point in time	1,456,578	1,762,900
Over time	2,287	1,511
	<u>1,458,865</u>	<u>1,764,411</u>
Revenue from other sources		
Rental income	<u>6,017</u>	<u>3,730</u>

The sales revenue of silicon carbide semiconductor materials decreased by 16.9% from approximately RMB1,473.7 million in 2024 to approximately RMB1,225.0 million in 2025. This was mainly because the sales volume of the Company's silicon carbide semiconductor materials increased significantly during the Reporting Period, the market demand was actively released, and the efficiency of production-sales connection was effectively improved. However, affected by changes in the macro-economic environment, dynamic adjustments in the industry's supply-demand relationship, and industrial phased factors, coupled with the Company's active market penetration strategy to expand market share and consolidate its industry position, the average selling price of products was adjusted downwards in stages. The price adjustment exerted phased pressure on the short-term revenue scale, resulting in a year-on-year decline in overall revenue.

Other revenue decreased by 18.5% from approximately RMB294.5 million in 2024 to approximately RMB239.9 million in 2025, mainly due to the year-on-year decline in the sales volume of unqualified silicon carbide products.

Gross profit and comprehensive gross profit margin

During the Reporting Period, the Group achieved a gross profit of approximately RMB141.8 million, a decrease of 67.4% compared with approximately RMB435.5 million in 2024. The comprehensive gross profit margin was 9.7%, a decrease of 14.9 percentage points compared with 24.6% in 2024. This was mainly because the decrease in the average selling price of products during the Reporting Period led to a year — on — year decrease in revenue, which affected the comprehensive gross profit and comprehensive gross profit margin.

Liquidity, financial resources, and capital resources

As at 31 December 2025, the Group's debt-to-asset ratio (defined as the ratio of total liabilities to total assets) was 25.13% (as at 31 December 2024: 27.78%), mainly due to an increase in bank borrowings. The following table shows the absolute amounts of the Group's total assets and liabilities and the debt-to-asset ratio as at 31 December 2025 and 31 December 2024:

	31 December 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	9,583,219	7,356,705
Total liabilities	2,407,904	2,043,723
Debt-to-asset ratio	25.13%	27.78%

As at 31 December 2025, the Group's cash and cash equivalents amounted to RMB3,098.3 million (as at 31 December 2024: RMB1,155.5 million).

As at 31 December 2025, the Group's total outstanding borrowings were RMB1,041.1 million (as at 31 December 2024: RMB695.0 million), of which the portion due within one year was RMB695.9 million (as at 31 December 2024: RMB609.3 million).

During the current period, the Group mainly raised funds for development through cash generated from operating activities and financing activities such as issuing shares and external borrowing.

The Group has sufficient liquidity to meet the needs of daily working capital management, repayment of due debts and capital expenditures.

Asset mortgage/pledge

As at 31 December 2025, the net book value of the Group's mortgage/pledge assets for opening bank acceptance bills and obtaining bank loans was RMB80.0 million (as at 31 December 2024: RMB83.7 million). These assets mainly include bank deposits as margin.

Exchange rate fluctuation risk and any related hedging

Several subsidiaries of the Group have foreign currency sales and purchases, capital expenditures, cash and bank balances, exposing the Group to foreign currency risks. These subsidiaries mainly use foreign currencies such as the US dollar, Japanese yen and euro.

The Company has formulated the Administrative Measures for Foreign Exchange Derivatives Trading Business, which stipulates the management principles, operational requirements, authorized departments, information disclosure and risk measures for the Company's foreign exchange derivatives trading business to hedge against exchange rate fluctuations. The management will monitor foreign exchange risks and, if necessary, consider taking relevant measures to hedge significant foreign currency risks as specified in the system.

Significant investments held

As at 31 December 2025, the Group did not hold any significant investments, which refer to investments in an investee company that account for 5% or more of the Group's total assets.

Significant acquisitions and disposals of subsidiaries, associates and joint ventures

During the Reporting Period, the Group did not conduct any significant acquisitions or disposals of subsidiaries, associates and joint ventures.

Future plans for significant investments or acquisitions of capital assets and expected sources of funds

As at 31 December 2025, the Group had no plans for any other significant investments or acquisitions of capital assets.

Contingent liabilities

As at 31 December 2025, the Group had no significant contingent liabilities.

VI. USE OF PROCEEDS

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 August 2025 (the “**Listing Date**”). The net proceeds from the Global Offering were approximately HK\$1,938.1 million. The Company intends to use the net proceeds in the same manner and proportion as set out in the section “Future Plans and Use of Proceeds” of the Prospectus. The following table sets out the proposed and actual use of the net proceeds from the Listing Date to 31 December 2025:

Proposed use of net proceeds	Net proceeds proposed Usage ratio (%)	Global Proceeds from the offering Net proceeds (HK\$ million)	Unutilized Amount as of 31 December 2025 (HK\$ million)	Expected Time for Full Utilization of Net Proceeds
Expand the production capacity of 8-inch and larger silicon carbide substrates	70.0	1,356.7	1,356.7	By the end of 2028 or before
Expansion of domestic production lines (mainly located in Shanghai)	55.0	1,066.0	1,066.0	By the end of 2028 or before
(i) Purchase of new production equipment	45.0	872.2	872.2	By the end of 2028 or before
(ii) Improve production efficiency	7.0	135.7	135.7	By the end of 2028 or before
(iii) Recruitment of production personnel	3.0	58.1	58.1	By the end of 2028 or earlier
Construction of overseas production bases (mainly located in Southeast Asia)	15.0	290.7	290.7	By the end of 2028 or earlier
Strengthen R & D capabilities	20.0	387.6	387.6	By the end of 2028 or earlier
Purchase R & D materials	14.0	271.3	271.3	By the end of 2028 or earlier
Recruit R & D personnel	4.0	77.5	77.5	By the end of 2028 or earlier
Purchase and upgrade R & D testing equipment	2.0	38.8	38.8	By the end of 2028 or earlier
Working capital and other general corporate purposes	10.0	193.8	193.8	By the end of 2028 or earlier
Total	100.0	1,938.1	1,938.1	

The expected utilization schedule of the unutilized net proceeds is based on the best estimates of the Board. The schedule may be subject to change according to market conditions. The Company will, in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), make further announcements and/or disclose in the annual report at appropriate times regarding any changes to the schedule to inform its shareholders and potential investors.

VII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None

VIII. PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Reporting Period, apart from the Global Offering, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including treasury shares as defined in the Listing Rules).

As of 31 December 2025 and up to the date of this announcement, the Company held 1,609,584 treasury shares and did not sell any treasury shares.

IX. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high level of corporate governance to safeguard the interests of the Company’s shareholders, enhance corporate value and accountability. From the listing date to the date of this announcement, the Company has complied with all applicable code provisions in Part II of the Corporate Governance Code, except for the deviations described below. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

According to Code Provision C.2.1 of the Corporate Governance Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be held by the same person. The roles of the Chairman and the Chief Executive Officer of the Company have not been separated in accordance with the requirements of Code Provision C.2.1 of the Corporate Governance Code.

Currently, both the roles of the Chairman and the General Manager are held by Mr. Zong Yanmin. In view of Mr. Zong Yanmin’s significant contributions to the Group since its establishment and his rich experience in the industry and corporate management, the Board believes that having Mr. Zong Yanmin serve as both the Chairman and the General Manager will provide strong and consistent leadership for the Group and contribute to the efficient implementation of the Company’s business strategy.

In addition, the Board consists of three executive directors, three non-executive directors and three independent non-executive directors, and the composition of the Board is quite independent. Under the supervision of the Board, the Board structure is appropriate, with a balanced distribution of power, and can provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether it is necessary to separate the roles of the Chairman and the General Manager.

According to Code Provision D.1.2 of the Corporate Governance Code, the Company's management is required to provide the entire Board with the latest business progress of the Company on a monthly basis. Currently, the Company's management reports the Company's performance, status and prospects to the Board on a quarterly basis. The Board believes that since the executive directors supervise the Company's daily operations and there is effective communication between the executive directors, management and non-executive directors (including independent non-executive directors) regarding the Group's affairs, the current practice is sufficient for the Board members to perform their duties. However, this practice deviates from Code Provision D.1.2 of the Corporate Governance Code. The Board will continue to review the relevant practice and make necessary changes when needed and report to the shareholders accordingly.

X. COMPLIANCE WITH THE STANDARD CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for its directors and supervisors in relation to their securities transactions. After making specific enquiries of all the directors and supervisors, each director and supervisor has confirmed that they have complied with the standards set out in the Model Code from the listing date up to and including the date of this announcement.

XI. FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025.

XII. AUDITORS

BDO Limited has been appointed as the auditor to audit the Company's financial statements for the year ended 31 December 2025 prepared in accordance with International Financial Reporting Standards.

XIII. SCOPE OF WORK OF THE COMPANY’S AUDITORS

The figures in this preliminary announcement in respect of our consolidated statement of comprehensive income, consolidated statement of financial position and related notes for the Reporting Period have been agreed by the Company’s auditor, BDO Limited, to be consistent with the amounts stated in our audited consolidated financial statements for the year ended 31 December 2025. The work carried out by BDO Limited in this regard does not constitute an assurance engagement in accordance with Hong Kong Auditing Standards, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants. Therefore, BDO Limited has not provided any assurance on this results announcement.

XIV. AUDIT COMMITTEE

As at the date of this announcement, the Company’s Audit Committee (the “**Audit Committee**”) is composed of three independent non-executive directors, namely Mr. Li Honghui (Chairman of the Audit Committee), Mr. Lai Kwok Hung Alex and Ms. Liu Hua. The Audit Committee has reviewed the Company’s audited annual results for the Reporting Period. The Audit Committee and our management have also reviewed the accounting principles and practices adopted by the Group and discussed matters related to risk management, internal control and financial reporting.

XV. PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This 2025 annual results announcement is published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company’s website (www.sicc.cc).

The Company’s 2025 annual report for the year ended 31 December 2025 will be made available for inspection on the above websites in due course and will be sent to shareholders who have indicated their wish to receive a printed copy in due course.

By order of the Board
SICC CO., LTD.
Mr. Zong Yanmin
Chairman of the Board,
Executive Director and General Manager

Hong Kong, 27 March 2026

As at the date of this announcement, the Board comprises: (i) Mr. Zong Yanmin, Mr. Gao Chao and Mr. Wang Junguo as executive Directors; (ii) Mr. Qiu Yufeng, Ms. Li Wanyue and Mr. Fang Wei as non-executive Directors; and (iii) Mr. Li Honghui, Ms. Liu Hua and Mr. Lai Kwok Hung Alex as independent non-executive Directors.