PHOENITRON HOLDINGS LIMITED
品創控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8066)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE").

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchange and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, 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 report.

This report, for which the directors (the "Director(s)") of Phoenitron Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

SUMMARY

- Due to the commencement of new e-commerce and artificial intelligence businesses, unaudited revenue for the six months ended 30 June 2025 amounted to approximately HK$88,096,000, representing an increase of approximately 307.3% as compared to the corresponding period in 2024 of approximately HK$21,628,000.

- The Group recorded an unaudited profit attributable to owners of the Company of approximately HK$40,400,000 for the six months ended 30 June 2025 (2024: unaudited loss of approximately HK$3,049,000).

- The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2025 (2024: nil).

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2025 together with the comparative figures for the corresponding periods in 2024 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	Notes	***HK$***	*HK$*
Revenue	*3*	**88,096,187**	21,628,172
Cost of sales		**(21,047,112)**	(15,061,348)
Gross profit		**67,049,075**	6,566,824
Other income	*4*	**160,669**	82,650
Other gains/(losses), net	*5*	**544,905**	(593,541)
Selling and distribution costs		**(1,048,019)**	(1,000,215)
Administrative expenses		**(13,332,267)**	(10,887,854)
Change in fair value of investment in TV programmes		**–**	2,903,226
Finance costs	*6*	**(433,705)**	(121,492)
Profit/(loss) before income tax	*7*	**52,940,658**	(3,050,402)
Income tax expense	*8*	**(12,542,207)**	–
Profit/(loss) for the period		**40,398,451**	(3,050,402)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**587,714**	(74,937)
Other comprehensive income/(loss) for the period		**587,714**	(74,937)
Total comprehensive income/(loss) for the period		**40,986,165**	(3,125,339)

		Unaudited	
		Six months ended 30 June	
		2025	2024
	Notes	***HK$***	*HK$*
Profit/(loss) for the period attributable to:			
Owners of the Company		**40,399,551**	(3,049,302)
Non-controlling interests		**(1,100)**	(1,100)
		40,398,451	(3,050,402)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**40,987,265**	(3,124,239)
Non-controlling interests		**(1,100)**	(1,100)
		40,986,165	(3,125,339)
		HK cents	*HK cents*
Earnings/(loss) per share attributable to owners of the Company	*10*		
Basic		**7.542**	(0.580)
Diluted		**7.023**	(0.580)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	**Unaudited 30 June 2025 *HK$***	Audited 31 December 2024 *HK$*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**4,131,879**	3,539,720
Intangible assets		**14,254,274**	4,706,589
Right-of-use assets		**2,916,291**	3,776,663
Deposits	*14*	**376,454**	308,454
Prepayments for acquisition of property plant and equipment	*14*	**248,874**	597,850
Prepayment for acquisition of an associate	*14*	**–**	2,746,482
Investment in TV programmes	*12*	**32,459,016**	31,663,113
		54,386,788	47,338,871
Current assets			
Inventories	*13*	**1,621,310**	2,104,154
Trade and other receivables, deposits and prepayments	*14*	**18,247,042**	14,868,358
Cash and cash equivalents		**53,530,994**	13,822,703
		73,399,346	30,795,215
Current liabilities			
Trade and other payables	*15*	**12,967,412**	16,370,775
Lease liabilities		**2,124,235**	2,803,989
Tax Payable		**12,583,329**	–
		27,674,976	19,174,764
Net current assets		**45,724,370**	11,620,451
Total assets less current liabilities		**100,111,158**	58,959,322

	Notes	Unaudited 30 June 2025 HK$	Audited 31 December 2024 HK$
Non-current liabilities			
Lease liabilities		**977,251**	1,167,085
Convertible bonds	*16*	**–**	16,540,273
Defined benefit plan obligations		**327,338**	327,338
		1,304,589	18,034,696
Net assets		**98,806,569**	40,924,626
EQUITY			
Share capital	*17*	**116,069,500**	105,069,500
Deficit in reserves		**(17,490,195)**	(64,373,238)
Equity attributable to the owners of the Company		**98,579,305**	40,696,262
Non-controlling interests		**227,264**	228,364
Total equity		**98,806,569**	40,924,626

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										
	Share capital *HK$*	Share premium *HK$*	Contributed surplus *HK$*	Share option reserve *HK$*	Convertible bonds reserves *HK$*	Other reserves *HK$*	Translation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
Balance at 1 January 2024 (audited)	105,069,500	363,340,792	13,985,669	3,299,070	–	7	9,960,197	(455,444,932)	40,210,303	229,517	40,439,820
Loss for the period	–	–	–	–	–	–	–	(3,049,302)	(3,049,302)	(1,100)	(3,050,402)
Other comprehensive loss – Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	(74,937)	–	(74,937)	–	(74,937)
Total comprehensive loss for the period	–	–	–	–	–	–	(74,937)	(3,049,302)	(3,124,239)	(1,100)	(3,125,339)
Balance at 30 June 2024 (unaudited)	105,069,500	363,340,792	13,985,669	3,299,070	–	7	9,885,260	(458,494,234)	37,086,064	228,417	37,314,481
Balance at 1 January 2025 (audited)	**105,069,500**	**363,340,792**	**13,985,669**	**3,299,070**	**129,000**	**7**	**9,864,195**	**(454,991,971)**	**40,696,262**	**228,364**	**40,924,626**
Conversion of Convertible bonds	**11,000,000**	**6,024,778**	**-**	**-**	**(129,000)**	**-**	**-**	**-**	**16,895,778**	**-**	**16,895,778**
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,399,551**	**40,399,551**	**(1,100)**	**40,398,451**
Other comprehensive income – Exchange differences on translation of financial statements of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**587,714**	**-**	**587,714**	**-**	**587,714**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**587,714**	**40,399,551**	**40,987,265**	**(1,100)**	**40,986,165**
Balance at 30 June 2025 (unaudited)	**116,069,500**	**369,365,570**	**13,985,669**	**3,299,070**	**-**	**7**	**10,451,909**	**(414,592,420)**	**98,579,305**	**227,264**	**98,806,569**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Unaudited Six months ended 30 June	
	2025	2024
	HK$	*HK$*
Net cash generated from operating activities	**52,598,901**	631,624
Net cash used in investing activities	**(11,705,675)**	(5,122,468)
Net cash (used in)/generated from financing activities	**(1,739,126)**	4,013,397
Net increase/(decrease) in cash and cash equivalents	**39,154,100**	(477,447)
Cash and cash equivalents at beginning of the period	**13,822,703**	7,224,481
Effect of foreign exchange rate changes	**554,191**	(192,451)
Cash and cash equivalents at end of the period	**53,530,994**	6,554,583

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2024.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

Except as for the adoption of new and amended HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2025, the material accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are consistent with those of the audited annual financial statements of the Group for the year ended 31 December 2024, as described in those audited annual financial statements. The Directors anticipate that the application of all amendments to HKFRSs will have no material impact on the unaudited condensed consolidated financial statements of the Group.

The Group has not early applied the new and amended HKFRSs that have been issued by the HKICPA but are not yet effective.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for investment in TV programmes, which is measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed consolidated financial statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions.

In preparing these unaudited condensed consolidated financial statements, the critical accounting estimates and judgements made by the Group were the same as those that applied to the audited annual consolidated financial statements of the Group for the year ended 31 December 2024.

2. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the chief operating decision markers (i.e. executive Directors) for the purposes of resources allocation and assessment of segment performance. The business components in the internal reporting to the executive Directors, the chief operating decision-makers, are determined following the Group's major product and service lines. The Group is currently organized into the following six operating segments:

(i) Sales of smart cards and smart card application systems;

(ii) Operation of private domain e-commerce platform;

(iii) Provision of artificial intelligence (A.I.) speech technology data services;

(iv) Financial and management consultancy services;

(v) Sales and trading of scrap metals; and

(vi) Media and entertainment.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those segments. The measurement of segment profit/(loss) before income tax is the same as those used in preparing these unaudited condensed consolidated financial statements under HKFRSs except that finance costs, exchange gains/(losses), net and corporate expenses, net not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments.

Segment assets include all assets with the exception of assets which are not attributable to the business activities of the operating segments and other assets which are managed on a group basis such as cash and cash equivalents.

Segment liabilities include all liabilities except for liabilities (if any) which are not attributable to the business activities of the operating segments and other liabilities which are managed on a group basis.

Segment revenue, segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reconciliation to revenue, profit/(loss) before income tax, total assets and total liabilities are as follows:

Six months ended 30 June 2025

	Sales of smart cards and smart card application systems	Operation of private domain e-commerce platform	Provision of AI speech technology data services	Financial and management consultancy services	Sales and trading of scrap metals	Media and entertainment	Unallocated	Consolidated
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue	**27,179,313**	**54,936,874**	**5,980,000**	**–**	**–**	**–**	**–**	**88,096,187**
Reportable segment profit/(loss)	**2,846,761**	**49,849,509**	**5,772,930**	**–**	**(1,681,427)**	**(2,500)**	**–**	**56,785,273**
Finance costs								**(433,705)**
Exchange gains, net								**544,905**
Corporate expenses, net								**(3,955,815)**
Profit before income tax								**52,940,658**

Six months ended 30 June 2024

	Sales of smart cards and smart card application systems HK$ (Unaudited)	Operation of private domain e-commerce platform HK$ (Unaudited)	Provision of AI speech technology data services HK$ (Unaudited)	Financial and management consultancy services HK$ (Unaudited)	Sales and trading of scrap metals HK$ (Unaudited)	Media and entertainment HK$ (Unaudited)	Unallocated HK$ (Unaudited)	Consolidated HK$ (Unaudited)
Reportable segment revenue	21,628,172	–	–	–	–	–	–	21,628,172
Reportable segment (loss)/profit	(644,862)	–	–	–	(1,542,935)	2,900,726	–	712,929
Finance costs								(121,492)
Exchange losses, net								(593,541)
Corporate expenses, net								(3,048,298)
Loss before income tax								(3,050,402)

30 June 2025

	Sales of smart cards and smart card application systems ***HK$*** **(Unaudited)**	**Operation of private domain e-commerce platform** ***HK$*** **(Unaudited)**	**Provision of AI speech technology data services** ***HK$*** **(Unaudited)**	**Financial and management consultancy services** ***HK$*** **(Unaudited)**	**Sales and trading of scrap metals** ***HK$*** **(Unaudited)**	**Media and entertainment** ***HK$*** **(Unaudited)**	**Unallocated** ***HK$*** **(Unaudited)**	**Consolidated** ***HK$*** **(Unaudited)**
Reportable segment assets	**20,734,046**	**6,367,941**	**10,640,523**	**–**	**313,014**	**32,459,016**	**3,740,600**	**74,255,140**
Cash and cash equivalents								**53,530,994**
Total consolidated assets								**127,786,134**
Reportable segment liabilities	**11,049,746**	**14,601,867**	**6,000**	**–**	**109,600**	**–**	**3,212,352**	**28,979,565**

31 December 2024

	Sales of smart cards and smart card application systems HK$ (Audited)	Operation of private domain e-commerce platform HK$ (Audited)	Provision of AI speech technology data services HK$ (Audited)	Financial and management consultancy services HK$ (Audited)	Sales and trading of scrap metals HK$ (Audited)	Media and entertainment HK$ (Audited)	Unallocated HK$ (Audited)	Consolidated HK$ (Audited)
Reportable segment assets	22,474,760	7,147,357	–	–	349,545	31,663,113	2,676,608	64,311,383
Cash and cash equivalents								13,822,703
Total consolidated assets								78,134,086
Reportable segment liabilities	15,501,006	2,097,175	–	–	116,845	–	2,954,161	20,669,187
Convertible bonds								16,540,273
Total consolidated liabilities								37,209,460

There has been no inter-segment sale between different business segments during the periods.

3. REVENUE

The Group's revenue for goods transferred at a point in time from external customers is as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	HK$	*HK$*
Sales of smart cards and smart card application systems	**27,179,313**	21,628,172
Operation of private domain e-commerce platform	**54,936,874**	–
Provision of AI speech technology data services	**5,980,000**	–
	88,096,187	21,628,172

4. OTHER INCOME

	Unaudited Six months ended 30 June **2025** ***HK$***	 2024 *HK$*
Bank interest income	**8,998**	3,105
Sundry income	**151,671**	79,545
	160,669	82,650

5. OTHER GAINS/(LOSSES), NET

	Unaudited Six months ended 30 June **2025** ***HK$***	 2024 *HK$*
Exchange gains/(losses), net	**544,905**	(593,541)

6. FINANCE COSTS

	Unaudited Six months ended 30 June **2025** ***HK$***	 2024 *HK$*
Interest charges on lease liabilities	**78,200**	121,492
Interest charges on convertible bonds	**355,505**	–
	433,705	121,492

7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	Unaudited Six months ended 30 June **2025** ***HK$***	 2024 *HK$*
Costs of inventories recognised as expenses	**21,047,112**	15,061,348
Depreciation		
– Property, plant and equipment	**888,790**	1,114,217
– Right-of-use assets	**1,649,215**	1,662,392

8. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2025	2024
	HK$	*HK$*
Income tax expense	**12,542,207**	–

Notes:

(a) Hong Kong

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and the profits above HK$2,000,000 will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax has been provided for the six months ended 30 June 2025 and 2024 as the Group has sufficient tax losses brought forward to set off against assessable profits in Hong Kong during the six months ended 30 June 2025 and 2024.

(b) PRC

The PRC Enterprise Income Tax has been calculated at 25% (2024: 25%) on the estimated assessable profits for the period ended 30 June 2025 based on the existing legislation, interpretations and practices in respect thereof. No PRC Enterprise Income Tax has been provided for the six months ended 30 June 2024 as the Group did not generate any assessable profits in the PRC during the six months ended 30 June 2024.

(c) Other jurisdictions

Pursuant to the rules and regulations of the Cayman Islands, the British Virgin Islands (the "BVI") and Taiwan, the Group is not subject to any income tax or did not generate any assessable profits in the Cayman Islands, the BVI and Taiwan (2024: nil).

9. DIVIDEND

The Board does not recommend any payment of an interim dividend for the six months ended 30 June 2025 (2024: nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, calculated as follows:

	Unaudited Six months ended 30 June 2025	2024
Profit/(loss) attributable to owners of the Company *(HK$)*	**40,399,551**	(3,049,302)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**535,678,992**	525,347,500
Basic earnings/(loss) per share *(expressed in HK cents per share)*	**7.542**	(0.580)
Number of shares		
Issued ordinary shares at the beginning of the period	**525,347,500**	525,347,500
Effect of conversion of convertible bonds	**10,331,492**	–
Weighted average number of ordinary shares for the period	**535,678,992**	525,347,500

(b) Diluted earnings/(loss) per share

	Unaudited Six months ended 30 June 2025
Adjusted profit attributable to owners of the Company *(HK$)* for the purpose of calculating diluted earnings per share	**40,755,056**
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**580,347,500**
Diluted earnings per share *(expressed in HK cents per share)*	**7.023**
Adjusted profit attributable to the owners of the Company	
Profit attributable to owners of the Company	**40,399,551**
Interest savings upon conversion of convertible bonds	**355,505**
Adjusted profit attributable to owners of the Company *(HK$)* for the purpose of calculating diluted earnings per share	**40,755,056**

As the Company's outstanding share options had an anti-dilutive effect to the basic earnings per share calculation for the six months ended 30 June 2024 and the exercise price of the share option is higher than the average market price per share for the six months ended 30 June 2024, the exercise of the potential ordinary shares is not assumed in the computation of diluted loss per share. Therefore, the diluted loss per share attributable to owners of the Company for the six months ended 30 June 2024 is the same as the basic loss per share.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment of approximately HK$1.37 million (six months ended 30 June 2024: approximately HK$3.0 million).

12. INVESTMENT IN TV PROGRAMMES

	HK$
Balance at 1 January 2024 (audited)	29,735,683
Total gains/(losses) included in profit or loss:	
Fair value change	2,878,465
Exchange difference arising from translation, included in other (losses)/gains	(951,035)
Balance at 31 December 2024 and 1 January 2025 (audited)	**31,663,113**
Total gains/(losses) included in profit or loss:	
Fair value change	**–**
Exchange difference arising from translation, included in other gains/(losses), net	**795,903**
Balance at 30 June 2025 (unaudited)	**32,459,016**

During the six months ended 30 June 2025, the management of Zhe Jiang You Sheng is still under negotiation with television station in relation to the broadcast details and no agreement was concluded. As at 30 June 2025, with reference to the broadcast progress provided by Zhe Jiang You Sheng, the directors of the Company further revisited the broadcasting timetable with Zhe Jiang You Sheng and tentatively expected the TV programmes to be released in the PRC before the mid of 2026 and the net profit distribution to be received by the end of the third quarter of 2026. Since the exact timetable for recovering the carrying amount remains uncertain, the investment in TV programmes was classified as non-current assets as at 30 June 2025.

The Group's investment in TV programmes is measured at fair value in the unaudited condensed consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the investment in TV programmes is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The fair value of the investment in TV programmes is level 3 (31 December 2024: level 3) fair value measurement. There were no transfers between Levels 1, 2 and 3 during the six months ended 30 June 2025 and the year ended 31 December 2024.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments by adopting an income approach based on the discounted cash flow.

Fair value measurements using significant unobservable inputs (level 3)

The above movement presents the changes in level 3 item for the six months ended 30 June 2025 and the year ended 31 December 2024.

Significant unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Discount rate	21.29% (31 December 2024: 21.29%)	The higher/lower the discount rate, the lower/higher the fair value.
Estimated revenue generated by the TV programmes	RMB210,000,000 (31 December 2024: RMB210,000,000)	The higher/lower the estimated revenue generated by the TV programmes, the higher/lower the fair value.

Should the discount rate increase or decrease by 3% respectively, the fair value of the investment in TV programmes would be decreased or increased by HK$983,606 respectively (31 December 2024: decreased by HK$949,809 or increased by HK$1,004,067, respectively). Should the estimated revenue generated by the TV programmes increase or decrease by 10% respectively, the fair value of the investment in TV programmes would be increased or decreased by HK$3,278,689 respectively (31 December 2024: HK$3,168,911).

13. INVENTORIES

	Unaudited 30 June 2025 ***HK$***	Audited 31 December 2024 *HK$*
Raw materials	**347,378**	570,933
Work-in-progress	**1,266,857**	396,825
Finished goods	**7,075**	1,136,396
	1,621,310	2,104,154

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited 30 June 2025 ***HK$***	Audited 31 December 2024 *HK$*
Trade receivables *(note)*	**10,833,526**	10,386,299
Other receivables, deposits and prepayments	**8,038,844**	8,134,845
Total trade and other receivables, deposits and prepayments	**18,872,370**	18,521,144
Less: Non-current deposits	**(376,454)**	(308,454)
Less: Non-current prepayments for acquisition of property, plant and equipment	**(248,874)**	(597,850)
Less: Non-current prepayment for acquisition of an associate	**–**	(2,746,482)
Current trade and other receivables, deposits and prepayments	**18,247,042**	14,868,358

Note:

The credit term granted by the Group to its trade customers normally ranges from 30 days to 90 days (2024: 30 days to 90 days). Based on the invoice dates, the ageing analysis of the Group's trade receivables is as follows:

	Unaudited 30 June 2025 *HK$*	Audited 31 December 2024 *HK$*
0 – 30 days	**10,828,626**	3,002,212
31 – 90 days	**4,900**	7,260,739
Over 90 days	**–**	123,348
	10,833,526	10,386,299

15. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2025 *HK$*	Audited 31 December 2024 *HK$*
Trade payables *(note)*	**5,219,768**	7,392,585
Other payables and accrual	**7,747,644**	8,978,190
	12,967,412	16,370,775

Note:

Credit period granted by suppliers normally range from 30 days to 90 days (2024: 30 days to 90 days). Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	Unaudited 30 June 2025 *HK$*	Audited 31 December 2024 *HK$*
0 – 30 days	**2,890,718**	1,179,900
31 – 60 days	**1,296,843**	1,936,419
61 – 90 days	**301,131**	2,198,257
Over 90 days	**731,076**	2,078,009
	5,219,768	7,392,585

16. CONVERTIBLE BONDS

On 3 September 2024 (the "Issue Date"), the Company issued an unsecured convertible bonds with an aggregate principal amount of HK$16,500,000 (the "Convertible Bonds") to Mr. Guo Rongxiang ("Mr. Guo"), who was an independent third party prior to the subscription of the Convertible Bonds. Mr. Guo was appointed as an executive director of the Company with effect from 11 September 2024. The Convertible Bonds has an coupon interest rate of 5% per annum, which will be paid on the maturity date based on the outstanding Convertible Bonds at the maturity date.

The Convertible Bonds mature three years from the Issue Date at its principal amount; or can be early redeemed by the Company in whole or part of the outstanding Convertible Bonds at 100% of the principal amount plus any accrued interest; or can be converted into shares of the Company on and after the Issue Date to the maturity date at the holder's option at the conversion price of HK$0.30 per share, which is subject to certain adjustments prescribed in the convertible bonds subscription agreement.

The fair value of the liability component at the Issue Date was calculated using market interest rate for instruments without conversion option of comparable credit status which was referenced to a valuation performed by an independent qualified professional valuer. The residual amount, representing the value of the equity component, had been included in the convertible bonds equity reserve within equity.

The liability component was amortised over the term of the Convertible Bonds with the effective interest method. The effective interest rate of the liability component of the Convertible Bonds on initial recognition, which included the impact of direct related transaction costs, is 5.33% per annum and is subsequent carried at amortised cost.

On 28 May 2025, the Company issued 55,000,000 shares at HK$0.30 each following the conversion of convertible bonds in full by Mr. Guo.

Movement of the equity component and the liability component during the reporting period are as follows:

	HK$
Liability component	
Nominal value of the Convertible Bonds	16,500,000
Equity component at the Issue Date	(129,000)
Net of transaction costs	(107,846)
Fair value of liability component at the Issue Date	16,263,154
Accrued effective interest	277,119
Balance at 31 December 2024 and 1 January 2025 (audited)	**16,540,273**
Accrued effective interest *(note 6)*	**355,505**
Conversion	**(16,895,778)**
Balance at 30 June 2025 (unaudited)	**–**
Equity component	
Equity component at the Issue Date, 31 December 2024 and 1 January 2025 (audited)	**129,000**
Conversion	**(129,000)**
Balance at 30 June 2025 (unaudited)	**–**

17. SHARE CAPITAL

	Number of shares	**Nominal Value** ***HK$***
Authorised		
Ordinary shares of HK$0.20 each at 1 January 2024 (audited), 31 December 2024 (audited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	**1,500,000,000**	**300,000,000**
Issued and fully paid:		
Ordinary shares of HK$0.20 each at 1 January 2024 (audited), 31 December 2024 (audited), and 1 January 2025 (audited)	**525,347,500**	**105,069,500**
Conversion *(note 16)*	**55,000,000**	**11,000,000**
At 30 June 2025 (unaudited)	**580,347,500**	**116,069,500**

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview and Strategies

Sales of smart cards and sales of smart cards application systems

The stability of the Group's existing operations serves as a fundamental pillar for its ongoing performance, ensuring continuity in revenue streams and operational efficiency. The smart card business holds unparalleled significance as s primary source of income, underpinning the Group's financial resilience, and be maintained at its current scale with targeted enhancements to sustain its viability.

The smart card business of the Group specialized in the production, manufacturing, and global trade of telecom SIM (Subscriber Identity Module) cards, delivering high-quality, comprehensive smart card solutions. Its core operations encompass the full manufacturing process, including milling, embedding, punching, personalization, and packaging of SIM cards across various materials and specifications. It also provides eSIM personalization and value-added telecom card packaging services. Equipped with advanced, multi-process production facilities, the Company has a strong large-scale manufacturing capability, with an annual production capacity exceeding 300 million cards, effectively meeting the demands of global clients.

Ever since the establishment of the smart card business in 1995, the Company has focused on OEM (Original Equipment Manufacturer) SIM card manufacturing, serving prominent international clients such as IDEMIA, VALID, and G&D. Over nearly two decades, the Company has upheld a business philosophy of "Customer First, Quality First, Timely Delivery, and Excellent Services". Having produced over 3 billion SIM cards, it has established a reputation for stable product quality, efficient delivery, and superior customer service, positioning itself as a leading and highly trusted player in the global SIM card OEM industry.

Building on its international business strengths, the Company has strategically expanded into the domestic market in recent years, securing partnerships with key clients such as 恒寶股份有限公司 (Hengbao Co., Ltd.*), 萬高智能科技有限公司 (Wangao Intelligent Technology Co., Ltd.*) and 深圳市志達智能技術有限公司 (Shenzhen Zhida Intelligent Technology Co., Ltd.*). This has established a dual-driven "International + Domestic" business model. The key collaboration includes:

- Hengbao Co., Ltd.: A leading domestic smart card manufacturer with a strong market share in telecom cards and eSIM business growth in 2024. The Company is a qualified supplier for Hengbao Co., Ltd. and has commenced small-scale mass production.

- Wangao Intelligent Technology Co., Ltd.: Ranked among the top three global suppliers of telecom scratch cards, Wancao Smart Card has partnered with the Company to explore the paper card packaging market. This collaboration has not only expanded the range of services to be provided by the Company but also unlocked a promising new growth avenue in high-potential market.

- Shenzhen Zhida Intelligent Technology Co., Ltd.: Serving as a core card body supplier to the Company, it has collaborated closely on IoT (Internet of Things) card initiatives. Aligned with the rising trends in the IoT industry, this partnership has further broadened the Company's business scope and injected fresh growth momentum into its operations.

Further, the Company shall continue to focus on development opportunities in the eSIM field and as disclosed in the annual report of the Company for the year ended 31 December 2024, additional capital has been allocated to invest in a new Shenzhen-based factory specifically for the smart card business reflects a targeted effort to strengthen the businesses' competitive edge. This investment aims to meet the requirement for global Security Accreditation Scheme (SAS) standard certification that validates compliance with international security and quality protocols for smart card production, thereby expanding opportunities to acquire new clients across international markets.

This investment underscores the Board and management's confidence in the smart card business, driven by increasing global demand for secure and high-quality smart card solutions. By aligning with international standards, the Group can enhance its credibility in global markets and also unlocks access to new client segments and is poised to solidify its position as a reliable provider in the global smart card industry.

Looking ahead, the Company will further increase resource investment to consolidate its advantages in the international telecom SIM card OEM business while deepening domestic market expansion. Concurrently, it will drive coordinated development of environmentally friendly materials, paper card packaging, IoT cards, and other related businesses. These efforts will steadily expand the Company's business scale and market influence, supporting the strategic goal of strengthening and growing the smart card business.

Sales and trading of scrap metals

As disclosed in the annual report of the Company for the year ended 31 December 2020, the Group has temporarily halted its sales and trading of scrap metals business. As significant investment is required to sustain operations, the Company has deliberated adopted a wait-and-see approach and shall gradually resume it once there is a clearer sign of recovery and stability of the global economy, thereby preserving this segment as a viable option for diversification when suitable opportunities arise.

Provision of financial and management consultancy services

The Company started to provide financial and management consultancy services to the then joint venture of the Group, namely, Hota (USA) Holding Corp. ("Hota", together with its subsidiary, the "Hota Group") which were principally engaged in the business of disintegration of used automobiles and sale of metal derived from automobiles in Zhangjiagang, the PRC (the "Resources Recycling Business") in 2013. However, Hota Group has halted its Resources Recycling Business since 2014 in view of adverse business environment and operating conditions, and became inactive since 2015. As such, no revenue was generated from this segment since the third quarter of 2016. Despite this segment having been inactive for some time, the Company remains open to reactivating it should suitable opportunities emerge, ensuring it continues to form part of the Group diversified business portfolio.

Investment in media and entertainment industry

In 2019, the Company invested in the production of a TV Play "Snow Leopard II" (the "TV Play") which was expected to be released in China in 2020. Due to outbreak of COVID-19, there was a substantial delay in film production of the TV Play, which was eventually completed in 2023. The director plans to release the TV Play in the first quarter of 2026 and expects to receive a share of revenue in the third quarter of 2026. The Company will seek similar investment in the future but is currently prioritizing on realizing returns from the TV Play, while maintaining this segment at its existing scale to capitalise on viable opportunities that align with the Group's overall operation stability.

The E-Commerce Businesses

The Company has been proactively seeking potential business opportunities to broaden its income sources, and in particular, the Directors are optimistic about the growth of the live streaming-related sectors in the PRC. Starting from 2024, the Company identified a potential target company, namely, 杭州拜偲科智能科技有限公司 (Hangzhou Bizike Intelligence Technology Company Limited*), which is principally engaging in e-commence business. The Company sought to acquire 20% of its equity interests by way of subscription to tap into the market. However, after several extensions of the long stop date, the proposed transaction was eventually terminated and did not proceed. For further details, please refer to the announcements of the Company dated 17 April 2024, 30 May 2024, 29 July 2024 and 27 September 2024.

Subsequently, the Company identified another target, namely, 杭州大品微揚科技有限公司 (Hangzhou Dapin Weiyang Technology Co., Ltd.*) which is principally engaging in e-commerce business involving the sales and marketing of goods through the use of live-streaming platforms. The Company entered into a non-legally binding memorandum of understanding to acquire 30% to 50% of the enlarged registered capital in the said company. The aforesaid subscription eventually lapsed in February 2025 and did not proceed, details of which are set out in the announcement of the Company dated 25 August 2024, 29 November 2024 and 3 March 2025.

Eventually, the Company has identified and successfully completed the acquisition of the entire equity interest in Dongchuang in December 2024, details of which are set out in the announcement of the Company dated 10 January 2025.

As disclosed in the "Business Model of E-Commerce Business and Initial Financial Performance Explained" section below, the success of Dongchuang's promotion and operational efforts is reflected not only in growing revenue but, more importantly, in the strategic value derived from its user base of over 200,000 registered users on the Platform. This user ecosystem is strategically shared with CyberMirage to serve as a fundamental source of voice data materials, thereby forming a globally unique platform for customized voice data collection. The Platform enables the production of high-quality voice AI training databases, which are recognized as a critical mid-term success factor in the AI speech technology industry as they underpin the delivery of tailored solutions. It supports the provision of customized and privatized AI development services, empowering the creation of intelligent agents optimized for diverse industry scenarios. This synergy between Dongchuang's user base and CyberMirage's data processing capabilities strengthens the Group's competitive positioning in the rapidly evolving AI speech technology landscape.

Overall, the addition of the E-Commerce Business in 2024 represents strategic diversification that enhances the Group's revenue streams through synergies with existing technologies capabilities. The existing businesses, including the smart card business which remains one of the primary revenue drivers, shall continue to operate at their established scale with proven viability. The Company has no intention, understanding, negotiation or arrangement to downsize, cease or dispose of its existing businesses.

Business Model of E-Commerce Business and Initial Financial Performance Explained

The E-Commerce Business segment of the Group is currently operated via two wholly-owned subsidiaries of the Group, namely Dongchuang and CyberMirage.

Dongchuang

The business model of the Group's E-Commerce Business primarily centers on social e-commerce driven by commission-based referrals, combined with services such as nationwide movie ticket bookings, local lifestyle consumption rebates, and distribution of memberships for video streaming applications. Dongchuang launched its public beta in January 2025. It is a membership-based entertainment e-commerce platform focused on private domain traffic. The Platform also offers thousands of stock keeping units (SKUs), covering a wide range of fast-moving consumer goods, beauty and personal care products, household goods, clothing and accessories, food and beverages, and electronic products, serving users nationwide, attracting targeted users through social networks.

The Company's revenue structure is multi-layered, designed to leverage its membership base and social-driven engagement with a tiered membership structure:

(1) Membership tiers: User registration is free of charge. This low-barrier entry point aims to rapidly expand the user base, building a large pool of potential customers within the Platform's private domain traffic. While basic members can still engage with all features with no exclusive benefits, they can upgrade to VIP status by reaching a certain spending threshold through purchases on the Platform, which unlocks exclusive benefits such as discounted coupons and priority to limited-time promotions. This tier generates recurring annual revenue for the Company while incentivizing deeper engagement. With access to special and exclusive discounts, VIPs are more likely to actively use the Platform to maximize their benefits, driving higher transaction volumes across other revenue streams.

(2) Commissions from coupon transactions: The Platform acts as an intermediary for local lifestyle services (e.g. dining or entertainment) and external e-commerce merchants, earning commission on user activity:

   (a) local lifestyle coupons: when registered users buy discounted coupons for these services through the Platform, the Company takes a commission from merchants in exchange for driving customer traffic and sales; and

   (b) external merchants' commissions: by integrating coupons for major e-commerce platforms like Taobao, Tmall, and JD.com, the Company positions itself as a gateway to broader lifestyle shopping. When users claim these coupons via the Platform and complete the purchases on the external sites, the Company earns commission for facilitating the referral. This expands the Platform's value proposition without requiring it to manage inventory for these large-scale merchants.

(3) Sales revenue from self-operated mall on to the Platform: The Platform's self-operated mall offers a selected range of products tailored to user preference identified through the private domain data). VIP members, incentivized by exclusive perks are more likely to shop regularly, driving direct sales revenue for the Company. The Company captures full sales revenue (other than the abovementioned commissions) with member loyalty driving repeat purchases and boosting profitability.

To enhance user engagement and retention, Dongchuang leverages film and TV intellectual property ("IP") resources and has developed various mini-games based on these Ips, creating an immersive entertainment ecosystem within the Platform.

The Platform integrates an artificial intelligence ("AI") platform that provides speech technology-related services such as voice search, personalized recommendations via natural language processing, and interactive voice-based mini-games. Starting in September 2024, the Company has utilized its wholly-owned subsidiary, CyberMirage (formerly known as PMIS Limited) as a platform to invest in the research and development of AI speech technology algorithms and data training (please refer below for more details of CyberMirage).

Currently, the Platform has over 200,000 registered individual users, primarily acquired through invitations via WeChat Moments and WeChat groups. Dongchuang currently holds qualifications such as an Internet Content Provider (ICP) telecommunications business license and software copyright certificates. It collaborates with approximately 6 upstream supply chain partners, including (a) entertainment content providers, (b) ticketing agencies, (c) lifestyle merchants, such as KFC, Starbucks, McDonalds, Luckin Coffee, (d) external e-commerce platforms, such as Taobao, Tmall and JD.com and (e) technology vendors, such as 山東海威華諾數字科技有限公司 (Shandong Haiwei Huanuo Digital Technology Co., Ltd.*) and 深圳市雲中鶴科技股份有限公司 (Shenzhen Yunzhonghe Technology Co., Ltd.*).

Dongchuang has a strong market operation team consisting of 45 staff members, a majority of them have prior experience working in domestic membership-based or social e-commerce companies, bringing expertise in platform operations, marketing, AI development, and content management.

The management team of Dongchuang possesses extensive experience in e-commerce, digital entertainment, and technology development. The core talents for the E-Commerce Business are Mr. Chang Wei Wen, Mr. Zhang Jiawei, Mr. Liu Peng and Ms. Yang Chunmei, their background is set out below:

Mr. Chang Wei Wen, the executive director and chief executive officer of the Company and the director of CyberMirage. He is responsible for the key management and operating responsibilities of the Group and is in charge of the Group's smart card business. Mr. Chang also oversees and tracks performance of the AI speech technology developed by Dongchuang.

Mr. Zhang Jiawei, the general manager of the digital economy segment in Greater China of the Group and of Dongchuang, has more than 10 years of experience in the field of membership-based e-commerce marketing and has served as product director and operations director of several e-commerce companies in Hangzhou, China. He is responsible for designing the Platform, promoting the Platform through innovative operations on social platforms, managing and promoting private domain membership groups, negotiating and coordinating with e-commerce supply chain integrators as well as overseeing the overall platform operations and providing membership resources support to CyberMirage.

Mr. Liu Peng, is the marketing manager and serves as director of the chairman's office of Dongchuang. He is mainly responsible for business promotion, strategic execution and managing daily operations of Dongchuang. Mr. Liu is an experienced internet practitioner who has been engaging in internet commerce business for more than ten years. He had previously worked in ByteDance (字節跳動) for 6 years and was primarily responsible for the fields of internet and sports, e-commerce services, management of livestreaming sales, and assisting the chairman of Dongchuang with management tasks.

Ms. Yang Chunmei, is also the marketing manager and serves as vice president of Dongchuang. She is mainly responsible for business promotion and overseeing customer relationship management of Dongchuang. Ms. Yang has been engaging in the e-commerce business for 11 years with extensive working experience in the industry. She had participated in the design of innovative e-commerce models, and had previously served as the head of several departments such as human resources, administrative management, advertising and market development at well-known e-commerce companies.

CyberMirage

CyberMirage (formerly known as PMIS Limited) is a wholly owned subsidiary of the Company with over 20 years of operational history and was focused on the development and provision of smart card application systems.

In 2024, the Company established an AI technology team within CyberMirage, tasked with developing and advancing AI algorithms for speech-related technology, including voice recognition, natural language processing, and voice synthesis. Through these initiatives, CyberMirage has developed proprietary voice algorithm technologies, which are currently in the process of applying for a national invention patent.

In China's rapid evolving AI landscape, the development of intelligent agents is increasingly centered on their adaptability to diverse application scenarios. A key determinant of such adaptability is the quality and relevance of training data as scenario-specific data directly enhances an agent's performance and usability. The Company recognized this and identified training data is a core strategic asset in the promotion phase of AI applications. The Company's analysis indicates that future intelligence agents, across all application scenarios, will rely heavily on privatized data training and the deployment of privatized AI inference systems. Consequently, control over high-quality, scenario-tailored training data is poised to be a decisive factor in securing leadership in the future AI technology service market.

While advancing its voice AI algorithm technology, CyberMirage has prioritized the end-to-end management of training data for speech technology, encompassing collection, cleaning, and annotation. This integrated approach enables CyberMirage to offer a comprehensive suite of services, including (a) personalized intelligent agent customization and data services tailored to specific application scenarios; (b) customized voice recognition development services; and (c) agent training services leveraging voice data with a particular focus on enhanced training using clients privatized data to optimize performance for their unique use cases.

To strengthen its training data capabilities, CyberMirage leverages synergies with Dongchuang. Dongchuang operates the Platform boasting over 200,000 registered individual users, whose engagement with the Platform creates an ideal ecosystem for voice data collection. As wholly-owned subsidiaries of the Company, CyberMirage and Dongchuang benefit from seamless resource sharing, enabling CyberMirage to efficiently publish data collection tasks through Dongchuang's Platform. Through Dongchuang's mobile application, users are guided to participate in structured data collection activities, e.g. following prompted dialogues with predefined text and specified emotional tones, users upload voice data and provide explicit authorisation for its usage. After such data collection, CyberMirage can process the data to develop highly tailored voice AI training databases. These databases are customized to address diverse characteristics, industry-specific terminology, and unique application environments, ensuring relevance to end customers.

CyberMirage's strategic objective it to establish a global first-mover advantage by creating the world's leading voice training database with emotional annotations. This innovation is designed to enable the development of voice recognition agents capable of detecting and responding to human emotions, which is a feature that significantly enhances user experience and practicality in real-world interactions. By pioneering such emotionally annotated databases, CyberMirage aims to solidify its leading position in the competitive AI speech technology landscape, driving long-term value for the Company through technological differentiation and market leadership.

For the year ended 31 December 2024, neither Dongchuang nor CyberMirage generated any revenue or profit. For the period ended 30 June 2025, Dongchuang recorded revenue of approximately HKD54.9 million and pre-tax profit of HKD49.8 million, while CyberMirage recorded revenue of approximately HKD6.0 million and pre-tax profit of HKD5.7 million.

Dongchuang generates revenue primarily through commission fees charged for e-commerce promotional services facilitated on the Platform. These commissions, typically ranging from 2% to 21% of the transaction value, are earned upon successful completion of each sale and vary based on the product category involved. This payment model establishes a recurring revenue stream, as commissions are generated continuously from the ongoing transactional activity on the Platform. The business enjoys high profit margins, fundamentally driven by its asset-light model. By acting as an intermediary platform connecting buyers and sellers without engaging in product sourcing, inventory holding, warehousing, logistics, or ownership of products sold. Revenue generation is highly scalable, as the transaction growth occurs without proportional increases in operational costs. The primary cost base includes platform development, upgrades and maintenance, data service technology resource costs, marketing, and operational support, enabling significant operational leverage as transaction volumes increase.

CyberMirage generates revenue through specialised speech AI technology service fees, strategically leveraging the established customer base of the Company. It offers two core service lines:

(1) Customised voice recognition technology services: Successful cases include AI voice recognition API data chain services for clients in Hong Kong and Taiwan.

(2) Voice big data for AI development: producing large-scale voice databases for AI voice technology training and providing data services for AI development teams. As the AI application market grows rapidly, the demand for customized private AI agents is increasing, and the demand for speech technology training databases will increase, leading to rapid expansion in the market for speech technology databases.

Customised solutions are typically secured one-time technical service fees for bespoke development and implementation, managing on a project basis. High profit margins are driven by the delivery of premium, highly specialised technical and intellectual property-based solutions. The speech technology training database service addresses the need for AI applications to reach household users and operates as an essentially recurring model involving continuous user participation in AI evolution. The service fee structure includes data authorization usage fees, with users paying annual service fees and customized service fees given that the database requires ongoing upgrades and maintenance. These high-end services require significant expertise and deliver substantial value, allowing for premium pricing without the burden of physical inventory.

The improvement in financial performance in 2025 is a direct outcome of a strategic transformation in 2024.

Since 2025, the Company has focused sharply on its core expertise in smart cards while strategically expanded into targeted e-commerce services and high-end AI technology services. The Platform experienced rapid user acquisition, attracting a large member base during the second quarter of 2025. This surge in platform adoption served as a primary catalyst, directly driving the swift and substantial improvement in the Company's financial performance through increased service uptake and revenue generation.

The initial success of the E-Commerce Business is a combined result of a sound directional strategy, development of the Platform, promotional efforts, the synergies between CyberMirage and Dongchuang. Despite a challenging first quarter in 2025 with minimal revenue, persistent efforts drove the business to achieve operational profitability in around June. In the Platform's early stages, the Company invested in technical research and development resources through Dongchuang, enabled independent team operations.

For CyberMirage, the Company's ability to develop proprietary AI speech technology reflects a strategic focus on innovation and leveraging existing strengths. The Company was able to identify client needs for tailored voice solutions. The technical team's research and development accelerated the development of the unique AI voice algorithms. The pending national invention patents for this AI speech technology are more than a technical achievement, they represent a competitive strength and position the Company as a leader in specialized voice technology. This differentiation has already translated into tangible results, with customized projects for clients in Hong Kong secured. These projects not only generate recurring technical service revenue but also strengthen the Company's footprint in Chinese-speaking markets, diversifying its revenue streams beyond the existing business lines.

FINANCIAL REVIEW

For the six months ended 30 June 2025 (the "Reporting Period"), the Group's financial result was principally derived from the contract manufacturing and sales of smart cards, the operation of private domain e-commerce platform and the provision of artificial intelligence (A.I.) speech technology data services.

Revenue

Operation of private domain e-commerce platform

During the Reporting Period, the Group's revenue generated from operation of private domain e-commerce platform amounted to approximately HK$54.94 million (six months ended 30 June 2024: nil).

Sales of smart cards and smartcard application systems

During the Reporting Period, the Group's revenue generated from sales of smart cards and smartcard application systems amounted to approximately HK$27.18 million, representing an increase of approximately HK$5.55 million or 25.7% as compared to the corresponding period in 2024 of approximately HK$21.63 million.

Provision of AI speech technology data services

During the Reporting Period, the Group's revenue generated from provision of AI speech technology data services amounted to approximately HK$5.98 million (six months ended 30 June 2024: nil).

Cost of Sales ("COS") and Gross Profit

Operation of private domain e-commerce platform

During the Reporting Period, the Group recorded cost of sales for operation of private domain e-commerce platform amounted to approximately HK$3.32 million (six month ended 30 June 2024: nil).

Sales of smart cards and smartcard application systems

During the Reporting Period, due to the increase in revenue year-on-year, cost of sales incurred for sales of smart cards and smartcard application systems amounted to approximately HK$17.57 million, representing an increase of approximately HK$2.51 million or 16.7% as compared to the corresponding period in 2024 of approximately HK$15.06 million.

Provision of AI speech technology data services

During the Reporting Period, the Group recorded cost of sales for the provision of AI speech technology data services amounted to approximately HK$0.16 million (six month ended 30 June 2024: nil).

Gross Profit

Due to the aforesaid, the Group recorded a significant increase in gross profit of HK$60.48 million, or 920.5%, during the Reporting Period, from the corresponding period in 2024 of approximately HK$6.57 million, to approximately HK$67.05 million.

Other Income

Other income of HK$160,669 consisted of bank interest income of HK$8,998 and sundry income of HK$151,671 (six months ended 30 June 2024: HK$82,650, comprised of bank interest income of HK$3,105 and sundry income of HK$79,545).

Other Gains (Losses), net

During the Reporting Period, other gains (net) amounted to approximately HK$0.55 million which was attributable to the exchange differences arising from translating the carrying balance of investment in TV programme at the balance sheet date, but partly offset by the exchange losses arising from foreign currency-based transactions (six months ended 30 June 2024: other losses (net) of approximately HK$0.59 million).

Selling and Distribution Costs

During the Reporting Period, selling and distribution costs amounted to approximately HK$1.05 million, representing an increase of approximately HK$0.05 million, or 5%, as compared to the corresponding period in 2024 of approximately HK$1.0 million. The increase was mainly due to the increases in freight costs and sales commission corresponding to the increase in revenue of smartcard segment year-on-year, but such increases were partly offset by the decreases in other selling expenses such as local and overseas travelling expenses.

Administrative Expenses

Administrative expenses recorded an increase of approximately HK$2.44 million, or 22.4%, during the Reporting Period, from approximately HK$10.89 million for the corresponding period in 2024, to approximately HK$13.33 million. The increase is primarily attributable to the commencement of new businesses during the Reporting Period, which recorded administrative expenses of a total of approximately HK$1.82 million, and partly attributable to the increases in legal and professional expenses and salary and wages of other business segments.

Change in Fair Value of Investment in TV programmes

During the Reporting Period, no fair value gain or loss on investment in TV programmes was recognised (six months ended 30 June 2024: gains of approximately HK$2.90 million).

According to Mr. Zhang Jian, the director of the TV programme, the estimated timetable of revenue inflow will be delayed by six months to end of third quarter 2026.

Finance Costs

During the Reporting Period, the Group's finance costs comprised of interest charges on lease liabilities and interest charges on convertible bonds and amounted to approximately HK$0.43 million (six months ended 30 June 2024: interest charges on lease liabilities of approximately HK$0.12 million).

Income Tax Expense

During the Reporting Period, income tax expenses of approximately HK$12.54 million was provided for in respect of the profit generated from the operation of private domain e-commerce platform (six months ended 30 June 2024: nil).

Non-controlling Interest

During the Reporting Period, a loss of HK$1,100 attributable to the non-controlling interests was recognized (six months ended 30 June 2024: HK$1,100).

As a result of the foregoing, profit attributable to owners of the Company for the Reporting Period amounted to approximately HK$40.4 million (six months ended 30 June 2024: loss of approximately HK$3.05 million).

LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE

During the Reporting Period, the Group financed its business operations and investments with cash, revenue generated from operating activities and proceed from issuance of convertible bonds. As at 30 June 2025, the Group had cash and bank balances of approximately HK$53.5 million (31 December 2024: approximately HK$13.8 million) and no outstanding long-term convertible bonds (31 December 2024: approximately HK$16.5 million).

As at 30 June 2025, the Group had current assets of approximately HK$73.4 million (31 December 2024: approximately HK$30.8 million) and current liabilities of approximately HK$27.7 million (31 December 2024: approximately HK$19.2 million). The current ratio, expressed as current assets over current liabilities, was 2.65 (31 December 2024: 1.6).

EMPLOYEE INFORMATION

As at 30 June 2025, the Group's employed a total of 137 employees (31 December 2024: 136 employees), of which 13 were located in Hong Kong and the rest were located in the PRC and Taiwan. Among them, around 36% of the workforce (including senior management) were female, and around 29% of the Group's senior management positions were held by female. The Company considers there is a balanced gender diversity in its workforce as a whole, and intends to maintain similar level of balance. To support diversity at different level of the Group, the Group is enhancing diversity awareness through employee networks, hiring and recruitment practices, and awareness raising promotions and training for all employees.

Employee cost, including Directors' remuneration, was approximately HK$11.8 million (six months ended 30 June 2024: approximately HK$11.0 million) during the Reporting Period. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition to basic salaries and participation in mandatory provident fund scheme, staff benefits include medical scheme and share options.

SIGNIFICANT INVESTMENTS

Save as disclosed under section headed "Management Discussion and Analysis" and "Notes to the Unaudited Condensed Consolidated Financial Statements" above, there were no other significant investments for the six months ended 30 June 2025.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group made no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under section headed "Management Discussion and Analysis" and "Notes to the Unaudited Condensed Consolidated Financial Statements" above, there were no future plans for material investments or capital assets as at 30 June 2025.

CHARGE ON GROUP ASSETS

At 30 June 2025, there is no charge on assets of Group (31 December 2024: nil).

GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings including lease liabilities to total assets of the Group, was 2.4% as at 30 June 2025 (31 December 2024: 26.3%).

CAPITAL COMMITMENTS

As at 30 June 2025, capital commitment of the Group for acquisition of property, plant and equipment amounted to approximately HK$0.2 million (31 December 2024: approximately HK$0.2 million).

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

On 21 July 2025, 52,500,000 options were granted by the Company to certain employees of the Group under a share option scheme that was adopted on April 2025. The exercise price of the share options granted is HK$0.427 per share, which is the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive trading days immediate preceding the date of grant; and (iii) the nominal value of a share. The share options are valid for a period of 10 years and fully vested upon satisfaction of the performance target determined by the Board.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its investment in TV programmes and overseas sales and purchases, which are primarily denominated in Renminbi ("RMB") and United Stated Dollars ("USD"). These are not the functional currencies of the group entities to which these transactions relate.

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The policy to manage foreign currency risk has been followed by the Group since prior periods and is considered to be effective.

DIRECTORS' INTERESTS AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 30 June 2025, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which would be required pursuant to section 352 of the SFO or to be entered in the register as referred to therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

Name of Directors	Nature of interest	Long/short position	Number of shares of the Company	Number of underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital
Executive Directors					
Ms. Lily Wu *(Note 1)*	Beneficial owner	Long	100,000	4,500,000	0.79
Mr. Guo Rongxiang	Beneficial owner	Long	55,000,000	–	9.48
Mr. Chang Wei Wen *(Note 1)*	Beneficial owner	Long	525,000	4,500,000	0.87
Mr. Yang Meng Hsiu *(Note 1)*	Beneficial owner	Long	3,750,000	4,500,000	1.42
Independent non-executive Directors					
Mr. Chan Siu Wing, Raymond *(Note 2)*	Beneficial owner	Long	–	450,000	0.08
Ms. Wong Ka Wai, Jeanne *(Note 2)*	Beneficial owner	Long	–	450,000	0.08

Notes:

1. These include 4,500,000 share options conferring rights to subscribe for 4,500,000 shares.

2. These include 450,000 share options conferring rights to subscribe for 450,000 shares.

Save as disclosed above, as at 30 June 2025, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, as far as is known to the Directors, the persons (other than Directors or chief executive of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Type of interests	Long/short position	Number of shares of the Company	Approximate percentage of interests
Golden Dice Co., Ltd. *(Note 1)*	Beneficial	Long	107,787,512	18.57
Best Heaven Limited *(Note 1)*	Beneficial	Long	31,586,500	5.45
Mr. Tsai Chi Yuan *(Note 1)*	Interests in controlled company	Long	139,374,012	24.02

Note:

1. Mr. Tsai Chi Yuan is deemed to be a substantial shareholder of the Company by virtue of his 100% beneficial interest in Golden Dice Co., Ltd. and Best Heaven Limited.

Save as disclosed above, as at 30 June 2025, the Directors and the chief executive of the Company were not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTIONS

Pursuant to the resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company dated 10 April 2025, a share option scheme (the "New Share Option Scheme") was approved and adopted. The summary of the terms of the New Share Option Scheme is set out below.

The purpose of the New Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive or rewards to the eligible participants for the contribution or potential contribution to the Group, and to promote the success of the business of the Group. The New Share Option Scheme will give the eligible participants an opportunity to have a personal stake in the Company and will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Under the New Share Option Scheme, the Board of Directors which shall include the independent non-executive directors may, at its discretion, invite (i) any employee(s) and director(s) of any member of the Group ("Employee Participant(s)"); and/or (ii) any directors or employees of the holding companies, fellow subsidiaries or associated companies of the Company; and/or (iii) any service providers who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, to take up options at HK$1.00 to subscribe for shares in the Company at the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediate preceding the date of grant; and (iii) the nominal value of a share.

The total number of shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme shall not exceed 10% of the total number of shares in issue as at the date of approval of the New Share Option Scheme.

The option period in respect of any particular option shall be determined by the Board of Directors, provided that no option shall be exercisable after ten years from the date of its grant. Under the New Share Option Scheme, an option must be held by the grantee for at least twelve (12) months before the option can be exercised. However, the Board (or the remuneration committee of the Company where it relates to grants of options to an Employee Participant who is a Director and/or senior manager of the Company) have discretion in allowing a shorter vesting period to an employee participant under certain circumstances.

As of 30 June 2025, no options were granted under the New Share Option Scheme.

Pursuant to the resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company dated 8 January 2008, a share option scheme (the "Share Option Scheme") was approved and adopted. The share options are fully vested at the date of grant. Summary of the share options outstanding during the six months ended 30 June 2025 are as follows:

Name of participants	At 1 January 2025	Lapsed during the period	At 30 June 2025	Date of grant	Exercisable period	Exercise price *HK$*
Executive Directors						
Ms. Lily Wu *(Note 1)*	4,500,000	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Chang Wei Wen *(Note 1)*	4,500,000	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Yang Meng Hsiu *(Note 1)*	4,500,000	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Independent non-executive Directors						
Mr. Chan Siu Wing, Raymond *(Note 1)*	450,000	–	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Ms. Wong Ka Wai, Jeanne *(Note 1)*	450,000	–	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
	14,400,000	–	14,400,000			
Other employees						
In aggregate *(Note 1)*	22,779,250	–	22,779,250	3 January 2018	3 January 2018 to 2 January 2028	0.20
	37,179,250	–	37,179,250			

Note:

1. As at 30 June 2025, the remaining life was about 2.51 years.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors and is chaired by Ms. Wong Ka Wai, Jeanne. The rest of members are Mr. Chan Siu Wing, Raymond and Mr. Yeung Man Chit, Daniel. At the discretion of the audit committee, executive Directors and/or senior management personnel, overseeing the Group's finance and internal control functions, may be invited to attend meeting. The primary role and function of the audit committee are to review the Company's financial controls, internal control and risk management systems; to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; to review the Company's consolidated financial statements, annual reports and interim reports, and to provide advice and comment thereon to the Board.

The Group's unaudited interim results for the six months ended 30 June 2025 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board believes that good corporate governance practices are essential for effective management and enhancement of shareholder value and investor confidence. The Company has taken a proactive approach in strengthening corporate governance practices, increasing transparency and sustaining accountability to shareholders through effective internal controls, under the leadership of its experienced and committed Board.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with all the code provisions set out in the CG Code throughout the six months ended 30 June 2025 with the exception of the code provision C.2.1 which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Details relating to the foregoing deviation are summarised below.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Ms. Lily Wu ("Ms. Wu") serves as the Chairman of the Board since 1 April 2006 and was further appointed as the Chief Executive Officer on 23 March 2009. The reasons for not splitting the roles of chairman and chief executive officer were (i) the size of the Group is still relatively small and thus not justified in separating the roles of chairman and chief executive officer; and (ii) the Group has in place an internal control system to perform the check and balance function.

In order to set out clearer division of responsibilities at the board level and the management team to ensure a more proper segregation of the management of the board of the Company and to cope with the management of the Group's expanding business, Ms. Wu resigned as the chief executive officer of the Company (the "CEO") with effect from 17 April 2025 while remains as an executive Director of the Company and the chairman of the Board to provide her valuable insight and perspective to the Board, and Mr. Chang Wei Wen, an executive Director of the Company, was appointed as the CEO on the same date.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the six months ended 30 June 2025.

COMPETING INTERESTS

As at 30 June 2025, none of the Directors or the management shareholders or any of their respective associates (as defined under the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group directly or indirectly.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2025.

By order of the Board
Lily Wu
Chairman

Hong Kong, 25 August 2025