

FIH[®] 富智康[®]

FIH Mobile Limited

富智康集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038

INTERIM REPORT

2025



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CORPORATE INFORMATION

As of 8 August 2025

FIH MOBILE LIMITED (THE “COMPANY”, AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)
(References to “we”, “our” and “us” are references to “the Company” or “the Company’s” (as the case may be).)

Executive Directors

CHIH Yu Yang (*Chairman*)
LIN Chia-Yi (also known as Charles LIN) (*Chief Executive Officer*)
KUO Wen-Yi

Non-Executive Director

CHANG Chuan-Wang

Independent Non-Executive Directors

LAU Siu Ki
CHEN Shu Chuan (also known as Nadia CHEN)
CHIU Yen-Tsen (also known as CHIU Yen-Chen, Dennis)

Company Secretary

WONG Kin Yan, Vanessa

Registered Office

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Hibiscus Way
802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

Head Office

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New Taipei City 23679
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Principal Place of Business in Hong Kong

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538 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Adviser

Dentons Hong Kong LLP

Principal Bankers

Agricultural Bank of China
Bank of Beijing
Bank of China
Bank of Communications
China Guangfa Bank
China Merchants Bank
Chinatrust Commercial Bank
Citibank
DBS Bank
Deutsche Bank
Industrial Bank
ING Bank
Mizuho Corporate Bank
Santander Bank
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
Taipei Fubon Bank
The Hongkong and Shanghai Banking Corporation Limited

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Hong Kong Branch Share Registrar And Transfer Office

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

Website

<https://www.fihmobile.com>

Stock Code

2038

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF FIH MOBILE LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of FIH Mobile Limited (the “Company”) and its subsidiaries set out on pages 4 to 32 of this report, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

8 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	NOTES	Six months ended	
		30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Revenue	3	2,061,481	1,895,530
Cost of sales		(1,986,483)	(1,866,908)
Gross profit		74,998	28,622
Impairment loss under expected credit loss model, net of reversal		(3,094)	(1,423)
Impairment loss recognised for property, plant and equipment		(545)	–
Other income, gains and losses		30,723	43,048
Selling expenses		(2,865)	(2,161)
General and administrative expenses		(31,734)	(47,171)
Research and development expenses		(31,157)	(23,799)
Interest expenses		(13,136)	(30,318)
Share of profit of associates		2,787	6,780
Share of loss of a joint venture		(3,857)	(2,891)
Profit (loss) before tax		22,120	(29,313)
Income tax expense	4	(15,941)	(2,330)
Profit (loss) for the period	5	6,179	(31,643)
Other comprehensive (expense) income:			
<i>Item that will not be reclassified to profit or loss:</i>			
— Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income		(4,283)	36
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		30,523	(25,419)
Share of translation reserve of associates		109	1,727
Share of translation reserve of a joint venture		362	(781)
		30,994	(24,473)
Other comprehensive income (expense) for the period		26,711	(24,437)
Total comprehensive income (expense) for the period		32,890	(56,080)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	NOTE	Six months ended	
		30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		6,165	(31,578)
Non-controlling interests		14	(65)
		6,179	(31,643)
Total comprehensive income (expense) attributable to:			
Owners of the Company		32,492	(55,848)
Non-controlling interests		398	(232)
		32,890	(56,080)
Earnings (loss) per share	7		(restated)
Basic		US0.8 cent	(US4.0 cents)
Diluted		US0.8 cent	(US4.0 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	563,221	586,162
Right-of-use assets	8	35,623	36,757
Investment properties		258	258
Equity instruments at fair value through other comprehensive income		52,825	56,704
Interests in associates		29,164	26,268
Interest in a joint venture		5,906	9,401
Deferred tax assets	9	19,930	21,128
Deposit for acquisition of right-of-use assets		26,622	26,508
Other receivables		34,257	34,110
		767,806	797,296
Current assets			
Inventories		1,300,614	547,695
Trade and other receivables	10	928,943	791,958
Bank deposits		285,939	168,833
Cash and cash equivalents		775,017	1,516,241
		3,290,513	3,024,727
Current liabilities			
Trade and other payables	11	1,917,451	1,527,060
Contract liabilities		449,113	416,885
Lease liabilities		2,973	38
Bank borrowings	12	130,200	341,420
Provision		1,492	1,438
Tax payable		47,450	51,482
		2,548,679	2,338,323
Net current assets		741,834	686,404
Total assets less current liabilities		1,509,640	1,483,700

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Capital and reserves			
Share capital	13	315,380	315,380
Reserves		1,174,418	1,145,432
Equity attributable to owners of the Company		1,489,798	1,460,812
Non-controlling interests		3,249	2,851
Total equity		1,493,047	1,463,663
Non-current liabilities			
Deferred tax liabilities	9	9,266	9,090
Deferred income	14	6,149	6,404
Lease liabilities		1,178	4,543
		16,593	20,037
		1,509,640	1,483,700

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Special reserve	Revaluation reserve	Other reserve	Legal reserve	Translation reserve	Share compensation reserve	Retained profits	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2024 (audited)	316,200	1,173,189	(714)	15,514	(146,721)	222	176,419	(101,284)	(221)	125,883	1,558,487	2,885	1,561,372
Loss for the period	-	-	-	-	-	-	-	-	-	(31,578)	(31,578)	(65)	(31,643)
Other comprehensive income (expense) for the period	-	-	-	-	36	-	-	(24,306)	-	-	(24,270)	(167)	(24,437)
Total comprehensive income (expense) for the period	-	-	-	-	36	-	-	(24,306)	-	(31,578)	(55,848)	(232)	(56,080)
Repurchase of ordinary shares (note 13)	-	-	(734)	-	-	-	-	-	-	-	(734)	-	(734)
Cancellation of ordinary shares (note 13)	(820)	(628)	1,448	-	-	-	-	-	-	-	-	-	-
Profit appropriations	-	-	-	-	-	-	5,574	-	-	(5,574)	-	-	-
Payment made for equity-settled share-based payments	-	-	-	-	-	-	-	-	(276)	-	(276)	-	(276)
Recognition of equity-settled share-based payments (note 16)	-	-	-	-	-	-	-	-	232	-	232	-	232
Balance at 30 June 2024 (unaudited)	315,380	1,172,561	-	15,514	(146,685)	222	181,993	(125,590)	(265)	88,731	1,501,861	2,653	1,504,514

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Special reserve	Revaluation reserve	Other reserve	Legal reserve	Translation reserve	Share compensation reserve	Retained profits	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Balance at 1 January 2025 (audited)	315,380	1,172,561	–	15,514	(157,270)	527	181,993	(171,203)	(251)	103,561	1,460,812	2,851	1,463,663
Profit for the period	–	–	–	–	–	–	–	–	–	6,165	6,165	14	6,179
Other comprehensive (expense) income for the period	–	–	–	–	(4,283)	–	–	30,610	–	–	26,327	384	26,711
Total comprehensive (expense) income for the period	–	–	–	–	(4,283)	–	–	30,610	–	6,165	32,492	398	32,890
Repurchase of ordinary shares (note 13)	–	–	(3,828)	–	–	–	–	–	–	–	(3,828)	–	(3,828)
Disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	1,505	–	–	–	–	(1,505)	–	–	–
Recognition of equity-settled share-based payments (note 16)	–	–	–	–	–	–	–	–	322	–	322	–	322
Balance at 30 June 2025 (unaudited)	315,380	1,172,561	(3,828)	15,514	(160,048)	527	181,993	(140,593)	71	108,221	1,489,798	3,249	1,493,047

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended	
	30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Net cash used in operating activities	(375,160)	(197,369)
Investing activities		
Purchase of property, plant and equipment	(41,724)	(57,552)
Net cash outflow to bank deposits for investing purpose	(117,010)	(8,455)
Purchase of equity instruments at fair value through other comprehensive income	(300)	(860)
Proceeds from disposal of property, plant and equipment	3,702	7,202
Dividend income from an associate	–	9,864
Net cash used in investing activities	(155,332)	(49,801)
Financing activities		
Bank borrowings raised	2,219,620	1,305,800
Bank borrowings repaid	(2,430,840)	(1,143,676)
Payments on repurchase of ordinary shares	(3,828)	(734)
Interest on bank borrowings paid	(13,609)	(31,838)
Repayment of lease liabilities	(38)	(2,505)
Interest on lease liabilities paid	(16)	(196)
Net cash (used in) from financing activities	(228,711)	126,851
Net decrease in cash and cash equivalents	(759,203)	(120,319)
Cash and cash equivalents at 1 January	1,516,241	1,845,323
Effect of foreign exchange rate changes	17,979	(19,199)
Cash and cash equivalents as at 30 June, representing bank balances and cash	775,017	1,705,805

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged as a vertically integrated manufacturing services provider for handset industry worldwide. The Group provides a wide range of manufacturing services to its customers in connection with the production of handsets.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2024.

Application of amendments to a IFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to a IFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the chief operating decision maker, the Chief Executive Officer, for the purpose of allocating resources to the segment and to assess its performance.

The Group's operations are organised into three operating segments based on the location of customers — Asia, Europe and America.

The Group's revenue is from contracts with customers and mainly arising from the manufacturing services (including sales of goods and processing service) amounting to US\$2,061,481,000 (2024: US\$1,895,530,000), to its customers in connection with the production of handsets.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Six months ended	
	30.6.2025	30.6.2024
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Segment revenue (external sales)		
Asia	853,280	1,067,385
Europe	609,586	286,467
America	598,615	541,678
Total	2,061,481	1,895,530
Segment profit		
Asia	12,018	9,367
Europe	28,201	4,154
America	28,820	11,517
Other income, gains and losses	69,039	25,038
Impairment loss recognised for property, plant and equipment	(545)	—
General and administrative expenses	(31,734)	(47,171)
Research and development expenses	(31,157)	(23,799)
Interest expenses	(13,136)	(30,318)
Share of profit of associates	2,787	6,780
Share of loss of a joint venture	(3,857)	(2,891)
Profit (loss) before tax	22,120	(29,313)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Substantially all of the Group's sales to Asian customers are attributed to mainland China and Republic of India.

Segment profit represents the gross profit earned by each segment after deducting all selling expenses and impairment loss under expected credit loss model, net of reversal. This is the measure reported to the Chief Executive Officer for the purposes of resources allocation and performance assessment.

4. INCOME TAX EXPENSE

The income tax expense comprises:

	Six months ended	
	30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Current tax:		
— Hong Kong	—	—
— Other jurisdictions	3,090	3,221
— Top-up tax under Pillar Two Rules	9,500	—
— Withholding tax for distributed profit of investments in the People's Republic of China (the "PRC")	8,137	—
	20,727	3,221
Overprovision in prior years:		
— Hong Kong	—	—
— Other jurisdictions	(6,179)	—
	(6,179)	—
	14,548	3,221
Deferred tax (<i>note 9</i>)	1,393	(891)
	15,941	2,330

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. INCOME TAX EXPENSE *(Continued)*

No provision for Hong Kong Profits Tax has been made as the Group does not have assessable profits in Hong Kong.

Tax charge mainly consists of income tax in mainland China attributable to the assessable profits of the Company's subsidiaries established in mainland China. Under the law of mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of mainland China subsidiaries is 25% (2024: 25%). Two of the Company's mainland China subsidiaries were awarded with the Advanced — Technology Enterprise Certificate and entitled for a tax reduction from 25% to 15% for a period of three years, i.e. effective from 2022 and 2024 respectively. Except for these subsidiaries, other mainland China subsidiaries are subject to Enterprise Income Tax at 25% (2024: 25%). Besides, another Company's PRC subsidiary was entitled to a concessionary tax rate of 5% under small and micro-enterprises (小微企業) during the current interim period.

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

The Group is subject to global minimum top-up tax under Pillar Two Rules. In respect of fiscal year commencing on or after 1 January 2025, Pillar Two Rules are effective and applicable in Brasil, Finland, Hong Kong, Hungary, Singapore, United Kingdom and Vietnam in which the Company and its subsidiaries operate. In particular, the Income Inclusion Rule enacted in Hong Kong and applicable to the Company in respect of the year ending 31 December 2025 will bring the whole of the Group under the scope of Pillar Two. The Group has conducted assessment on its top-up tax related to its operation in the above jurisdictions accordingly. For jurisdictions where the annual effective income tax rate is estimated to be below 15%, the calculation of which is based on the estimated adjusted covered taxes and net GloBE income for each jurisdiction and taking into account the applicable substance-based income exclusion, a top-up tax is accrued in the current interim period. The Group has recognised a current tax expense of US\$9,500,000 related to the top-up tax for the six months ended 30 June 2025 (six months ended 30 June 2024: N/A) which is expected to be levied on the Company and its relevant subsidiaries. The estimated annual effective income tax rate may be subject to further jurisdictional blending with 鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co., Ltd., for identification purposes only) ("Hon Hai") and subsidiaries of Hon Hai.

The Group has applied the temporary mandatory exception for recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The Group will continue to monitor developments of the Pillar Two Rules and assess its impact to the Group as appropriate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	60,340	63,197
Depreciation of right-of-use assets	1,337	1,476
Depreciation of investment properties	32	35
Total depreciation	61,709	64,708
Less: Amount capitalised in inventories	(46,233)	(49,713)
Less: Amount included in research and development expenses	(1,267)	(1,523)
	14,209	13,472
Cost of inventories recognised as expense	1,980,608	1,862,281
Provision for warranty	266	1,260
Write down of inventories to net realisable value	5,609	3,367
Net exchange gain (note)	(5,668)	(11,851)
Loss on disposal of property, plant and equipment (note)	3,169	5,139
Interest income from bank deposits (note)	(23,134)	(27,700)

Note: Amounts included in other income, gains and losses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. DIVIDENDS

No dividend was paid, declared or proposed for the six months ended 30 June 2025 and 30 June 2024.

7. EARNINGS (LOSS) PER SHARE

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

	Six months ended	
	30.6.2025	30.6.2024
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Profit (loss) attributable to the owners of the Company		
Profit (loss) for the purposes of basic and diluted loss per share	6,165	(31,578)

	Six months ended	
	30.6.2025	30.6.2024
	(unaudited)	(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	787,821,152	788,752,286
Effect of dilutive potential ordinary shares relating to outstanding share awards issued by the Company	436,264	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	788,257,416	788,752,286

The calculation of diluted loss per share for the six months ended 30 June 2024 did not take into account the share awards issued by the Company as detailed in note 16(b) because it was anti-dilutive.

The weighted average number of ordinary shares for the periods ended 30 June 2024 and 2025 for the purpose of calculating the basic and diluted earnings (loss) per share, had been adjusted to account for the effect of share consolidation as described in note 13.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current period, the Group acquired property, plant and equipment of approximately US\$41,724,000 (for the six months ended 30 June 2024: US\$57,552,000).

In addition, the Group did not enter into any new lease agreement during the current interim period. For the six months ended 30 June 2024, the Group entered into a new lease agreement with lease term of three years and recognised right-of-use assets of approximately US\$1,951,000 and lease liabilities of US\$1,951,000 on lease commencement.

During the current period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of US\$6,871,000 (for the six months ended 30 June 2024: US\$12,341,000) for proceeds of US\$3,702,000 (for the six months ended 30 June 2024: US\$7,202,000), resulting in a loss on disposal of US\$3,169,000 (for the six months ended 30 June 2024: US\$5,139,000).

9. DEFERRED TAXATION

The followings are the major deferred tax (assets) liabilities recognised and movements thereon for the period:

	Allowances for inventories US\$'000	Accelerated tax (accounting) depreciation US\$'000	Tax losses US\$'000	Others US\$'000 (Note)	Total US\$'000
At 1 January 2024 (audited)	(1,861)	(2,970)	(4,892)	2,169	(7,554)
Credit to profit or loss for the period	(25)	(465)	–	(401)	(891)
Exchange adjustments	2	(6)	–	35	31
At 30 June 2024 (unaudited)	(1,884)	(3,441)	(4,892)	1,803	(8,414)
At 1 January 2025 (audited)	(1,600)	(5,874)	(4,770)	206	(12,038)
Charge (credit) to profit or loss for the period	1,068	(2,260)	(741)	3,326	1,393
Exchange adjustments	–	(44)	–	25	(19)
At 30 June 2025 (unaudited)	(532)	(8,178)	(5,511)	3,557	(10,664)

Note: Others mainly represent temporary difference arising from accrued expenses and other receivables from disposal of investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. DEFERRED TAXATION *(Continued)*

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Deferred tax assets	(19,930)	(21,128)
Deferred tax liabilities	9,266	9,090
	(10,664)	(12,038)

At 30 June 2025, the Group has not recognised deductible temporary differences on allowances for inventories, trade and other receivables, warranty provision, deferred income and other accrued expenses of approximately US\$415,276,000 (31.12.2024: US\$379,593,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

At 30 June 2025, the Group has unused tax losses of approximately US\$821,001,000 (31.12.2024: US\$949,091,000) available for offset against future profits. As at 30 June 2025, a deferred tax asset has been recognised in respect of approximately US\$21,897,000 (31.12.2024: US\$18,951,000) of such losses. As at 30 June 2025, no deferred tax asset has been recognised in respect of the remaining tax losses of US\$799,104,000 (31.12.2024: US\$930,140,000) either due to the unpredictability of future profit streams or because it is not probable that the unused tax losses will be available for utilisation before their expiry. Included in unrecognised tax losses are losses of US\$298,599,000 (31.12.2024: US\$578,674,000) which will expire by five consecutive years. Other losses may be carried forward indefinitely.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by mainland China subsidiaries from 1 January 2008 onwards. No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries from 1 January 2008 onwards of approximately US\$504,160,000 (31.12.2024: US\$727,324,000) as at the end of the reporting period because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. TRADE AND OTHER RECEIVABLES

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Trade receivables	1,014,245	849,236
Less: Allowance for credit losses	(224,689)	(221,556)
	789,556	627,680
Other taxes recoverable	54,611	88,764
Other receivables, deposits and prepayments	84,776	75,514
	928,943	791,958

The Group generally would issue the invoices to the customers when the goods are passed to the customers, except for certain orders that the Group may also collect advance payments from customers.

The Group normally allows an average credit period of 30 to 90 days to its trade customers, except certain customers with a good track record which may be granted a longer credit period.

The following is an aged analysis of trade receivables net of allowance for credit losses as presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
0–90 days	768,427	575,173
91–180 days	11,774	45,090
181–360 days	5,462	2,685
Over 360 days	3,893	4,732
	789,556	627,680

As at 30 June 2025, the Group provided impairment allowance of US\$224,689,000 (31.12.2024: US\$221,556,000) based on the Group's expected credit loss assessment on its trade receivables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. TRADE AND OTHER PAYABLES

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Trade payables	1,419,265	1,023,748
Other tax payables	56,462	62,964
Accrued staff costs and employee benefits	120,924	112,558
Others	320,800	327,790
	1,917,451	1,527,060

The following is an aged analysis of trade payables as presented based on the invoice dates at the end of the reporting period:

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
0–90 days	1,369,023	996,534
91–180 days	35,558	14,354
181–360 days	5,664	4,984
Over 360 days	9,020	7,876
	1,419,265	1,023,748

12. BANK BORROWINGS

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Bank borrowings	130,200	341,420
Analysis of bank borrowings by currency:		
US\$	130,200	341,420

The bank borrowings as at the end of the reporting period are unsecured, with original maturity of one month (31.12.2024: one month), repayable within one year and carry interest at fixed interest rates ranging from 4.67% to 4.72% (31.12.2024: 4.90% to 5.15%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. SHARE CAPITAL

	Par value US\$	Number of ordinary shares	Amount US\$'000
Authorised:			
Balance at 1 January 2024,			
31 December 2024 and 1 January 2025	0.04	20,000,000,000	800,000
Share Consolidation (<i>note</i>)		(18,000,000,000)	–
Balance as at 30 June 2025	0.40	2,000,000,000	800,000
Issued and fully paid:			
Balance at 1 January 2024	0.04	7,905,000,000	316,200
Repurchase and cancellation of shares	0.04	(20,500,000)	(820)
Balance at 31 December 2024	0.04	7,884,500,000	315,380
Share Consolidation (<i>note</i>)		(7,096,050,000)	–
Balance at 30 June 2025	0.40	788,450,000	315,380

Note: On 16 May 2025, the shareholders of the Company approved the share consolidation on the basis that every ten issued and unissued existing share of a par value of US\$0.04 each be consolidated into one consolidated share of a par value of US\$0.40 each, which became effective on 20 May 2025 (the "Share Consolidation"). In connection with the Share Consolidation, the par value of the authorised share capital of the Company changed from US\$800,000,000 divided into 20,000,000,000 existing shares of a par value of US\$0.04 each to US\$800,000,000 divided into 2,000,000,000 consolidated shares of a par value of US\$0.40 each.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. SHARE CAPITAL (Continued)

During the current period, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchases	Number of ordinary shares of a par value of US\$0.04 each (Note)	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
May 2025 (before Share Consolidation)	10,254,000	0.85	0.78	8,406

Note: 10,254,000 ordinary shares of a par value of US\$0.04 each were consolidated into 1,025,400 ordinary shares of a par value of US\$0.40 each due to Share Consolidation.

Month of repurchases	Number of ordinary shares of a par value of US\$0.40 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
May 2025 (after Share Consolidation)	1,087,600	9.34	8.18	9,255
June 2025	1,287,000	10.26	8.90	12,182
	2,374,600			21,437
Total				29,843
				US\$'000
Equivalent to				3,828

3,400,000 ordinary shares were repurchased during the six months ended 30 June 2025. These shares were not cancelled and remained as treasury shares (the "Treasury Shares", as defined under the Listing Rules) as at 30 June 2025.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities (including Treasury Shares) during the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. SHARE CAPITAL (Continued)

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchases	Number of ordinary shares of US\$0.04 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2024	4,400,000	0.60	0.58	2,594
March 2024	5,500,000	0.51	0.47	2,728
April 2024	800,000	0.51	0.50	404
	10,700,000			5,726
				US\$'000
Equivalent to				734

10,700,000 ordinary shares were repurchased and cancelled during the year ended 31 December 2024.

14. DEFERRED INCOME

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Government subsidies	6,149	6,404

Government subsidies granted to the Company's subsidiaries in mainland China are released to income over the useful lives of the related depreciable assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. CAPITAL COMMITMENTS

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Commitments for the acquisition of property, plant and equipment contracted but not provided for	7,057	21,820

16. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option scheme

Pursuant to the approval of the board of directors of the Company (the "Board") on 19 May 2023, the Company adopted a share option scheme (the "Share Option Scheme") for the Company to reward, motivate and retained eligible person, which would comply with the new requirements of Chapter 17 of the Listing Rules. Details of the Share Option Scheme are set out in circular dated 14 April 2023. The Share Option Scheme was approved by the Company's shareholders on 19 May 2023 and will expire on 18 May 2033. Since the adoption of the Share Option Scheme on 19 May 2023, no option has been granted under the Share Option Scheme.

No share option expenses was recognised by the Group for the six months ended 30 June 2025 and 30 June 2024.

Currently, no option has been outstanding under the Share Option Scheme. No share option is exercisable for both periods.

(b) Other share-based payment plan

Pursuant to the approval of the Board on 10 March 2023 and approval of the Company's shareholders on 19 May 2023, the Company adopted a share scheme (the "Share Scheme") for the Company to reward, motivate and retained eligible person, which would comply with the new requirements of Chapter 17 of the Listing Rules. The Share Scheme was subsequently amended by the Board on 7 March 2025 to allow the use of Treasury Shares in the Company to satisfy the awards granted under the Share Scheme from time to time. Since the adoption of the Share Scheme on 19 May 2023, no share has been granted under the Share Scheme, save as otherwise disclosed herein.

Pursuant to the approval of the Board on 13 September 2023 and the subsequent finalisation by the Board's delegate, the Company offered 1,366,993 ordinary shares to a beneficiary pursuant to the Share Scheme of which 1,366,993 ordinary shares were granted with a lock-up period up to 12 September 2024 from the grant date, i.e. 13 September 2023. No consideration was payable on acceptance of offer of the shares. 1,366,993 ordinary shares were purchased by the trustee of the Share Scheme from the market in September 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Other share-based payment plan *(Continued)*

Pursuant to the approval of the Board on 13 September 2023 and the subsequent finalisation by the Board's delegate, the Company offered 1,979,598 ordinary shares to a beneficiary pursuant to the Share Scheme of which 1,979,598 ordinary shares were granted with a lock-up period up to 5 November 2024 from the grant date, i.e. 6 November 2023. No consideration was payable on acceptance of offer of the shares. 1,979,598 ordinary shares were purchased by the trustee of the Share Scheme from the market in November 2023.

Pursuant to the approval of the Board on 7 March 2024 and the subsequent finalisation by the Board's delegate, the Company offered 4,405,978 ordinary shares to a total of two beneficiaries pursuant to the Share Scheme of which 4,405,978 ordinary shares were granted with lock-up periods up to 7 March 2025 from the grant date, i.e. 8 March 2024. No consideration was payable on acceptance of offer of the shares. 4,405,978 ordinary shares were purchased by the trustee of the Share Scheme from the market in March 2024.

Pursuant to the approval of the Board on 20 September 2024 and the subsequent finalisation by the Board's delegate, the Company offered 2,592,601 ordinary shares to a total of two beneficiaries pursuant to the Share Scheme of which 2,592,601 ordinary shares were granted with lock-up periods, i.e. vesting period up to 19 September 2025 from the grant date, i.e. 20 September 2024. No consideration was payable on acceptance of offer of the shares. 2,592,601 ordinary shares were purchased by the trustee of the Share Scheme from the market in September 2024.

Pursuant to the approval of the Board on 15 May 2025 and the subsequent finalisation by the Board's delegate, the Company offered 7,001,902 ordinary shares to a total of two beneficiaries pursuant to the Share Scheme of which 7,001,902 ordinary shares were granted with lock-up periods, i.e. vesting period with service condition up to 14 May 2026 from the grant date, i.e. 15 May 2025. No consideration was payable on acceptance of offer of the shares. The 7,001,902 ordinary shares would be satisfied by transfer of Treasury Shares of the Company.

Due to the Share Consolidation that became effective on 20 May 2025, 9,594,503 outstanding ordinary shares granted of a par value of US\$0.04 each before Share Consolidation were adjusted to become 959,449 ordinary shares of a par value of US\$0.40 each. All other terms and conditions of the outstanding shares granted remain unchanged.

The fair value of the shares at the date of grant is measured by the quoted market price of the shares at the date of grant. Equity-settled share-based payments of US\$322,000 was recognised during the six months ended 30 June 2025 (for the six months ended 30 June 2024: US\$232,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Board has set up an investment team to determine the appropriate valuation techniques and inputs for fair value measurements.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/liabilities	Fair value as at 30.6.2025 US\$'000 (unaudited)	Fair value as at 31.12.2024 US\$'000 (audited)	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
Forward foreign exchange contracts included under other receivables (2024: other payables)	Assets – 1,777	Liabilities – 1,695	Level 2	Fair value derived from observable forward exchange rates at the end of the reporting period	N/A	N/A
Equity instruments at fair value through other comprehensive income ("FVTOCI")	Listed equity investments – 1,210	Listed equity investments – 2,094	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity instruments at FVTOCI	Unlisted equity instruments – 1,800	Unlisted equity instruments – 5,270	Level 2	Fair value derived from market value of the shares of equity instruments in recent investment transactions	N/A	N/A
Equity instruments at FVTOCI	Unlisted equity instrument – 49,815	Unlisted equity instruments – 49,340	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected return	Budgeted sales and gross margin taken into account the relevant industry growth forecasts and financial budgets approved by the investee's management and expectation for the market development Terminal growth rate, taking into the account the management's experience and knowledge of market conditions of the specific industries Weighted average cost of capital ("WACC") was 40%	The higher the budgeted sales and gross margin, the higher the fair value, and vice versa The higher the terminal growth rate, the higher the fair value, and vice versa The lower the WACC, the higher the fair value, and vice versa

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTOCI US\$'000
At 1 January 2024 (audited)	36,354
Transfer into Level 3 <i>(note)</i>	20,933
Exchange adjustments	1,253
At 30 June 2024 (unaudited)	58,540
At 1 January 2025 (audited)	49,340
Net fair value loss	(3,400)
Transfer into Level 3 <i>(note)</i>	3,954
Exchange adjustments	(79)
At 30 June 2025 (unaudited)	49,815

Note: For the relevant financial assets, the recent transaction prices used in prior year was no longer available, therefore, the valuation techniques for relevant financial assets were changed and their fair value measurement was transferred from Level 2 to Level 3.

For the other financial assets and financial liabilities, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. RELATED PARTY DISCLOSURES

- (a) During the current period, the Group entered into the following transactions with related parties, including Hon Hai, and subsidiaries and associates of Hon Hai other than members of the Group:

	Six months ended	
	30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Hon Hai:		
Sales of goods	334,615	427,670
Purchase of goods	21,830	22,021
Purchase of property, plant and equipment	313	2
Lease expense – real properties (Note)	307	302
Sub-contracting income	1,843	670
Consolidated services and sub-contracting expense	77	221
Subsidiaries of Hon Hai:		
Sales of goods	82,877	37,160
Purchase of goods	121,590	69,691
Purchase of property, plant and equipment	480	18
Sales of property, plant and equipment	1,162	2,288
Lease income – real properties	2,368	2,280
Lease income – non-real properties	22	–
Lease expense – real properties (Note)	2,653	2,882
Lease expense – non-real properties (Note)	17	14
Sub-contracting income	5,497	10,981
Consolidated services and sub-contracting expense	16,631	14,233
General services expense	2,245	3,336
Associates of Hon Hai:		
Sales of goods	112,323	103,243
Purchase of goods	52,791	74,136
Purchase of property, plant and equipment	16	670
Lease expense – real properties (Note)	27	39
Sub-contracting income	10,388	4,515
Consolidated services and sub-contracting expense	1,688	636
General services expense	9	7

Note: The amounts represented expenses relating to short-term leases in the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. RELATED PARTY DISCLOSURES *(Continued)*

(b) At the end of the reporting period, the Group had the following balances due from/to related parties included in:

	30.6.2025 US\$'000 (unaudited)	31.12.2024 US\$'000 (audited)
Trade receivables:		
Hon Hai	222,092	226,619
Subsidiaries of Hon Hai	63,927	32,615
Associates of Hon Hai	37,678	42,478
	323,697	301,712
Other receivables:		
Hon Hai	–	2
Subsidiaries of Hon Hai	735	1,043
	735	1,045
	324,432	302,757
Trade payables:		
Hon Hai	11,078	5,186
Subsidiaries of Hon Hai	100,371	45,844
Associates of Hon Hai	37,493	28,781
	148,942	79,811
Other payables:		
Hon Hai	95	115
Subsidiaries of Hon Hai	2,427	1,864
Associates of Hon Hai	163	121
	2,685	2,100
	151,627	81,911

Balances due from/to related parties are unsecured, interest free and are repayable within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. RELATED PARTY DISCLOSURES *(Continued)*

(c) Compensation of key management personnel

The remuneration of directors and other members of key management for the current period was as follows:

	Six months ended	
	30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Short-term benefits	2,084	1,777
Share-based payments	322	232
	2,406	2,009

(d) During the current period, the Group entered into the following transactions with a joint venture:

	Six months ended	
	30.6.2025 US\$'000 (unaudited)	30.6.2024 US\$'000 (unaudited)
Sales of goods	131	–
Other income	92	3,347
Purchase of goods	32	–
Purchase of property, plant and equipment	901	–
Other expenses	1,738	–

The amount due from a joint venture was US\$6,254,000 (31.12.2024: US\$8,473,000), which were included in trade and other receivables (31.12.2024: trade and other receivables), as at 30 June 2025. Balances due from a joint venture is unsecured, interest free and repayable within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. RELATED PARTY DISCLOSURES *(Continued)*

- (e) During the current period, the Group entered into the following transactions with an associate:

	Six months ended	
	30.6.2025	30.6.2024
	US\$'000	US\$'000
	(unaudited)	(unaudited)
Sales of goods	121	3,901
Other income	235	1,191

The amounts due from associates were US\$122,000 (31.12.2024: US\$813,000), which were included in trade and other receivables (31.12.2024: trade and other receivables), as at 30 June 2025. Balances due from associates are unsecured, interest free and repayable within one year.

19. APPROVAL

The condensed consolidated financial statements on pages 4 to 32 of this report were approved and authorised for issue by the board of directors of the Company on 8 August 2025.

BUSINESS REVIEW

IMPORTANT

The consolidated interim results of the Group for the six-month period ended 30 June 2025 (the “current period” or the “reporting period”), as set out in this interim report, are unaudited but have been reviewed in accordance with the relevant financial standards. The Group’s results of operations in the past have fluctuated and may continue to fluctuate (possibly significantly) in the future from one period/quarter to another. Accordingly, the Group’s results of operations for any period/quarter should not be considered indicative of the results expected for any future periods/quarters. In particular, the Chinese New Year holiday (especially a long break in mainland China, Vietnam, and Taiwan) in the first quarter of each year generally leads to a low season post-Chinese New Year for the industry in which the Group operates. Therefore, the Group’s performance in the first quarter is usually weaker and less comprehensive or representative compared to the other quarters. Additionally, the demand from some customers is subject to seasonality.

The Company refers to its announcement regarding the update on expected 2025 interim performance dated 6 May 2025, which provided (among other things) certain updates on its expected 2025 interim performance and included information about the various factors that contributed to the Group’s consolidated net profit for the current period. The various factors described in the following “Discussion and Analysis” section, are expected to continuously impact the Group’s performance in the second half of 2025 (“2H 2025”) and ultimately the full year ending 31 December 2025 (“FY 2025”). In this respect, please also refer to “Outlook and Industry Dynamics” below.

This interim report contains forward-looking statements regarding the Company’s expectations and outlook on the Group’s order book, market demand, competitive landscape, macroeconomic and geo-political conditions, cost structure, business policies, management execution, operations, performance, financial conditions, opportunities, risks, threats, and prospects. Such forward-looking statements are subject to known and unknown risks, uncertainties, and other uncontrollable factors, and therefore do not constitute guarantees of the future performance and order book of the Group. They are influenced by factors that could cause the Group’s actual results and order book to differ (possibly materially or significantly) from those expressed in the forward-looking statements. For details of the risks and uncertainties, please refer to the “Risk and Opportunities in 2025” section.

Although the Group believes these statements are based on and derived from reasonable assumptions, they involve risks, uncertainties, and assumptions that are beyond the Group’s ability to influence, control, or predict, relating to operations, markets, and the broader business and macro environment generally. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual outcomes, including the future results of the Group’s business and operations, may vary materially/significantly from those indicated. Additionally, new and unpredictable risks, challenges, threats and opportunities may emerge from time to time, and it is not possible for management to predict all such factors or to assess the impacts of such factors on the Group’s business. For more details, please see “Outlook and Industry Dynamics” below. The Company undertakes no obligation to update or revise any such forward-looking statements to reflect any subsequent events or circumstances, except as otherwise required by applicable requirements laid down by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the “SFO”).

Accordingly, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS

Introduction

The Company was activated in 2003 and listed on the Main Board of the Stock Exchange in 2005 (Stock code: 2038.HK). The Company is one of the subsidiaries of Hon Hai (together with its subsidiaries and/or associates (as defined in the Listing Rules)) (“Hon Hai Technology Group”), which is the world’s largest electronics manufacturer and a leading technological solution provider whose shares are listed on the Taiwan Stock Exchange Corporation (Stock code: 2317.TW).

The Group is customer-oriented and offers one-stop solutions that encompass the entire product lifecycle. Its services range from initial design conceptualisation and product development to high-volume manufacturing, providing a seamless end-to-end experience for its clients. The Group’s wide array of services includes innovative product development and design, precision casings and components manufacturing, PCBA (Printed Circuit Board Assembly), full-system assembly integration, supply chain services and solutions, and after-market support which includes return management and product repair/refurbishment solutions. With strong Original Equipment Manufacturing (“OEM”) and Original Design Manufacturing (“ODM”) capabilities, the Group continues to meet specific market and customer product lifecycle requirements.

In light of continued macroeconomic headwinds, geopolitical instability, keen competition, and shifting global trade dynamics, the Group has further strengthened its strategic framework in 2025 to focus on diversification, technological advancement, and operational resilience. This approach involves exploring new market opportunities, cultivating new customer relationships, and reinforcing ties with existing clients. Key developments happened in the first half of the year include:

- (I) Gross margin improvement — Gross margin rose to 3.64% in the current period, up from 1.51% in the prior-year period. This improvement was primarily driven by the exit from unprofitable or low-margin businesses and a strategic shift in customer and product mix, with greater emphasis on value-added offerings. In parallel, the Group continued to optimise capacity utilisation, enhance efficiency, and prioritise spending to support future business growth, while focusing on disciplined expense control and cost reduction. Progress was made in reorganising operations, reducing indirect labour, and consolidating sites — particularly in response to the continued contraction of the operation in China.
- (II) Progress in the three main business categories — In smart manufacturing, the Group proactively optimises its customer portfolio as it prudently engages customers aligned with its strategic objectives. As for automotive electronics, the Group’s 4G Telematics Control Units (“TCU”) has achieved the milestone of shipping over 1 million units to a global automaker and been equipped in various car brands worldwide. In the manufacturing equipment/robotics category, the Group’s AI recycling robot continued to gain market traction in North America. Furthermore, the Group collaborated closely with clients to develop fully automated production lines from the ground up, effectively addressing labour shortages and enhancing operational efficiency.
- (III) Expanding overseas production capacity — The Group has increased overseas capacity to support regional customer needs and successfully captured growth opportunities in domestic markets across various countries. The Group’s capacity to shift production across facilities has allowed it to respond swiftly to tariff-driven production planning by customers.



DISCUSSION AND ANALYSIS *(Continued)*

Introduction *(Continued)*

- (IV) Investing in technology and long-term partnerships — The Group remains committed to mid- and long-term investment in technological competence. It continues to foster long-term collaborations with leading clients by providing high value-added, high-quality products and services at competitive prices, with a view to expanding these relationships to include broader product lines and integrated services. Research and Development (“R&D”) spending will be allocated in line with the Group’s medium- to long-term development priorities, with equal emphasis placed on both medium-term and long-term products and technologies.
- (V) U.S. Tariff Measures — The imposition of new tariffs by the United States in April 2025 posed external risks to the Group’s cost structure and supply chain, particularly for cross-border shipments. The Group is closely monitoring these developments and exploring risk mitigation strategies, including local sourcing and alternative production hubs. With tariff landscapes unsettled and customer decision-making cautious, the Group maintains close market monitoring and stands ready to pivot as required.

The first half of 2025 was marked by volatility. The announcement of tariff policies and ongoing trade retaliations created turmoil in the global economy, followed by supply chain unease, deteriorating consumer confidence, and shifting monetary policies that further compounded the situation. Global inflation appears to be slowing, and central banks may become more inclined to lower interest rates amid easing inflation and slower growth. Among major economies, the U.S. experienced a GDP decline, driven by an upturn in imports, as companies stockpiled ahead of widespread tariffs, a slowdown in consumer spending, and reduced government expenditure. Meanwhile, China recorded a strong start in 2025, buoyed by strong exports and government stimulus efforts. However, structural weaknesses in domestic consumption and property market continue to weigh on broader growth.

Regarding the Electronics Manufacturing Services (“EMS”) industry, the first half of the year is traditionally the off-season for consumer electronics. Coupled with continued economic instability, the market initially held a cautiously neutral outlook for the first half of 2025. However, the announcement of reciprocal tariffs on 2 April 2025 by the U.S. government, followed by the clarification on 11 April 2025 on certain products, including smartphones, would be exempted, generated strong pull-in momentum across the EMS industry, resulting in a surprising growth of revenue during this period. The Company had originally believed there was a realistic likelihood of a mild year-on-year decline in the first half 2025 sales. However, due to the sudden surge in customer orders, the Group experienced modest growth instead. Faced with ongoing uncertainty and increasing pressure, companies have been reassessing their production strategies and evaluating further investments in their global sites. The rapidly changing economic environment has also led the EMS industry to adopt a more cautious outlook for the coming months.

Though facing increasingly complex and fast-changing external conditions — including tariff volatility, weak handset demand, inflationary pressures, geopolitical uncertainties, and growing environmental, social, and governance (“ESG”) expectations — the Group remains focused on innovation, operational agility, and customer-centricity to deliver exceptional value. In response to ongoing global trade tensions and customer localisation preferences, the Group is actively adjusting its production footprint and supply chain to enhance regional flexibility and resilience. At the same time, the Group is strengthening its technological capabilities and industry partnerships to support product diversification and long-term customer collaboration. These strategic actions — grounded in responsiveness, excellence, and a long-term outlook — enable the Group to adapt swiftly to market shifts, capture emerging opportunities, and support customers amid uncertainty, thereby driving sustainable growth.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers, Suppliers and Employees

Key Relationships with Customers

The Group's top five customers during the current period accounted for approximately 82.06% of the Group's total revenue. In the first half of 2025, most of the Group's customers encountered uncertainties from macroeconomic and market challenges. Amid these uncertainties, the Group's smartphone customers are still the main contributor of the Group's revenue. Despite the rising momentum of AI, with several customers integrating more AI capabilities into their devices, smartphone shipments in the first half of the year were initially expected to see a slight decline due to the traditional off-season. However, the unexpected announcement of reciprocal tariffs sparked a surge in the Group's customers' orders.

Two of the Group's major customers are members of Hon Hai Technology Group: Hon Hai and Sharp Corporation ("Sharp"). The revenue generated from sales of goods and services to Hon Hai and Sharp accounted for approximately 16.32% and 5.90%, respectively, of the Group's total revenue from goods and services. In the current period, revenue attributable to Hon Hai Technology Group accounted for approximately 26.56% of the Group's total revenue:

- (I) The Group has long served as the strategic supplier and manufacturer of consumer electronic products such as eReaders, tablets, and voice interaction products for Hon Hai. A volatile macroeconomic environment and weakened consumer demand for electronic devices resulted in a reduction in sales to this customer.
- (II) Sharp is a connected person of the Group as it is an associate of Hon Hai, pursuant to the Listing Rules. Sharp offers a variety of electronic products including smartphones, home appliances, displays and other Internet of Things ("IoT") devices. In addition to mobile phone products, Sharp continues to explore the non-mobile phone business and has offered other electronic devices such as MiFi routers and tablets, leveraging the Group's R&D resources and capabilities. In the first half of 2025, Sharp has launched its high-end smartphone model, with planned releases in Japan, Taiwan, Singapore and Indonesia. In addition, Sharp is set to launch the "Pocket WiFi 5G," a compact device providing high-speed internet access, as part of its efforts to expand beyond the mobile phone segment.

Beyond smartphones, notable progress was achieved in the automotive electronics business. The Group leverages its expertise in antenna design, thermal management, and hardware/software integration to supply Telematics Control Unit (TCU) to a world-class automobile manufacturer, marking its entry into the global automotive supply chain. Following the commencement of mass production and shipments, the Group reached a significant shipment milestone. In the first half of 2025, revenue from this customer surged, marking an approximately fivefold increase over the first half of 2024, which started from a small revenue base. As a result, the customer rapidly rose to become one of the Group's top five revenue contributors.

Meanwhile, the smart manufacturing field also achieved solid progress, with a new customer's non-mobile product entering mass production. Leveraging fully automated production lines, the Group realised scalable revenue growth while simultaneously advancing its ESG goals through improved energy efficiency and sustainable operations. Notably, this development established a stable and recurring revenue stream from the non-mobile customer, further strengthening the Group's business resilience.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers, Suppliers and Employees *(Continued)*

Key Relationships with Customers *(Continued)*

In addition to its success in product diversification strategy, the Group also continues optimising its capabilities to meet the unique needs of different customers. The Group's customer-focused factories in different countries are flexible and adaptable and can be reconfigured as needed to meet customer-specific product requirements and volume fluctuations. The commitment is pivotal to its success, achieved by strengthening competitiveness in its business categories, maintaining customer retention, and ensuring long-term sustainability in a dynamic and highly competitive industry.

Key Relationships with Suppliers

The Group sources components from Hon Hai and 1,206 global suppliers. Our risk management strategy guarantees timely delivery of quality materials at competitive prices while maintaining operational resilience and a healthy current ratio.

Suppliers for chipsets, memory, electronic parts, display modules, camera modules, batteries, connectors, enclosures, and packaging material are selected based on stringent criteria using the Technology, Quality, Supply, Cost, and ESG ("TQSCE") framework.

The top five suppliers constitute 44.6% of the Group's total purchases, facilitating favourable pricing and procurement efficiency. Established partnerships provide optimal liability exposure mitigation opportunities, while safety buffers and contingency plans effectively address supply risks.

Market fluctuations can impact material costs and lead to supply delays. The Group's proficiency in securing competitive pricing for materials reflects its procurement expertise and commercial acumen, which are supported by the scale of operations, bulk purchasing power, and sustained market presence. Hon Hai Technology Group accounts for 7.9% of the Group's total purchases.

For more information, please refer to "The Group's Value Chain" section of the Company's 2024 environmental, social and governance report ("2024 ESG Report"), as issued and published simultaneously upon the issuance and publication of the Company's 2024 annual report, and the "Accountability and Audit" section of the Company's 2024 corporate governance report, which forms part of the Company's 2024 annual report.

The Group engages with strategic suppliers to ensure timely and cost-effective procurement of materials and components, managing supply chain risks effectively. Key activities include:

- (i) **Supplier Relationships and Risk Management:** The Group sources components from Hon Hai and about 1,000 other reliable suppliers globally, emphasising trustworthy relationships, reliable, and efficient supply chain operations.
- (ii) **Supplier Evaluation and Performance:** Suppliers undergo a thorough evaluation process, with ongoing performance measurements using the TQSCE framework to ensure consistent delivery of essential materials.
- (iii) **Procurement Strategy and Contingency Plans:** The Group employs a diversified procurement strategy to reduce supply disruptions, consolidating purchases with top suppliers, maintaining safety buffers, and establishing alternative sources for flexibility.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers, Suppliers and Employees *(Continued)*

Key Relationships with Suppliers *(Continued)*

The electronics industry has long been a cornerstone of global economic development, driven by rapid technological advancements and evolving consumer demands. However, this industry's supply chain has not only faced the existing challenges of previous years but is now since beginning of 2025 grappling with fresh disruptions stemming from recent geopolitical events, including unstoppable war between Russia and Ukraine, the ongoing conflict in the Middle East and reciprocal tariff imposed by the U.S. Following brief aims to provide an overview on supply chain dynamics within sub-sectors including consumer electronics, automotive and industrial automation, highlighting key challenges, opportunities, and emerging trends.

The early months of 2025 have introduced new complications to supply chains already stretched thin. Reciprocal tariffs between several major economies, including the U.S., China, and the European Union, is expected to raise production costs and restrict the flow of critical components across borders. Meanwhile, the war in Eastern Europe and Middle East have disrupted shipping routes and hindered the availability of raw materials. These geopolitical tensions have compounded existing issues like freight delays and fluctuating prices, emphasising the need for greater resilience and adaptability in supply chain management. 2025 market landscape has seen some significant shifts. Investments in regional manufacturing facilities and breakthroughs in production technology have gradually eased the constraints on supply. The demand surge driven by the expansion of the IoT and artificial intelligence ("AI") applications continues to push the industry toward higher capacity and efficiency. Geopolitical tensions, including the reciprocal tariffs between the U.S., China, and the European Union, as well as instability in Eastern Europe, have reshaped trade and sourcing strategies. These disruptions have led manufacturers to diversify their supply chains and prioritise resilience over cost-efficiency. The rise of semiconductor foundries in regions like Southeast Asia, U.S. and Europe will help mitigate the risks posed by earlier bottlenecks and dependency on a few key players. Adjust long global chain to short regional or local chain.

Rare earth and other material in constraint, critical for advanced technologies, have seen fluctuating availability due to ongoing trade restrictions and environmental regulations. However, industries have begun exploring alternative materials and recycling methods to reduce dependence on scarce resources. This shift toward sustainability has become a defining trend in the market, influencing both design and production strategies.

As manufacturers adapt to these new realities, the focus has increasingly shifted to producing mid-low tier and budget models to cater to growing markets in developing regions. Flagship devices continue to be polarised, though with a more balanced approach aimed at widening accessibility. The electronics industry's ability to adapt and innovate will remain crucial to stabilising supply chains and driving growth in the years ahead.

Material supply for the first half of 2025 is stable with no constraints and reduced costs. Key suppliers maintain a cautious outlook for the second half of 2025, exhibiting mixed performance across sectors; some experience growth while others encounter low demand in automotive/electric vehicles ("EV") and industrial areas. The weak demand for televisions, personal computers, and smartphones persists from 2024 into the first half of 2025. DRAM and NAND prices have increased since the second quarter of 2025 due to leading suppliers upgrading early to new generation products and high-margin High Bandwidth Memory ("HBM") products. Memory pricing is anticipated to continue rising into the second half of 2025. The global economy is transitioning away from the established order built over decades of globalisation since the end of World War II. It is being reshaped and reordered, with rules and relationships being established between individual states and regions. No single rule will apply universally. Supply chain security and resilience are prioritised over efficiency and cost. Global long chains are being adjusted into local short chains that are reliable and secure.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers, Suppliers and Employees *(Continued)*

Key Relationships with Employees

Employees are valuable assets to the Group. Therefore, the long-term strategy of the Group focuses on cultivating and developing talent internally while also recruiting outside professionals to build competencies. Product development and manufacturing are complex processes that require skilled professionals and experts. As such, the Group is committed to enhancing both the quality and quantity of its workforce to secure its leadership and maintain its competitive edge.

The Group has been diligently working across various countries to attract and retain top talent. In terms of talent development, the Group recognises that its future success will heavily depend on its ability to continually attract and retain qualified and exceptional employees. To achieve this, the Group offers equal employment opportunities, competitive compensation and benefits, a favourable working environment, broader customer reach, larger resource scales, comprehensive training, job rotation, and enrichment opportunities. Additionally, it provides diverse career prospects across various products, programs, and business lines, along with ample promotion opportunities.

The Group places a strong emphasis on career planning and talent development for employees across various countries, encouraging them to participate in both internal and external training programs. Internal training programs focus on core competencies, professional skills, and technical development to enhance employees' capabilities. Meanwhile, external training programs include hands-on courses, workshops, seminars, and conferences organised by outside parties, all of which offer excellent training and professional development opportunities that bridge theory and practice, thereby improving the Group's overall competency. Additionally, many training sessions that were originally conducted face-to-face in classroom settings have transitioned to online formats. The Group takes pride in providing a safe, effective, and supportive working environment, and it is deeply committed to the health and well-being of its employees.

The success of the Group is fundamentally reliant on its talent, with a strong emphasis on human capital initiatives and strategic workforce planning. This encompasses talent acquisition, training and development, knowledge building, motivation, rewards, retention, and localisation. The Group is committed to complying with relevant labour laws and regulations to protect employees' rights and interests. We prioritise employee benefits and harmonious labour relations, placing high value on employees' opinions and feedback. To facilitate effective communication, the Group provides various channels, including e-meetings, emails, and mailboxes, for employees to share their thoughts. Currently, communication between the Group and its employees is well-established, allowing staff to express their opinions freely and raise any labour issues, thereby promoting and maintaining a positive labour relationship. Pursuing sustainable corporate development and upholding integrity are our highest guiding principles. The Group has established relevant business ethics guidelines, which require employees to adhere to moral and ethical standards while advocating for integrity, honesty, and confidentiality. This commitment helps protect the rights and interests of the Group and its shareholders as a whole, enhancing the Group's competitiveness and long-term sustainability.

Over the past year, in response to the Group's evolving product portfolio and excess capacity, we have implemented initiatives to restructure our business operations. Our focus has been on diversification, improving utilisation, achieving cost savings, and maintaining a lean, asset-light organisation. These initiatives have included restructuring underperforming segments of our manufacturing operations, disposing of idle assets, reallocating production across facilities, reducing staff levels, realigning business processes, and reorganising management. All these actions are aimed at aligning our capacity and infrastructure with current and anticipated customer demand.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers, Suppliers and Employees *(Continued)*

Key Relationships with Employees *(Continued)*

Throughout this transition, the Group has prioritised transparency with employees about the current situation and the necessary improvement actions. This openness fosters understanding and trust among staff, while also minimising rumours and alleviating concerns regarding job security. By clearly communicating the Company's vision and ensuring that each employee understands their role and any new responsibilities, we aim to keep employees engaged and maintain a positive outlook during this period of reorganisation.

- (I) China sites: The employee size in China has been reduced as a result of the organisational restructuring of Longhua Shenzhen manufacturing operations. However, our primary goals remain focused on retaining key talent for business transformation and optimising headcount to ensure more efficient operations.
- (II) Vietnam site: Fushan Technology (Vietnam) Limited Liability Company ("Fushan") is currently undergoing a transformative phase — expanding production, diversifying our customer base, and opening new factories — while maintaining operational excellence and ensuring customer satisfaction. To support our rapid project growth, our Human Resources ("HR") team has enhanced recruitment and training capabilities. In addition to traditional hiring channels, we've embraced modern strategies such as livestream events, social media outreach, partnerships with universities and vocational colleges, and collaborations with local governments in remote provinces. We have also introduced new policies, including onboarding awards, loyalty awards, and transportation support for new joiners from remote areas. These efforts have yielded impressive results: in the first half of 2025, new hires of indirect labour ("IDL") employees reflected a 168% increase compared to 2024, while new hires of skilled direct labour ("DL") employees saw a 120% increase from 2024. Additionally, total direct labour operator (DLOP) recruitment from January to May 2025 surpassed 7,000 headcounts. We believe our people are our greatest asset. From the onboarding process, we emphasise holistic development through technical certifications (IATF, 6 Core Tools, Lean Six Sigma), soft skills training (communication, time management), and leadership training for mid-level managers. Our internship programs include targeted training for line leaders and essential courses for interns, covering automotive basics, graphic design, and foreign languages. Our transparent career development and promotion paths reflect our belief in "growing together — succeeding together". We prioritise employee well-being by offering premium health insurance for IDL employees and their families, inpatient coverage for DL employees, bi-annual team-building events for IDL, and an annual year-end event for all employees. We promote open communication through initiatives such as "Skip Level Coffee" (8 sessions, 83 issues, with a 95% resolution rate) and "Shop-floor Tours" (27 sessions, 332 feedback points, with a 98% resolution rate). Our "Blood Donation — Save Lives" campaign continues to thrive, with 397 successful donations in 2025, nearly double the number from 2023. This demonstrates the compassion and unity of the Fushan family. We remain committed to building a people-centred, innovative workplace where growth and success are shared by all.
- (III) India site: Bharat FIH Limited ("BFIH") is actively undergoing a transformation. The first half of 2025 has been a period of further consolidation and restructuring the business portfolio as BFIH moves from a low margin & high-volume mix to high margin & low volume mix. BFIH has also transitioned from a mere EMS company to take on more value-added services by supporting various customers on manufacturing of fixtures and providing onsite support services (OSS).



DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers, Suppliers and Employees *(Continued)*

Key Relationships with Employees *(Continued)*

(III) India site: *(Continued)*

Changes to the business portfolio has given the Human Resources function a challenging and transformative opportunity which the teams have taken up well by supporting the various business units in seamless transition by adjusting the work force mix at the same time. The Human Resources team has embarked on an HR transformative journey by way of careful and thought-out work force right sizing, hiring of critical skills to support these new business portfolios.

During this continued period of transition, maintaining employee morale is a key factor not only in ensuring that the culture of the organisation is upheld, at the same time ensuring that employees remain motivated. Various Employee Engagement sessions have been conducted on a regular basis, employees across all levels are encouraged to participate in various local festivals that are celebrated on campus from time to time.

As part of the continuous Learning & Development process various functional upskilling workshops have helped sustain motivation and clarity. Code of Conduct compliance remains at 100%, reflecting our employees' continued alignment with organisational values and ethics. Targeted site-level interventions have also been carried out to ensure localised support and engagement. On the compliance front, HR has remained 100% consistent in fulfilling statutory obligations, including timely contributions to the Employee Provident Fund and Employee State Insurance. Grievance Redressal mechanisms continue to function efficiently, ensuring quick and fair resolution across employee categories. As we move into the second half of the year, BFIH remains committed to building a resilient, adaptive, and future-ready workforce. Our focus will remain on performance enablement, culture reinforcement, and proactive talent management to support the business in navigating an increasingly dynamic market environment.

As of 30 June 2025, the Group had a total of 48,711 employees (31 December 2024: 31,568 employees). The total staff costs incurred during the current period amounted to US\$111 million (US\$116 million for the first half of 2024 and US\$153 million for the second half of 2024). The Group maintains a comprehensive and competitive remuneration policy, which is regularly reviewed by management. Our merit-based remuneration system rewards employees for their performance, contributions, and productivity. The Group is committed to treating all employees equally and fairly, evaluating performance — including promotions and wage increments — objectively based on merit, ability, and competence. To promote employee retention, we have implemented annual bonuses, time-based and performance-based incentives, as well as various incentive programs. Employee retention remains a significant challenge for every corporation, particularly in a highly competitive global economy where product development and manufacturing are complex processes requiring skilled professionals. Retaining qualified and key employees is essential for maintaining a sustainable competitive advantage. To enhance employee loyalty and retention rates, the Group offers competitive compensation and benefits, a favourable working environment, broader customer reach, and greater resource scale. We also provide training, job rotation opportunities, and improved career prospects across various products, programs, and business lines.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations

Financial Performance

The financial KPIs (Key Performance Indicators) include year-on-year changes in sales, gross margin, net margin, and return on equity. However, peer analysis is inherently complex due to significant variations across companies. These include differences in corporate history, strategic goals, business models, customer bases, market dynamics, organisational cultures, leadership styles, risk appetites, shareholder structures, and revenue streams. Additional factors such as product and service offerings, operational scale, market positioning, geographical presence, government support, ESG compliance, tax incentives, competitive advantages, diversification, growth stages, core competencies, R&D capabilities, asset utilisation, cash flow, creditworthiness, dividend policies, capital structures, prevailing economic conditions, regulatory environments, and cost structures further complicate direct comparison. As such, comparing companies at the consolidated group level may present substantial challenges.

Profit and Loss Account

The 2025 handset market faces multiple headwinds, including sluggish global economic growth, market saturation and uncertainties, intense competition, shifting customer preferences, limited visibility, commoditisation, extended device upgrade cycles, U.S. tariff risks volatility, forex instability, and rising geopolitical tensions — particularly U.S.-China trade disputes. Saturation in mature regions, combined with weak consumer demand due to inflation, consumption downgrading further dampening growth. Supply chain realignment and intensifying competition, especially from Chinese brands, add to the pressure. Despite innovations like AI features, these challenges hinder smartphone vendors' ability to achieve meaningful growth and profitability. The Group reported consolidated revenue of US\$2,061.5 million in the current period, an increase of US\$166 million or 8.8% from US\$1,895.5 million for the same period last year. The year-over-year increase in revenue was primarily driven by increased shipments to a major customer. It also reflects the Group's efforts in expanding non-mobile phone businesses, enhancing customer penetration, diversifying its customer base, and optimising its customer portfolio. For details, please refer to the above "Introduction" and "Key Relationships with Customers".

The net profit attributable to owners of the Company for the current period was US\$6.2 million, compared to loss of US\$31.6 million for the same period last year. The net profit has improved due to higher gross margins, enhanced operational efficiency, and effective operating expense and overheads reduction. In response to a challenging business environment, the Group has actively recruited talent, promoted ESG initiatives, implemented cost and general and administrative ("G&A") expense optimisation measures, and managed potential risks to maintain operational resilience and efficiency. The Group continuously adjusts its operations and workforce to align with business needs, closely managing costs and G&A expenses whilst continuing to invest in R&D capabilities.

Contributing factors include:

- (i) **Gross Profit:** The Group recognised a gross profit of US\$75.0 million in the current period, representing an increase of US\$46.4 million compared to US\$28.6 million for the same period last year. The gross profit margin for the current period was 3.64%, compared to 1.51% for the same period last year. Through strong execution, enhanced efficiency, and disciplined cost control, the Group effectively mitigated margin erosion pressures. The increase in gross profit was also driven by the discontinuation of low-margin businesses and strategic diversification of the customer and product portfolio — from legacy mobile phone solutions to higher-margin sectors, notably smart manufacturing and automotive electronics.



DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Profit and Loss Account *(Continued)*

- (II) Operating Expenses: Regarding operating expenses, they amounted to US\$65.8 million for the current period, compared to US\$73.1 million for the same period last year, marking a decrease of US\$7.3 million. Thanks to rightsizing and restructuring efforts carried out over the past few years, the Group has successfully streamlined its operations and remains lean. Company-wide cost reduction initiatives and workforce optimisation have generated annual savings, contributing to long-term reductions in costs and overheads. Nevertheless, there remains a need for ongoing adjustments to operational scale and headcount to align with actual business requirements. The Group remains committed to further lowering operating expenses by prioritising spending on future business initiatives, reducing indirect labour costs, consolidating sites, preventing cost overruns, and cutting G&A expenses across the board. These efforts have produced gradual and positive results, reflecting the Group's focus on operational efficiency and financial resilience amid dynamic market conditions. However, low asset utilisation continues to pose a significant challenge. The year-on-year increase in R&D expenses is primarily attributed to intensified R&D activities for new projects. Looking ahead, the Group remains committed to strategically investing in R&D across new areas to strengthen its long-term competitiveness. This continued focus on innovation is central to enhancing the Group's core capabilities. By advancing technologies and offering more customised, high-performance solutions, the Group is better positioned to attract new customers.
- (III) Other income, gains and losses: Other income, gains and losses for the current period were US\$30.7 million, representing a decrease of US\$12.3 million from that for the same period last year. It is mainly attributable to several factors, including the following:
- (i) There was a decrease in foreign exchange gain by US\$6.2 million, amounting to a gain of US\$5.7 million for the current period, compared to a gain of US\$11.9 million for the same period last year. This is primarily due to the Federal Reserve System's ("FED") continued interest rate hikes in 2024, which led to an appreciation of the U.S. dollar, resulting in a higher base for foreign exchange gains during the same period. In April 2025, the U.S. implemented higher tariff measures, triggering a broad depreciation of the U.S. dollar against almost all currencies. As the cost of hedging operations increased, foreign exchange gains declined compared to last year.
 - (ii) There was a decrease in interest income by US\$4.6 million, totalling US\$23.1 million for the current period, compared to US\$27.7 million for the same period last year. Despite the U.S. benchmark interest rate has declined relative to the beginning of 2024, however the interest rate remains at a relatively high level of 4.25%. The Group relocated funds to repay loans to save on interest expenses. On the other hand, ongoing interest rate cuts by the People's Bank of China (PBOC) have led to a decline in Renminbi ("RMB") deposit interest rates, contributing to a similar reduction in interest income. As a result, interest income for the current period is lower compared to the same period last year.
 - (iii) A decrease in government subsidies by US\$2.4 million, primarily from mainland China and Republic of India, during the current period.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Profit and Loss Account *(Continued)*

- (IV) There was an increase in the 'Expected Credit Loss' allowance of US\$1.7 million. Given the relatively low credit risk from other customers — excluding HMD Global Oy ("HMD"), for which a full provision of US\$212.5 million was recorded as of 31 December 2024 — the Group recognised an additional Expected Credit Loss allowance of US\$3.1 million for the current period. The Group will continue to monitor the financial and cash position of certain customers and assess credit risk collectively to ensure adequate expected credit loss allowances are recorded in the books, reflecting both actual and potential collection risks.
- (V) Interest expenses have decreased by US\$17.2 million to US\$13.1 million for the current period, compared to US\$30.3 million for the same period last year. The decrease is due to the Group's efforts to reduce its U.S. dollar borrowings.
- (VI) There was also a year-on-year decrease in the share of profit from the Group's associates and an increase in the share of loss from the Group's joint venture, both of which are accounted for using the equity method in the Group's consolidated financial statements. In the current period, the Group recorded a share of profit of US\$2.8 million from associates and a share of loss of US\$3.9 million from a joint venture, compared to profit of US\$6.8 million and loss of US\$2.9 million, respectively, for the same period last year. One of the associates experienced fluctuations in its revenue performance in the first half of 2025, primarily due to order placements by its key Chinese customer based on market feedback and forecasts. Besides, the joint venture recorded a loss during the period, mainly due to the restructuring charges and asset write-offs as a result of closing operations in China. The joint venture expects challenging business conditions to persist throughout 2025, pressuring its margin and operations.
- (VII) Income tax expense during the current period was US\$15.9 million, compared to US\$2.3 million for the same period last year. In 2025, the Group recognised US\$8.1 million in income tax for withholding tax on dividends declared in mainland China, and US\$9.5 million for top-up tax under Pillar Two Rules.

Due to the potential imposition of U.S. tariffs, the Group continues to face headwinds that could impact profitability, disrupt supply chains, and constrain its competitiveness in key markets. These risks are compounded by persistent weak demand, market saturation, intense competition, and a volatile macroeconomic and geopolitical environment, all of which contribute to ongoing uncertainty. As a result, past and current operating results may not reliably reflect future performance, given the inherent variability in quarterly outcomes and the challenges of long-term forecasting. In response, the Group remains lean, asset-light, and highly vigilant, prepared to respond decisively through strategic measures such as pivoting toward high-margin industries and clients across subsidiaries, establishing long-term partnerships with international players, terminating unprofitable operations, restructuring underperforming segments, reducing operating expenses and external borrowings, suspending capital expenditure on non-critical assets, and managing headcount as needed. On the basis of a preliminary review of the Group's latest unaudited management accounts and other information currently available, the Company currently expects that: (a) the Group's financial resources (including cash, cash flow, banking facilities and liquidity positions) and working capital remain sufficient to finance its continuing operations and capital commitments; (b) the Group would have sufficient funds to satisfy its working capital and capital expenditure requirements for the forthcoming 18-month period; and (c) no significant events nor circumstances might adversely affect the Group's ability to fulfil its financial obligations or meet its debt covenants in a material respect.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Equity and Other Comprehensive Income

The increase in equity by US\$29 million, amounting to US\$1,493 million as at 30 June 2025 compared to US\$1,464 million as at 31 December 2024, was primarily driven by a net profit after tax of US\$6 million and other comprehensive income of US\$27 million, partially offset by repurchase of ordinary shares of US\$4 million, during the current period. The other comprehensive income of US\$27 million includes exchange differences of US\$31 million gain arising from the translation of foreign operations, mainly due to movements in the New Taiwan dollar ("TWD"), RMB, and Mexican Peso against the US Dollar, partially offset by the fair value losses of US\$4 million on investment in equity instruments measured at fair value through other comprehensive income ("FVTOCI").

During the current period, Return on Equity ("ROE"), which measures a company's profitability by indicating how effectively it utilises equity investors' resources and accumulated profits to generate income, was 0.4%, compared to -2.1% for the same period last year. The improvement in ROE was primarily due to decreased losses. Basic profit per share for the current period was US0.8 cent.

Dividends

The Company has adopted the following dividend policy to enhance transparency and support shareholders and potential investors in making informed decisions. The policy does not stipulate a fixed dividend distribution ratio. The form, frequency, and amount of dividends declared each year — as well as the payout ratio — will depend on various factors, including the Group's financial performance, cash flow position, future expansion and growth plans, capital expenditures, capital structure, U.S. tariff risk, prevailing economic and market conditions, business outlook and strategy, and other considerations as determined by the Board from time to time. While performance has begun to improve since second half of last year, the Group remains committed to maintaining a healthy cash position, reducing external borrowings and upholding a robust capital structure, while closely monitoring the evolving environment. The Board will consider shareholder returns alongside long-term sustainability goals, adjusting its dividend approach based on overall performance and strategic priorities.

On 8 August 2025, the Board resolved not to recommend the payment of an interim dividend for the current period.

Diversification

Given the dynamic market landscape, shifting customer preferences, and ongoing product innovations, diversification has become an imperative move while planning the Group's business strategy. Beyond its core focus on smart manufacturing, automotive electronics, and manufacturing equipment/robotics, the Group has actively expanded into next-generation communication technologies. These initiatives not only help reduce the Group's reliance on the mobile phone business but also continually enhance and optimise its product mix.

In the field of smart manufacturing, the Group has accumulated decades of experience in independent design, high-quality manufacturing, and system integration. As the market evolves at an unprecedented pace, manufacturers are seeking to increase production speed and quality while mitigating the risk of labour shortages and ensuring flexibility, making the adoption of automation solutions a priority. Leveraging the Group's deep expertise in manufacturing and extensive client knowledge, it has made significant strides in automation. The Group's automotive electronics production lines have been fully automated, reducing reliance on labour to eliminate human errors and improving manufacturing efficiency and stability. This automation also frees up human resources to focus on more value-added tasks, accelerating the sustainable transformation from a social perspective.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Diversification *(Continued)*

In the field of automotive electronics, the Group has developed diversified solutions, including TCUs, In-Vehicle Infotainment (“IVI”) systems, Central Control Units (“CCU”), Zonal Control Units (“ZCU”), Electronic Smart Mirrors (“E-Mirrors”), Power Distribution Centres (“PDC”), Smart Keyless Entry Systems, as well as various display screens and camera monitoring products. With autonomous driving gaining momentum and AI playing a central role, the Group has expanded its product portfolio to include Advanced Driver Assistance Systems (“ADAS”) and High-Performance Computing (“HPC”), demonstrating its ability to integrate advanced AI technologies. The Group’s 4G TCU began mass production and shipments in 2024 and achieved the milestone of shipping over one million units this year, underscoring the Group’s excellence in automotive hardware and software development.

In the field of manufacturing equipment/robotics, the Group has begun to develop robot hardware and software solutions for human-machine collaboration, real-time communication, autonomous planning, and inspection inside its own facilities. The Group also assisted its clients in establishing tailor-made, automated production lines, which have started mass production early this year, effectively improving production yield, eliminating human errors, assuring continuous operations and maintaining flexibility in manufacturing. Aiming to further explore business opportunities in the robotics field, FIH Robotics AI recycling robot, equipped with AI-powered sorting system, has successfully transformed labour-intensive recycling work. In a recent proof-of-concept trial with one of North America’s leading recycling companies, FIH AI recycling robot has demonstrated several strengths and unique capabilities, including over 90% of sorting accuracy, adaptability to diverse recycling environments, and the ability to provide optimised value-driven sorting strategies, effectively supporting the development of a circular economy. FIH AI recycling robot has begun operating at several recycling sites in the U.S. and showcased at WasteExpo 2025, one of the largest trade exhibitions for waste, recycling and organics in North America.

In the field of next-generation communication technologies, the Group has strategically focused on developing low-orbit satellite user terminal (“UT”), aiming to integrate into the Low Earth Orbit (“LEO”) satellite ecosystem. LEO has garnered significant attention, not only for its versatile applications, such as communications, telemetry, and meteorological monitoring, but also due to growing momentum from major international vendors and increased investments from governments worldwide. Building upon its ongoing development of Ku-band UT, the Group has expanded its portfolio to include Ka-band UT, addressing customers’ diverse frequency band requirements and unlocking new market potential. To ensure product reliability and stability across a broad spectrum of application scenarios, the Group is conducting field trials in Taiwan and Japan, encompassing both maritime and land mobility testing. With consistent technological advancements and progress in product validation, the Group is well-positioned to capitalise on the accelerating momentum of the LEO satellite industry. As such, next-generation communication technologies are expected to become one of the Group’s key growth drivers in the years ahead.

The Group continues to operate a strategically located global manufacturing network across mainland China, India, Vietnam, Taiwan, Mexico, and the U.S., leveraging the geographical advantages of each site to maximise operational efficiency and production value. This network remains instrumental in supporting customers across a wide range of end markets, enabling them to meet product requirements at every stage, reduce manufacturing costs, improve supply chain agility, mitigate inventory obsolescence, and accelerate time-to-volume and time-to-market, with better production flexibility to respond to rapid market changes and maintain a competitive edge in their respective industries. Currently, Vietnam is the focal point of the Group’s expansion, benefiting from its proximity to key global manufacturing hubs in Southeast Asia, competitive costs, and a skilled workforce, providing a strong foundation for production scaling.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Diversification *(Continued)*

Vietnam's electronics manufacturing industry is currently experiencing a significant migration trend, creating abundant opportunities for the Group's subsidiary, Fushan, to diversify its operations. In 2022, Fushan launched its own sales operations to capture both local and international business opportunities, achieving promising responses. Throughout 2023 and the first half of 2024, the Group has consistently increased its investment in Fushan to better address diverse customer demands and improve operational efficiency. Overall, the Group seeks to mitigate risks associated with single-product reliance and geopolitical factors by actively expanding its product portfolio and operational sites to enhance competitiveness on a broader scale. Recently, the Group has completed the fourth capital injection to Fushan in May 2025 to further meet evolving customer demands.

In India, BFIH, a part of the Group, has been a major EMS provider since 2015, specialising in mobile phone manufacturing, aiming to dominate India's EMS and ODM markets by offering comprehensive "one-stop" ODM services, covering design, development, manufacturing, logistics, and after-sales support. This strategy is designed to cut costs, improve supply chain management, and expedite time-to-market. Since 2021, BFIH has diversified into telecommunications, mechanical components, EV, televisions, and hearables, reducing risk exposure from single segment of mobile phones and create further opportunities for revenue diversification. Driven by a thorough reassessment of its core competencies and the rapid growth of India's electronics manufacturing demand, BFIH has strategically shifted its focus. The company is transitioning from solely providing manufacturing services to becoming a high-value provider of advanced manufacturing equipment solutions. This realignment of business direction towards higher-margin, technology-driven offerings has positioned BFIH for sustained, long-term growth.

Geographical Segments

The Group determines its operating segments based on management-reviewed reports used for the purpose of resource allocation, and performance assessment. The global smartphone market exhibits diverse regional trends, each driven by distinct dynamics. Accordingly, the Group operates through three geographical segments based on customer location, which typically reflect prevailing market conditions, customer and consumer behaviour, demand patterns, assets, costs, competitive landscape, and operational considerations, thereby revealing regional economic risk exposure and opportunities. Segment profit (or loss) represents the gross profit earned (or loss incurred) by each segment, along with service income and certain gains and losses (classified under other income, gains, and losses). This is calculated after deducting all selling expenses and impairment losses under the expected credit loss model, net of reversal.

The global smartphone market continues to operate in an increasingly interconnected environment, vulnerable to macroeconomic volatility, U.S. tariff risks, and geopolitical uncertainty. Price-sensitive consumers may postpone device upgrades or shift toward more affordable alternatives, while regional competitors intensify pricing pressure through the introduction of budget-friendly products. To mitigate the risks, the Group began diversifying its manufacturing footprint many years ago, expanding production facilities to India, Vietnam, and Mexico.

Among the three geographical segments, compared to the same period last year, the sales contribution from the Asia segment declined, while the shares of the Europe and Americas segments increased. The Asia segment experienced softer sales performance in first half of 2025, primarily due to the discontinuation of low-margin businesses, shifts in customer outsourcing strategies, and fierce cost competition from local players in mainland China and India. Despite this, the segment's margin performance showed slight improvement.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

The Americas segment faced significant challenges. If manufacturers pass increased costs on to consumers — especially those stemming from tariffs — smartphone prices in the U.S. could rise, potentially weakening demand, particularly in the mid-range and budget segments. In anticipation of substantial U.S. tariff hikes on goods imported from China, handset manufacturers strategically accelerated production and front-loaded shipments to the U.S. during the first two quarters. This proactive measure, aimed at mitigating cost escalation and supply chain risk, temporarily inflated first half of 2025 shipment volumes beyond levels supported by underlying consumer demand.

In recent years, the Group has also committed resources to diversifying its customer base and product portfolio beyond legacy mobile phone solutions. A strategic focus has been placed on higher-margin sectors, such as automotive electronics, particularly in the European market. Additionally, we have successfully developed new customer relationships across a range of electronic products in Europe.

Asia Segment

The Group's Asia segment encompasses its primary regional markets: mainland China, Taiwan, and India — all of which encountered significant challenges during the period. Revenue for the Asia segment in the current period was US\$853.3 million, a decline of US\$214.1 million, or 20.1%, compared to US\$1,067.4 million for the same period last year. The segment reported a profit of US\$12.0 million, compared to a profit of US\$9.4 million for the same period last year.

China

Chinese brands further strengthened their market positions by offering innovative features at competitive prices, posing significant challenges for international vendors. In 2024, the Chinese government introduced subsidies to stimulate domestic consumption, particularly in digital products such as smartphones. However, despite these measures, overall consumer spending remained cautious due to broader economic uncertainties, which continued to affect smartphone upgrade cycles. These conditions prompted customers to adopt more conservative procurement strategies focused on risk mitigation. At the same time, heightened competition from cost-competitive local players led to lost orders and reduced order visibility for the Group. In light of this, the Group determined to discontinue those poor-margin businesses and develop a healthier and balanced sales and products and customer mix and the Group's sales to Chinese domestic brands declined further this year. Although the government subsidies introduced last year helped boost sales for domestic brands, the Group's sales to these Chinese vendors declined further in the current year. Notably, a major customer transitioned to new manufacturing partners in mainland China and India in 2024 and is no longer a key customer of the Group.

Regarding the manufacturing of Sharp phones in Japan, Sharp continues to face intense competition from both global and Chinese brands in an already saturated and highly competitive market, and navigates the rapidly evolving consumer preferences and aggressive strategies from international competitors. As a strategic partner of Sharp, the Group is doing its best to support the brand by manufacturing competitive ODM products and providing strong New Product Introduction ("NPI") and automation capabilities to support OEM products. During this period, there was a small year-on-year increase in sales to Sharp.

BUSINESS REVIEW



DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

Asia Segment *(Continued)*

China *(Continued)*

The Group also provided consumer electronics manufacturing business to Hon Hai. Consumer electronics market remains under pressure due to a highly volatile macroeconomic environment and weakened consumer spending on electronic devices. In response to market uncertainty, a U.S.-based customer of Hon Hai — focused on e-books and smart speakers — has implemented tighter procurement and budget controls. Market stagnation has further intensified competition, with rivals adopting more aggressive pricing and investment strategies to secure this customer's business. As a result, margin erosion has become increasingly severe and sales decreased as compared to the same period last year.

India

In India, domestic sales continued to decline as the Group exited poor margin businesses. Margin erosion was exacerbated by intensifying competition from local EMS providers, who benefit from relaxed Production Linked Incentive (PLI) criteria — advantages not extended to the Group as a multinational entity. The router manufacturing business in India also continued to shrink. To mitigate U.S. tariff risk, the Group's factories in India and Vietnam provide some insulation from geopolitical pressures.

Despite the headwinds, the Asia segment recorded a profit of US\$12.0 million, an increase of US\$2.7 million from the same period last year. This improvement was primarily driven by the termination of poor margin domestic businesses in China and India, which helped offset the negative impact of reduced shipment volumes. The decline in demand in the Asia segment has directly impacted asset and capacity utilisation, necessitating ongoing efficiency enhancements, site consolidation, and asset disposals to remain lean and asset-light. During this period, the Group continued to assess the need for rightsizing indirect labour. The external environment remains challenging and may continue to affect the performance and recovery of the Asia segment.

Europe Segment

The Europe segment recorded revenue of US\$609.6 million in the current period, an increase of US\$323.1 million, or 112.8%, compared to US\$286.5 million in the same period last year. As a result of the growth in sales, the segment reported a profit of US\$28.2 million, compared to a profit of US\$4.2 million for the same period last year. Revenue growth was primarily driven by increased demand from a major U.S.-based Internet customer with a growing presence in Europe, as well as from new automotive electronics clients and other customers developed in recent years. This growth was partially offset by the discontinuation of business with HMD, a Finnish company. FIH's strong NPI resources and automation capabilities have enabled customers to ramp up quickly while maintaining stable production quality.

The Group has accumulated over 20 years of design experience in mobile devices and telecommunications products and is now actively applying this expertise to the development of Telematics Boxes. We aim to offer automotive manufacturers faster and higher-quality solutions compared to traditional vendors. Leveraging our stringent experience in mobile phone antenna design, we demonstrate strong capabilities in Telematics Box development — successfully integrating traditionally dispersed antennas into compact Shark Fin or Conformal antennas. Our advanced thermal design expertise ensures that our automotive electronic products can perform reliably in harsh



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

Europe Segment (Continued)

environments. Additionally, our extensive experience in software integration guarantees communication reliability and network security within the complex systems found in modern vehicles. The Group has already supplied products to a world-class automobile manufacturer and is continuing to expand both its customer base and product offerings. Based on recent feedback from a customer following more than a year of volume shipments, our quality scores have reached their highest levels. This is a strong testament to the Group's design and manufacturing excellence in vehicle electronics.

America Segment

For the America segment, core businesses include selling phones manufactured in mainland China and Vietnam to a prominent U.S.-based Internet customer which is a major customer, as well as providing robust after-market services. This major customer's strategic focus on expanding its geographical reach and enhancing its smartphone product line has led to a stronger market presence and shipment growth across multiple markets, despite industry-wide headwinds. The Group maintains a longstanding partnership with this customer, providing comprehensive engineering and manufacturing services to support the delivery of premium smartphones that meet high standards for reliability and performance. To mitigate regional concentration risks, the Group leverages its competitive geographical advantages and operational excellence to support this customer across various markets.

Regarding the service business, they encompass reverse logistics, repair, and refurbishment for OEMs and carriers, along with manufacturing services in the North American region. These offerings deliver integrated solutions, providing American customers with end-to-end value-added manufacturing services and after-market services that cover the entire product life cycle through the Group's entities in the U.S. and Mexico.

Driven by increased phone shipments to a major smartphone customer and others, the Group's revenue in the Americas segment reached US\$598.6 million in the current period — an increase of US\$56.9 million, or 10.5%, from US\$541.7 million in the same period last year. In anticipation of significant U.S. tariff hikes on goods imported from China, some customers advanced their shipment schedules in the first half of 2025. The announced 90-day pause on smartphone tariffs boosted first half sales, as consumers are likely to accelerate purchases ahead of a potential tariff reintroduction that could raise prices.

Additionally, the Group provides robust after-market services in the North American region, including reverse logistics, repair and refurbishment, and manufacturing services. These offerings deliver integrated, end-to-end value-added manufacturing services and after-market services that support American customers throughout the entire product life cycle. Over the past several years, the Group has invested in and upgraded its manufacturing capabilities at the Mexico site to prepare for potential demand growth amid global trade tensions and tariff challenges. Benefiting from the United States-Mexico-Canada Agreement (USMCA) free trade agreement, more customers are planning to expand manufacturing operations in Mexico. In response, the Group is optimising space utilisation at its Mexico site to meet rising demand from customers looking for more "Made in America" solutions. Furthermore, the Group is targeting opportunities in the medical and automotive industries. Starting with the provision of EMS, the Mexico site is in the process of obtaining International Automotive Task Force (IATF) 16949 and Food and Drug Administration (FDA) certifications. This will enable us to deliver comprehensive, end-to-end solutions to customers in both sectors.

BUSINESS REVIEW



DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

America Segment *(Continued)*

As a result of the sales growth and cost control, segment profit rose to US\$28.8 million, up from US\$11.5 million for the same period last year. Due to abovementioned favourable factors, the performance of the America segment had a positive impact on the Group's sales performance during current period. The Group will closely monitor the future development of this segment and assess the impact of this segment on the Group's overall performance and cash flow.

For more details, please refer to note 3 of "Revenue and Segment Information" to the unaudited condensed consolidated financial statements.

Peers

In the midst of the Group's transformation, the mobile phone business remains the major source of revenue. For better understanding, the Group has divided the peers into casing business and EMS business. In recent years, mainland China domestic labour costs and turnover rate have risen sharply, yet the efficiency of factory operations has not increased correspondingly, and the cost advantage of mainland China is no longer comparable with other countries in Southeast Asia like Vietnam and India. Besides, the smartphone market has already become very competitive and saturated. As a matter of fact, the Group's peers have already shifted their business to non-mobile phone products to improve profit margins and reduce operational and dependency risks.

Notably, affected by the adverse operating environment in the casing business and weak consumer electronics market, how quickly the Group's peers adapt to business changes has become a major criterion of success. In the first half of 2025, other than the seasonality effect, the profit among the Group's casing business peers continued to decline, primarily led by an oversupplied market and sluggish demand in consumer electronics goods.

As for the system assembly business of the OEM business model, it has a lower barrier to entry and lower profit margins compared to the casing business, and the capital required for operations is relatively high. In the highly competitive Chinese market, some peers are actively establishing production capacities outside of mainland China and are putting more effort into other high-margin and high-growth businesses, even leveraging their resources to expand into new industries. At the other extreme, a former peer of the Group, which had once been the largest Android smartphone ODM supplier, divested its ODM business after reassessing its strategic direction and the geopolitical landscape, shifting its focus to the semiconductor sector. As for other peers in the EMS business, they kept the same strategy by expanding into the other high-growth, high-margin business, including automotive electronics, intelligent cockpit systems, intelligent driving systems, AR (Augmented Reality)/VR (Virtual Reality)/MR (Mixed Reality)/XR (Extended Reality) devices, robotics and servers. One of the peers reported a double-digit growth in both revenue and profit, primarily driven by the mass production and shipment of its robotics, AI server thermal solution and other high-margin businesses. Another peer also reported significant revenue growth, primarily driven by its EV business. In summary, due to various external influences such as political tensions and sluggish demand, many of the Group's peers have adjusted their product and customer mix, as well as their overall business strategies. They have gradually reduced their dependence on the mobile phone business and developed alternative sales engines to adapt to the changing market conditions.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Peers *(Continued)*

The Group has been closely monitoring market movements and continually optimising capacity utilisation in mainland China, India, and Vietnam, with enhancing the Group's vertical integration capabilities and aggressively developing new products and services for diverse customer segments including automotive electronics, smart manufacturing, and manufacturing equipment/robotics. In the casing business, the Group aims to diversify customers, products, and manufacturing sites, and is enhancing technology, processes, and materials, focusing on mechanical engineering strengths crucial for success, aiming to improve quality, efficiency, and customer responsiveness, while cutting mould cycle times and costs. As for EMS business, peers continued to expand their overseas capacities to overcome rising geopolitical tensions. To maintain its first-mover advantage and remain competitive in this evolving landscape, the Group would keep optimising and expanding its capabilities to meet the needs of different customers.

Investments

On the basis that the value of each of the investments mentioned below as of 30 June 2025 was less than 5% of the Group's total assets as at 30 June 2025, the Company does not consider any such investment as a significant investment for the purposes of the Listing Rules.

Investments in Business relating to Nokia-branded Products

On 18 May 2016, the Group entered into an agreement with Microsoft Corporation (as seller) and HMD (as other purchaser) to acquire certain assets of the Nokia-branded feature phone business then operated by Microsoft Corporation, comprising a manufacturing facility in Vietnam and certain other assets that were optimise in the conduct of such feature phone business at a total consideration of US\$350 million (US\$20 million of which being payable by HMD). This transaction resulted to a goodwill of US\$79.4 million. Due to the unsatisfactory performance in 2018 and based on the valuation carried out by an independent professional valuer, the Group has fully impaired the goodwill of US\$79.4 million in its financial statements of 2018.

In August 2020, the Group purchased US\$38.3 million worth of HMD's convertible bonds (the payment of which was deemed to be made through outstanding receivables of an equivalent amount). The convertible bonds were fully converted and currently, with the previous investments, the Group's total investment represented 14.38% of HMD's total issued shares.

With reference to the valuation carried out by independent professional valuers, the management has assessed the fair value of the investment in HMD as at 31 December 2024.

The investment team will continue to monitor the progress of its fund raising and business performance and liquidity.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Investments *(Continued)*

Other Investments

As the Group has been expanding in different industries in recent years, strategic investment is one of the movements to develop new businesses and diversify the dependency on mobile phone and single customer.

For exploring more opportunity and business in Vehicle-to-Everything (“V2X”) industry, the Group has made significant development. On 31 December 2021, the Group has closed the deal and introduced Stellantis N.V. (“Stellantis”), world’s number 4 leading automakers and mobility provider, to invest US\$40 million in Mobile Drive Group, which was automotive technology focused and wholly-owned by the Group. After closing, Mobile Drive Group has become a joint venture which is equally owned by the Group and Stellantis. The investment in Mobile Drive Group and the subsequent share of profits/losses of Mobile Drive Group will be accounted for by equity method in the Group’s consolidated financial statements. Combining with wide resource and solid experience from both sides, Mobile Drive Group would rely on the expertise in wireless communication and automotive industry to focus on the software and hardware integration in smart cockpit and in-vehicle infotainment system, delivering the disruptive in-vehicle V2X solution to the entire industry, and the Group would become the strongest anchor partner to provide all the supports from the hardware manufacturing side.

Augentix Inc (“Augentix”), founded in 2014 in Taiwan, is a fabless multimedia System on Chip (“SoC”) design company offering proprietary algorithms products with efficient intelligent vision applications. Thus, since the product introduction, it has been widely used in the field of home IoT, professional IP camera, and consumer surveillance by leading brands around the globe. Additionally, Augentix is extending its product offering to SoC solutions for automotive cameras, actively expanding the product mix. The consolidated revenue of Augentix for the full year 2024 has notably represented a 98% increase compared to 2023. The Group invested around US\$0.7 million in Augentix by subscribing Augentix’s convertible note in December 2019 and the note has been fully converted to common shares in November 2020. Through this investment, the Group expects a deeper collaboration with Augentix to further develop in IoT and V2X industry. In the end of 2024, Augentix has successfully completed an anchor round of financing to reinforce its cash position and financial strength. With the financing support, Augentix is expected to expand its business scope and show notable growth this year. As of 30 June 2025, the Group’s stake in Augentix is 0.92% on a fully diluted basis.

Gengde electronics Co., Ltd. (“Gengde”), founded in 2009 in mainland China, specialises in design and processing of components and moulds for smartphones, laptops, and wearable devices. With exceptional design capabilities and advanced processing techniques, Gengde has become a key supplier for leading smartphone brands in mainland China, leveraging extensive production resources across the country. In 2015, the Group invested approximately US\$4 million in Gengde through equipment valuation, sharing resources to expand the consumer electronic product business in mainland China. Since 2023, Gengde has delivered solid growth in both revenue and profitability. In 2024, the company further strengthened its performance and secured strategic investment. As of May 2025, Gengde has achieved revenue of over RMB1.5 billion and net profit exceeding RMB140 million, continuing its strong upward trajectory.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Investments *(Continued)*

Other Investments (Continued)

Kai Hong Energy Co. (“Kai Hong”) is a green energy investment platform established in Taiwan in 2024 by CDIB Capital Group and Hon Hai. It is the pioneer of cross-industry collaboration between the financial and technology sectors in Taiwan. The primary investment targets are in the fields of solar energy, wind energy, and energy storage, aiming to assist enterprises in achieving net-zero carbon emission goals. Kai Hong has attracted the favour of many investors, including companies from the panel, memory, automotive, semiconductor foundry, electronic manufacturer and financial industries. The Group committed to investing US\$3.85 million in Kai Hong and completed the second capital injection in the second half of 2024. As of the first half of 2025, Kai Hong has committed to investing in four projects, representing a combined installed capacity of approximately 223MW and is currently reviewing a 30MW Type III Rooftop Solar Power Plant project. Kai Hong is also pursuing discussions for five additional solar power projects and remains committed to identifying new opportunities, aiming to finalise evaluations and secure new investments by the second half of 2025. By stepping into the sustainable development of the green energy industry, the Group hopes to secure a stable supply of green electricity to achieve the RE100 (100% renewable electricity) goal in the coming years.

The Group also made certain investments in other companies designated as FVTOCI mainly in mainland China, India and U.S. in the past few years. In mainland China, the Group’s investments primarily focused on the smart home, smart healthcare, AR, and robotics fields, including a smart home company that provides smart door locks and other IoT products, a technology company that provides educational robots, a company that provides medical devices for people with myopia, and a company that provides AR glasses and components. In India, the Group’s investments mainly include a data-driven advertising technology company. In U.S., the Group’s investments mainly include a digital photography company that has developed a multi-lens and multi-sensor camera designed for embedding in automotive fields, and a high-end Android smartphone company led by a group of experienced experts in the mobile industry. These investments are intended to enhance the Group’s long-term competitiveness and technological capabilities.

AceVector Limited (“AceVector”, formerly known as Snapdeal) is a digital commerce company operating across three key verticals: marketplace operations (Snapdeal), e-commerce enablement services (Unicommerce), and consumer brands (SBPL). The Group invested approximately US\$200 million in AceVector in 2015. In the first half of 2025, AceVector witnessed a solid operating momentum, its marketplace business delivered 11% growth in units compared to January 2025 and a strong 50% YoY growth recorded in June. Unicommerce advanced its strategic roadmap by acquiring a 47.51% stake in Shipway in December 2024 and obtained shareholder approval in March 2025 for the full acquisition, which is currently pending regulatory clearance. In the consumer brands segment, the women’s ethnic wear brand “Rangita” expanded its offline retail footprint from 4 to 7 stores, all operating at a positive EBITDA, while also improving contribution margins from its online channel. As of 30 June 2025, the Group holds a 3.80% stake on a fully diluted basis.

Among the characteristics that the Group looks for in determining the attractiveness of investment candidates are complementary technology ancillary to and in support of the Group’s business operations and new business including IoT; favourable long-term growth prospects; and cultural fit with the Group. The Group has an experienced investment team and has prioritised investments of comparatively low risks and with long-term growth prospect which may take years before the investment can be realised. While being prudent in risk management, the Group aims to improve overall return on assets and enhance long-term shareholder value through carefully selected

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Investments *(Continued)*

Other Investments (Continued)

investments. As a whole, the Group will be cautious on expanding its investment portfolio to create synergies but at the same time to cope with the possible uncertain economic environment and volatility of the capital market. At this stage, the Group does not currently have any plan for a significant investment contemplated by the Listing Rules.

As at 30 June 2025, the fair value of the Group's equity investments designated as FVTOCI was US\$52.8 million, which represented 1.3% of the Group's total assets.

Save as disclosed in this report, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associates and joint ventures during the current period.

Compliance with Relevant Laws and Regulations

During the current period, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the Group, examples of which include those relating to employment, anti-bribery, environmental protection, foreign investment, taxation, import and export, foreign exchange control and currency conversion restrictions and repatriation controls on foreign earnings, and intellectual property in the principal jurisdictions in which the Group's operations and investments are situated, and (as the shares of the Company have been listed and traded on the Stock Exchange) applicable requirements under the Listing Rules and the SFO.

The Group has been operating multi-nationally (coupled with investments) across its principal operating segments, namely Asia, America, and Europe. In particular, the Group's legal structures and investment structures, funding arrangements, business models, supply chain, and general operations have been structured and optimised in a tax efficient, cost-effective, and robust manner, taking into account (among other things) commercial and financial considerations and applicable legal/regulatory requirements in the relevant jurisdictions. The Group's major operating subsidiaries fall under different tax regimes in mainland China, Taiwan, India, Vietnam, Mexico, and the United States, where different tax laws, regulations, as well as specific concessionary incentives apply.

The Group takes into account relevant laws and regulations on global transfer pricing to ensure the efficiency and sustainability of its operating models and global tax footprint, as well as to maintain adequate tax risk management. During the current period, apart from the following, there were no major changes in applicable tax laws and regulations which have a significant impact on the Group's tax expenses, and the Group will continue to monitor possible impacts and implications arising from applicable new and/or revised tax laws and regulations. Also, the Group has been closely following the global and local level developments following the Base Erosion and Profit Shifting ("BEPS") Action Plans of the Organisation for Economic Cooperation and Development ("OECD"). The Group is committed to duly comply with applicable laws and regulations introduced or updated in relation to the BEPS Action Plans, as well as fulfilling the relevant documentation requirements stipulated by the local transfer pricing rules, global minimum taxation rules under Pillar Two, and Country-by-Country Reporting ("CbCR") obligations in the jurisdictions where the Group operates. The Group falls within the CbCR scope and the Pillar Two scope of the Company's ultimate controlling shareholder, Hon Hai, for such purposes. Of particular relevance under Pillar Two, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was enacted in Hong Kong on 6 June 2025 to implement the Global Anti-base Erosion ("GloBE") rules and the Hong Kong Minimum Top-up Tax ("HKMTT"). The Income Inclusion Rule under the GloBE rules and the HKMTT have taken effect for fiscal years beginning on or after 1 January 2025.

DISCUSSION AND ANALYSIS *(Continued)*

Compliance with Relevant Laws and Regulations *(Continued)*

During the current period, as advised by the relevant local legal and tax departments of the Group, the newly promulgated local laws and regulations applicable to the Group's operations in the mainland China, India and Vietnam (being the jurisdictions which are considered, in terms of the scale of businesses and operations as well as the number of employees, factory units and office units, to reflect the comparatively significant impacts of the Group's overall business unit/group operations) that have a significant impact on the Group are highlighted and summarised as follows:

Mainland China

In relation to the mainland China value-added tax ("VAT"), please refer to the background and previous developments as described in page 116 of the Company's 2023 interim report as issued and published on 14 September 2023. On 25 December 2024, the VAT of the People's Republic of China was passed by the Standing Committee of the 13th session of the 14th National People's Congress and will take effect on 1 January 2026. Major changes in the new VAT law compared to previous regulations include incorporating the protection of taxpayers' rights into the legislative purpose, clarifying the standards for defining "taxable transactions within mainland China" and statutory non-taxable situations, promoting the implementation of electronic invoicing, requiring that VAT amounts be separately listed on transaction vouchers per the State Council's regulations, allowing the option to retain or refund excess input VAT over output VAT, and specifying the scope of non-deductible input tax. The implementation of the new law may impact certain business operations, such as the deductibility of loan services and the simplified taxation for legacy real estate projects. Ongoing attention to supplementary and detailed regulations will be necessary. In light of the foregoing, during the transition period, the Group's subsidiaries in mainland China must thoroughly study the VAT law, closely monitor subsequent detailed rules or implementing regulations, and promptly adjust execution strategies to ensure compliance with the new legal framework.

The revised Company Law of the mainland China (hereinafter referred to as the "New Company Law") and the "Regulations of the State Council on the Implementation of the Registered Capital Registration Management System of the 'Company Law of the People's Republic of China'" (hereinafter referred to as the "Regulations") have been implemented on 1 July 2024. The New Company Law and the Regulations have had a universal impact on all mainland China companies (including foreign-invested entities) since their promulgation and implementation, covering substantial changes in areas such as corporate governance, capital contribution, management responsibilities, corporate information disclosure, corporate litigation, and registrations. In particular, the governance structures and constitutional documents of the Group's mainland China subsidiaries being foreign-invested entities (Group FIEs), together with their respective business, legal or compliance models and practices, shall be adjusted to accommodate the corresponding requirements under the New Company Law, which may imply additional costs of legal/regulatory compliance. Pursuant to the New Company Law and the Regulations, the Group will continue to take into account the actual circumstances, and ensure that the Company's operations would comply with the New Company Law and the Regulations through measures such as revising the articles of association of the Company in force for the time being (the "Articles"), optimising the governance structure, and strengthening the responsibilities of directors, supervisors, and senior executives, etc. At the same time, it is also necessary to pay close attention to subsequent legislative trends and detailed regulations of the regulatory authorities, and adjust implementation strategies in a timely manner to ensure a smooth transition.



DISCUSSION AND ANALYSIS *(Continued)*

Compliance with Relevant Laws and Regulations *(Continued)*

Mainland China *(Continued)*

In respect of the mainland China Foreign Investment Law which took effect on 1 January 2020 (FIL), please refer to the background and previous developments as described in page 116 of the Company's 2023 interim report as issued and published on 14 September 2023. Apart from the FIL enacted in 2020, "Regulation for Implementing the Foreign Investment Law of the People's Republic of China" (hereinafter referred to as the "FIL Regulation") has also been implemented on 1 January 2020, to ensure the effective implementation of FIL. FIL Regulation includes detailed provisions aimed at safeguarding the legal interests of foreign investors, establishing a comprehensive regulatory framework, including compliance with the Negative List for Foreign Investment, and facilitating foreign investment. In particular, the governance structures and constitutional documents of the Group FIEs, together with their respective business, legal or compliance models and practices, shall be adjusted to accommodate the corresponding requirements under the mainland China Company Law, which may imply additional costs of legal/regulatory compliance. According to the Company Law, group foreign-invested enterprises in the form of companies with limited liability registered and established before 30 June 2024, are granted a 8-year transition period (i.e. 1 July 2024 to 30 June 2032) for compliance with the mainland China Company Law in effect at that time; group foreign-invested enterprises in the form of companies limited by shares registered and established before 30 June 2024, are granted a 3-year transition period (i.e. 1 July 2024 to 30 June 2027) for compliance with the mainland China Company Law in effect (currently the New Company Law. With effect from 1 July 2024, if a newly established group foreign-invested enterprises is established in the form of a company with limited liability, the capital contribution shall be paid in full within five years from the date of establishment of the company; if it is established in the form of a company limited by shares, the founders should pay the full amount of the shares subscribed by them before the establishment of the company, in order to comply with the mainland China Company Law currently in effect (currently the New Company Law). As mentioned above, the Group FIEs have been assessing the impacts of the FIL, FIL Regulation, and (as mentioned above) the New Company Law and (as appropriate) will devise and implement appropriate corporate initiatives and actions.

India

The Ministry of Electronics and Information Technology has released the draft Digital Personal Data Protection Rules, 2025, which have been circulated for public and stakeholder comments.

After considering the suggestions and objections received, the Government of India will finalise and publish the rules in their official Gazette. Subsequently, the Digital Personal Data Protection Act, 2023 ("DPDP Act") will come into effect. The Group will closely monitor the implementation of the Act.

The DPDP Act has significant implications for the Indian electronics industry. It requires businesses to obtain explicit consent before collecting and processing personal data, mandates robust security measures, and enforces strict penalties for noncompliance. As a result, electronic companies must handle user data with greater transparency, accountability, and respect for individual privacy.

As of now there is no immediate impact of new laws affecting the electronic manufacturing industry.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Compliance with Relevant Laws and Regulations *(Continued)*

Vietnam

On 29 November 2023, the Vietnam National Assembly issued the Resolution No. 107/2023/QH15 on application of additional corporate income tax in accordance with the GloBE Rules on Global Minimum Tax ("GloBE Rules"), becoming effective from 1 January 2024. As appropriate, additional taxes will be imposed on the taxable income (if any) of the Group's Vietnamese subsidiaries and paid by the end of 2025 to comply with global minimum tax standards, aligning Vietnam's tax policies with international norms. This may increase tax costs of the Group's Vietnamese subsidiaries. However, the Vietnamese government is also developing policies to amend the local corporate income tax law to support businesses (including those of the Vietnamese subsidiaries) which have been adversely affected by the imposition of the aforesaid additional corporate income tax pursuant to the GloBE Rules.

In relation to the policy of reduction of VAT from 10% to 8% which took effect from 1 July 2023, please refer to the background and previous development as described in pages 116 and 117 of the Company's 2023 interim report as issued and published on 14 September 2023. According to the Vietnamese Assembly's Decree Resolution No. 174/2024/QH15 dated 30 November 2024, the said policy will continue to be applicable from 1 January 2024 till 30 June 2025. It follows that the Group's Vietnamese subsidiaries and their customers could continue to enjoy the cost-saving benefits derived from such VAT reduction for a longer period. On 8 March 2025, the Government issued Resolution 46/NQ-CP. In alignment with the directives in Resolution 46/NQ-CP, the Ministry of Finance has developed a draft resolution proposing a 2% reduction in Value Added Tax (VAT) from 1 July 2025 to 31 December 2026. This proposal will be submitted to the National Assembly during its 9th Session.

In addition, on 30 June 2024, the Vietnamese government issued Decree 74/2024/ND-CP ("Decree No. 74"), regulating the regional minimum wage ("RMW") for employees working under labour contracts, effective 1 July 2024. Decree No. 74 establishes different minimum hourly and monthly wages for the four designated areas in Vietnam. The Group's Vietnamese subsidiary, Fushan, has implemented Decree No. 74. Consequently, as Fushan is located in Area II, it has adopted the RMW of 4,410,000 Vietnamese Dong ("VND") per month and 21,200 VND per hour, resulting in an approximate 6% increase in labour costs. The rise in labour costs constitutes a minimal proportion of the total annual employment expenses.

On 6 January 2025, the Vietnamese government issued Decree No.05/2025/ND-CP amending Decree No. 08/2022/ND-CP dated 10 January 2022, thereby aiming to reform administrative procedures for people and businesses by reducing the number of subjects required to carry out administrative procedures in the environmental field, review and promote decentralisation and delegation of authority to localities to handle a number of environmental administrative procedures under the authority of the Ministry of Natural Resources and Environment, and amend to facilitate the implementation of new regulations and policies on environmental protection. Accordingly, Fushan may enjoy simpler environmental administrative procedures.

The Group will continue to monitor compliance with all these relevant laws and regulations on an on-going basis.



DISCUSSION AND ANALYSIS *(Continued)*

Share Consolidation

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 16 May 2025, the Share Consolidation on the basis of every ten (10) issued and unissued shares of a par value of US\$0.04 each in the then existing share capital of the Company be consolidated into one consolidated share of a par value of US\$0.40 each in the existing share capital of the Company became effective on 20 May 2025. For details, please refer to the Company's announcements dated 10 April 2025 and 16 May 2025 and the Company's circular dated 17 April 2025.

Liquidity and Financial Resources

The Group centrally manages its funding and treasury activities in accordance with corporate policies. The primary objectives are to ensure appropriate levels of liquidity, maintain adequate funds available for working capital or other investments at reasonable costs required to grow business growth, balance exposures to market risks, uncertainties, and volatilities. Additionally, the Group implements hedging strategies to mitigate foreign exchange risk. It also focuses on reducing external borrowings to lower interest expenses, preserving a healthy capital structure, staying updated on regulations affecting treasury operation, and ensure compliance with financial reporting standards.

As at 30 June 2025, the Group had a cash balance of US\$775 million (31 December 2024: US\$1,516 million) and bank deposits of US\$286 million (31 December 2024: US\$169 million). Free cash flow, representing the net cash used in operating activities of US\$375 million (31 December 2024: net cash from operating activities of US\$362 million) minus capital expenditure of US\$42 million (31 December 2024: US\$125 million), was US\$417 million outflows (31 December 2024: US\$237 million inflows). This outflow was primarily due to an increase in inventory level associated with the expected shipment hike in the third quarter, and collections from trade receivables exceeding payments on trade payables. The Group possesses ample cash to finance its operations and investments. The Group's gearing ratio, calculated as a percentage of interest-bearing external borrowings of US\$130 million (31 December 2024: US\$341 million) over total assets of US\$4,058 million (31 December 2024: US\$3,822 million), stood at 3.2% (31 December 2024: 8.9%). All external borrowings were denominated in USD (31 December 2024: USD). The Group borrowed as per actual demand, with no committed bank borrowing facilities and no seasonality of borrowing requirements. To reduce our bank loans and thereby lower interest expenses, we will increase engagement in global cash management. This involves repatriating funds from subsidiaries without new investment plans back to the parent company. Before repatriating profits from Chinese or overseas subsidiaries, the Group will comply with the applicable local laws and pay the required taxes. The outstanding interest-bearing external borrowings were all at a fixed rate ranging from 4.67% to 4.72% (31 December 2024: fixed rate ranging from 4.90% to 5.15%) per annum, with an original maturity of one month (31 December 2024: one month). As at 30 June 2025, the Group's cash and cash equivalents were predominantly held in USD, RMB and INR (31 December 2024: USD, RMB and INR).

Net cash used in operating activities during the current period totalled US\$375 million. Net cash used in investing activities during the current period was US\$155 million, of which, mainly comprising, US\$42 million in the expenditures on property, plant and equipment related to the facilities at the Group's major sites in mainland China, Vietnam and India; US\$117 million in net cash outflow to bank deposits; US\$0.3 million for the purchase of equity instruments at fair value through other comprehensive income (FVTOCI), and US\$3.7 million in proceeds from the disposal of property, plant and equipment. Net cash used in financing activities during the current period was US\$229 million, primarily due to a net decrease in bank borrowings of US\$211 million, payments for the repurchase of ordinary shares amounting to US\$3.8 million, interest paid on bank borrowings of US\$14 million, and repayment of lease liabilities totalling US\$0.1 million.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Exposures to Currency Risks and Related Hedges

As inflation has reached a 40-year high in U.S., the FED has consistently raised interest rates to counter the negative impacts of inflation. Consequently, the USD has strengthened against all other major currencies around the world. To mitigate foreign exchange risks, the Group actively employs both natural hedging technique and financial methods to manage its foreign currency exposures. This includes entering into short-term forward foreign exchange contracts (usually with tenors of less than four months) from time to time to hedge against the currency risks arising from its operations and investments denominated in foreign currencies.

Capital Commitments

As at 30 June 2025, the capital commitments of the Group were US\$7 million (31 December 2024: US\$22 million). Typically, the capital commitments were funded by cash generated from operations.

Pledge/Charge of Assets

There was no pledge nor charge on the Group's assets as at 30 June 2025 and 31 December 2024.

Contingent Liability

There was no material contingent liability for the Group as at 30 June 2025 and 31 December 2024.

Donations

For the six months ended 30 June 2025, the Group made donations for charitable or other purposes to a total amount of approximately US\$2,000 (for the six months ended 30 June 2024: approximately US\$4,000).

Outlook and Industry Dynamics

Industry Dynamics

Macroeconomic Headwinds

The global economic outlook for the remainder of 2025 presents a fragile landscape, with elevated trade tensions, policy uncertainties, and regional conflicts continuing to pose substantial risks. According to World Bank's Global Economic Prospects Report published in June 2025, global economic growth is forecast to slow to 2.3% for 2025, nearly half a percentage point lower than the rate that had been projected at the beginning of the year. Other factors that might dampen economic growth include declining business and consumer confidence, and persistent inflation driven by higher trade costs. For major economies, the U.S. is expected to experience further deterioration, due to the tariff rate on imports and retaliation measures from other countries, which might continue to weigh on household consumption and investment activity. Meanwhile, Mainland China is also facing slower growth, influenced by high trade barriers with the U.S. and the ongoing adjustment in the real estate sector. While the increased export to other countries and policy support may mitigate some of the impact on trade, the uncertain external demand for Chinese exports could still exert a negative effect on the broader economy.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Industry Dynamics *(Continued)*

ODM/OEM/EMS Industry Review and Challenges

The ODM/OEM/EMS industry has faced a mixed landscape in 2025. While the first half of 2025 saw a strong pull-in momentum and drove significant growth, the rapidly evolving economic environment and potential supply chain disruptions stemming from geopolitical tensions have contributed to a more cautious industry outlook.

Beyond these external factors, the industry continues to grapple with long-standing structural challenges, including low entry barriers, razor-thin profit margins, and intense competition. At the same time, a shortage of skilled labour, rising demand for customised products and rapid technological advancements have heightened pressure to innovate while remaining cost-effective. In this context, automation and AI have become essential tools to enhance efficiency, quality, and scalability. However, the high upfront investment required remains a key barrier for many companies.

The growing emphasis on sustainability and green manufacturing has further driven the industry to reassess its production methods, adopt renewable energy solutions, implement waste management practices, and invest in new equipment to meet evolving customer demands. These shifts further necessitate the industry's swift responses to maintain production capacity.

In response, the Group has implemented a comprehensive strategy to sustain its competitive edge. This includes accelerating automation efforts, developing advanced industrial robotics, and constructing smart factories to boost production efficiency. The Group's global presence allows it to mitigate geopolitical risks by flexibly adapting its production strategies. Furthermore, the Group has intensified efforts to monitor economic conditions and consumption trends while enforcing stringent cost management measures.

Business Related Market Outlook

Smartphone Market Outlook

According to the International Data Corporation ("IDC") report published in July 2025, global smartphone shipments in the second quarter of 2025 increased by 1% year-over-year to 295.2 million units, representing the eighth consecutive quarter of growth driven by innovative designs and the growing integration of AI. Even though the smartphone market remained positive, tariff volatility and foreign exchange instability contributed to uncertainty, while rising unemployment and inflation across various regions dampened consumer demand — particularly in the low-end segment. Meanwhile, the smartphone market in China saw a 1% drop in the second quarter. As for the full-year year forecast, the IDC report revealed in May 2025, global smartphone shipments are now expected to grow by just 0.6% year-over-year to 1.24 billion units. This marks a downward revision from the former forecast of 2.3% growth in February 2025. The adjustment reflects heightened uncertainty, tariff volatility, and broader macroeconomic challenges, including inflation and rising unemployment that have weakened consumer spending across many regions.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Business Related Market Outlook *(Continued)*

Smartphone Market Outlook *(Continued)*

The fierce competition, particularly from ODM/OEM/EMS peers, has created additional pressure on the Group's business. This competitive landscape may slow new customer acquisition, especially among rapidly growing smartphone vendors. Furthermore, the Group faces competition from the manufacturing operations of its current and potential customers, who constantly evaluate the advantages of in-house manufacturing versus outsourcing, and OEM versus ODM models. Moreover, the smartphone industry's dynamic and competitive nature has led to industry consolidation. This consolidation has resulted in larger, more geographically diverse competitors with significant combined resources, intensifying competition against the Group and potentially pressuring the supply chain. These developments have impacted the Group's sales, sales mix, and customer mix, potentially leading to margin pressure, reduced market acceptance of its services, profit compression, and loss of market share.

To address these challenges and mitigate the impact of price erosion on gross margins, the Group has implemented several strategies. It has maintained a lean and agile structure through restructuring and organisation optimisation. Additionally, the Group has shortened the cycle time of new product development to align with customers' product launch schedules and reduce time to market. Moreover, it will continue to develop three main business categories to prioritise new customer development and cost optimisation. The Group will continually monitor market competition conditions to respond effectively to industry changes.

Automotive Electronics Market Outlook

According to The International Energy Agency's ("IEA") Annual Global EV Outlook published in May 2025, global sales of electric cars are on track to surpass 20 million in 2025, accounting for over a quarter of cars sold worldwide. Despite economic headwinds affecting the broader automotive sector, EVs are expected to continue experiencing strong global growth. This surging demand for EVs is a key driver behind the expansion of the automotive electronics market. Government subsidies and increasingly stringent environmental policies are also contributing to the sector's momentum.

The automotive industry has been steadily advancing toward the CASE (Connected, Autonomous, Shared & Services, Electric) trends. With the rapid development of AI, these trends are becoming increasingly tangible, as seen in the adoption of ADAS, sensor technologies, and smart cockpits. Meanwhile, the development of Software-Defined Vehicles ("SDV") has gained significant traction. By enabling software to control core functions and allowing over-the-air ("OTA") updates, SDVs offer the potential for faster innovation cycles and more flexible feature upgrades. However, this shift also presents new technical challenges for traditional automakers, including functional safety, cybersecurity, and the complexity of centralised computing architecture. Moving from distributed Electronic Control Units ("ECUs") to domain or centralised controllers demands not only a redesign of automotive electronics but also advanced processing capabilities. This transformation opens the door for suppliers in the automotive electronics industry to play a more strategic role, particularly in delivering integrated, high-performance solutions that support SDV architectures.

Leveraging the Group's competencies in independent design, high-quality manufacturing, and system integration capabilities, it has expanded its automotive electronics portfolio to include a wide range of solutions, from TCUs, IVI systems, to AI-enabled ADAS and HPC. Our proven capabilities in hardware-software integration enable us to adapt swiftly to the rising demands of AI-powered and SDV. In response to growing client needs, the Group's fully automated production lines ensure scalability, speed, and uncompromised product quality.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Risk and Opportunities in 2025

Macroeconomic Risk Factors

- (I) The Group's success depends on its customers; however, its customers' outsourcing strategies continue to change in response to the general economy, government policy and end consumer demand. The prolonged high interest rates and shifts in consumer confidence have dampened consumer spending, affecting demand for consumer electronic goods, particularly for mobile phones, a market that is already saturated.
- (II) The geopolitical landscape remains fraught with tensions that continue to impact global trade. Ongoing disputes between major economies and escalating regional and global conflicts are reshaping international relations and business environments. The Russia-Ukraine conflict, U.S.-China tensions, and the escalating conflicts in the Middle East, all have influenced and continue to impact global trade, energy supplies and investor confidence. The sanctions, trade barriers, and shifts in global alliances also push supply chain issues and further strain global markets. These factors are destabilising economies, influencing supply chains, and reducing consumer purchasing power thereby dampening overall demand and adding a layer of uncertainty to market dynamics.

Industry-Specific Risk Factors

- (I) As mobile phones have become commoditised and highly homogenised with standardised specifications, the low entry barriers have made the contract manufacturing industry increasingly crowded with numerous global and regional players. The mobile phone ODM/OEM sector now faces intense market competition, surplus capacity among peers, and reduced bargaining power with the shrinking number of brand customers. All of these factors have sustained pricing pressure high and led to unprecedented gross margin erosion to the Group.
- (II) The sales recovery of the Group has been constrained by already challenging smartphone market conditions, which have been exacerbated by sluggish demand caused by inflationary pressures, prolonged high interest rate, consumption downgrades, extended phone replacement cycles, and the incremental upgrades in hardware and features that make differentiation harder, thereby intensifying competition.
- (III) Coupled with these challenges, the automotive industry segment is encountering significant headwinds, driven by the aggressive price competition and advancement in EV from Chinese brands. Chinese government support and cost-effective production have led to market oversupply and intense pricing pressure and this dynamic has not only constrained the Group's potential for growth and profitability but also presents a considerable risk of margin compression.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Risk and Opportunities in 2025 *(Continued)*

Customer Related Risk Factors

- (I) Some customers may insource previously outsourced production or reallocate future orders to optimise internal capacity and reduce costs. The increasing frequency of such shifts — whether through insourcing, diversion of business to competitors, or intensified pricing negotiations — may result in reduced sales volumes and necessitate further restructuring or organisational streamlining. In a market characterised by excess manufacturing capacity, subdued and shrinking demand, and heightened competition, maintaining bargaining power with key customers remains challenging. Moreover, aggressive pricing competition from peers, particularly in mainland China and India, continues to compress margins and limit revenue growth potential. These dynamics pose ongoing risks to the Group's profitability, market share, and operational stability.
- (II) Customer concentration poses risks, as the Group strategically works to improve its customer portfolio, the Group lost customers. Those changes led its factories to become increasingly underutilised, and the Group has already been consolidating the sites.

The Group is actively developing new customers and products, diversifying beyond mobile phones into new areas with strong growth potential. However, building relationships with new customers carries inherent risks, as their untested products may fail to gain market acceptance, potentially affecting demand forecasting and inventory planning. Furthermore, many emerging technology fields are often driven by startups, whose financial conditions may present credit risks. The Group closely monitors credit exposure, payment delays, and potential default risks to mitigate these challenges.

- (III) Due to its own capacity planning, Hon Hai may adjust its outsourcing strategy, insource operations, and reduce or even terminate its business with the Group.

Other Risk Factors

- (I) Regarding cyber risk, the Group has established an information/cyber security policy to protect financial data and business information. Employees are required to follow an IT department's handbook to manage cybersecurity risks and ensure network control. The IT department has also implemented procedures for immediate response in the event of a cyber-attack. All computer servers operate within a Local Network Area (Intranet) protected by a redundant firewall design. A Global Security Operation Centre (GSOC) continuously monitors the networks for potential threats and attacks, and the IT department provides monthly reports on cyber incidents. Additionally, a disaster recovery plan is in place to enable prompt and effective responses, minimise damages, and ensure continuity of business operations.
- (II) The Group faces financial impacts from its under-utilised and unutilised assets. To address this, it has been devising plans and implementing measures as part of its ongoing rightsizing/restructuring efforts, including site consolidation or possible disposal of any such assets, with the aim of improving overall financial health of the Group.

BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Risk and Opportunities in 2025 *(Continued)*

Other Risk Factors (Continued)

- (III) Changes in market/legal/regulatory/compliance/government/tax policy and the need to pay dividend withholding tax when remitting dividends to parent companies. The Group remits dividends to parent companies in compliance with applicable tax regulations, ensuring the payment of the relevant withholding tax. Pillar Two is part of the OECD's BEPS 2.0 project, which aims to ensure that multinational enterprises are subject to a minimum tax rate of 15% per jurisdiction regardless of where they operate. In respect of the year ended 31 December 2024, Pillar Two legislation was effective in certain jurisdictions in which the Group operates, such as Vietnam, and the current income tax exposure was assessed to be immaterial.

From 1 January 2025 and onwards, several other jurisdictions in which the Group operates have also effected the Pillar Two legislation, including Hong Kong. The implementation of Hong Kong Minimum Top-up Tax and Income Inclusion Rule in Hong Kong has brought the entire Group under Pillar Two. The Pillar Two effective tax rate and top-up tax are calculated on a jurisdictional basis for the entire group (i.e. the Hon Hai Technology Group). However, if there is any potential top-up tax for the entire Hon Hai Technology Group, it is possible that the Hon Hai Technology Group may further allocate or recharge the relevant tax to the respective entities that contribute to the top-up tax. The Group has made the necessary Pillar Two current tax provision for the current period, and would continue to actively monitor, analyse and assess the impact brought about by Pillar Two.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Opportunities

With all the efforts implemented in recent years, in the first half of 2025, the Group has witnessed promising business progress in smart manufacturing, automotive electronics, and manufacturing equipment/robotics business categories. The Group's presence at CES 2025 and WasteExpo 2025 attracted key industry stakeholders, fostering numerous collaboration opportunities with leading players. Beyond the successful mass production and shipment of the TCU, the Group has expanded its portfolio of automotive solutions to include cutting-edge products such as IVI systems, CCU, ZCU, HPC, and been in discussion with other automotive brand customers.

After the successful implementation of the Group's AI-enabled robotics solution, the FIH Robotics AI recycling Robot, at New Taipei City's first AI-based material recovery in Taiwan, several implementation project discussions have been initiated in the U.S. throughout 2024 and 2025. Undoubtedly, the AI expertise and automation technology the Group has developed over decades of manufacturing experience will provide a competitive advantage as it expands into other industries. Furthermore, the Group continued to advance its LEO UT efforts by expanding into Ka-band UT development based on its existing Ku-band UT capabilities and conducting field trials to validate product reliability and stability. Building on the recent significant achievements across its three business categories, the Group is committed to further leveraging manufacturing expertise, hardware/software integration, automation, AI and communication technology to enhance its customer base and expand our market share.



BUSINESS REVIEW

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

2H 2025 Outlook

In the dynamic and competitive business environment of 2025, the Group — supported by the board and management — has revisited its core strengths and implemented strategic initiatives across product and customer diversification, technology development, and business operations. These efforts are aimed at maintaining a lean structure and enhancing margin performance. The various factors described in the “Discussion and Analysis” section above, are expected to continuously impact the Group’s performance in 2H 2025 and ultimately the full year ending 31 December 2025 (FY 2025). Based on currently available information, the Company has revised its 2025 outlook and now believes there is a realistic likelihood of achieving 2025 sales comparable to those of 2024. Through the proactive exit from unprofitable or low-margin businesses and the optimisation of its customer portfolio, the Group has achieved improvements in gross margin. Additionally, through operating expense reductions and site consolidation, and improving efficiency, the Group is maintaining financial resilience. These initiatives are expected to contribute to improved financial results in FY 2025 compared to the same period last year.

From a business development perspective, the Group has actively expanded into growth areas such as automotive electronics, manufacturing equipment/robotics, and next-generation communication technologies. It continues to invest in both mid- and long-term technology advancement, automation capacity to meet customer demand, and overseas production to mitigate U.S. tariff risks. Additionally, efforts to develop new customers across industries are helping diversify both its product and customer base. R&D investment will be strategically allocated in alignment with the Group’s medium- to long-term development priorities, with balanced focus on both time horizons. Taken together, these initiatives are expected to yield positive outcomes in the coming years, including continued improvements in the Group’s operational and financial performance.

In the meantime, pursuant to applicable disclosure requirements laid down by the Taiwan Stock Exchange Corporation, Hon Hai is required to disclose in due course (which is currently expected to be in or about November 2025) certain unaudited consolidated financial information of the Group for the nine months ending 30 September 2025, and simultaneously upon such disclosure in Taiwan, the Company will announce the same financial information in order to facilitate timely dissemination of information to investors and potential investors in Hong Kong and Taiwan.

The Company wishes to take this opportunity to reiterate and explain that the Group’s quarterly performance may vary (possibly significantly) depending on various factors, including without limitation the following, individually and collectively, and some of which are beyond the Company’s control. The macroeconomic environment in the second half of 2025 will likely remain uncertain and challenging, with potential unforeseen changes in tariff impositions that could further impact costs, market dynamics, and global economy. New and unpredictable risks, challenges and threats may emerge from time to time, and it is not possible for the Company’s management to predict all such factors or to assess their impact on the Group’s business. Additional risks and uncertainties not presently known to the Company or not currently viewed as material might also affect the Group’s business, cash flows, results of operations and financial condition.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

OTHER INFORMATION

DIRECTORS

Pursuant to article 112 of the Articles, one-third of the directors of the Company for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third) shall retire from office by rotation at each annual general meeting of the Company provided that every director of the Company shall be subject to retirement by rotation at least once every three years. Pursuant to the approval of the Board on 7 March 2025 and the approval of the Company's shareholders on 16 May 2025, Mr. CHIH Yu Yang ("Mr. Chih") and Dr. KUO Wen-Yi ("Dr. Kuo"), both are executive directors of the Company, were re-elected in their capacity for a term commencing from 16 May 2025 and ending upon the conclusion of the relevant annual general meeting of the Company at which (among other things) their next re-elections are considered in accordance with the Articles. Mr. Chih and Dr. Kuo are entitled to annual emoluments consisting of basic salary of US\$220,000 and US\$393,000 respectively and a discretionary bonus to be determined by the Board from time to time with reference to the Company's performance, their duties and responsibilities with the Company, their contribution to the Company and prevailing market practice.

Pursuant to the approval of the Board on 15 May 2025, the Company granted 3,670,931 Old Shares (as defined hereinafter) and 3,330,971 Old Shares to Mr. Chih and Mr. LIN Chia-Yi (also known as Charles LIN) ("Mr. Lin") respectively under the Company's share scheme adopted on 19 May 2023 and subsequently amended by the Board on 7 March 2025 (the "Share Scheme"). Such share awards will be vested on 15 May 2026. For details, please refer to the Company's announcement published on 15 May 2025.

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 16 May 2025, the Share Consolidation on the basis of every ten (10) issued and unissued old shares of a par value of US\$0.04 ("Old Shares") each be consolidated into one (1) consolidated share of a par value of US\$0.40 ("Shares" or "shares") each took effect from 20 May 2025. According to the terms of the Share Scheme, the following adjustments to the number of Shares under the outstanding share awards (the "Adjustments") had been made upon the Share Consolidation becoming effective on Tuesday, 20 May 2025.

Grantee	Date of grant	Vesting date	Number of shares under the outstanding share awards	
			number of Old Shares (of a par value of US\$0.04 each) immediately before the Adjustments	number of Shares (of a par value of US\$0.40 each) immediately after the Adjustments
CHIH Yu Yang (executive director and Chairman of the Board)	20 September 2024	20 September 2025	1,546,358	154,635
	15 May 2025	15 May 2026	3,670,931	367,093
LIN Chia-Yi (executive director and Chief Executive Officer)	20 September 2024	20 September 2025	1,046,243	104,624
	15 May 2025	15 May 2026	3,330,971	333,097

OTHER INFORMATION

DIRECTORS (Continued)

Save for the Adjustments, all other terms and conditions of the outstanding share awards remain unchanged. For details, please refer to the Company's announcement published on 16 May 2025.

Pursuant to the recommendation of the remuneration committee of the Company and the approval of the Board on 16 May 2025, the basic salary of Mr. Lin for serving as the Chief Executive Officer and executive director of the Company was adjusted to US\$12,000 per month with effect from 1 January 2025. The basic salaries of all other directors of the Company remain unchanged.

Mr. Chih, Chairman of the Board and executive director of the Company, resigned as an executive director and chief executive officer of Mobile Drive Netherlands B.V. (a joint venture company incorporated in the Netherlands indirectly 50%-owned by the Company) with effect from 1 May 2025.

Ms. CHEN Shu Chuan (also known as Nadia CHEN), independent non-executive director of the Company, has been appointed as an independent director of Sinyi Realty Inc. (whose shares are listed on the Taiwan Stock Exchange Corporation) with effect from 21 May 2025.

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2025, the interests and short positions, if any, of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") adopted by the Company were as follows:

Name of director	Name of corporation	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company/ associated corporation
CHIH Yu Yang	The Company	Beneficial owner	4,585,602 ^(Notes 1 and 5)	0.5816%
	BFIH	Other	1 ^(Note 2)	0.00000004%
	CMCS ^(Note 3)	Beneficial owner	500	0.0007%
LIN Chia-Yi (also known as Charles LIN)	The Company	Beneficial owner	997,224 ^(Notes 4 and 5)	0.1265%
KUO Wen-Yi	The Company	Interest of spouse	70,000 ^(Note 5)	0.0089%
	Hon Hai	Beneficial owner	1,848	0.00001%
	Hon Hai	Interest of spouse	13	0.0000001%
CHANG Chuan-Wang	Hon Hai	Beneficial owner	17,000	0.0001%

OTHER INFORMATION



DISCLOSURE OF INTERESTS *(Continued)*

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures *(Continued)*

Notes:

1. As of 30 June 2025, Mr. Chih was holding 521,728 outstanding share awards (resulting in him being interested in 521,728 Shares) and 4,063,874 Shares of a par value of US\$0.40 each in the share capital of the Company.

On 8 March 2024 and 20 September 2024, Mr. Chih was granted a share award of 2,627,947 Old Shares (of a par value of US\$0.04 each) and 1,546,358 Old Shares (of a par value of US\$0.04 each) of the Company respectively under the Share Scheme of the Company resulting in him being interested in the 4,174,305 Old Shares (of a par value of US\$0.04 each) of the Company as a beneficiary of a trust. The share award of 2,627,947 Old Shares was vested on 8 March 2025 and the share award of 1,546,358 Old Shares will be vested on 20 September 2025. On 15 May 2025, Mr. Chih was granted a share award of 3,670,931 Old Shares (of a par value of US\$0.04 each) of the Company under the Share Scheme of the Company. The share award of 3,670,931 Old Shares will be vested on 15 May 2026. According to the terms of the Share Scheme, those outstanding share awards granted by the Company to Mr. Chih has been adjusted to become 521,728 Shares (of a par value of US\$0.40 each) of the Company upon vesting as a result of the Share Consolidation becoming effective on 20 May 2025. For details, please refer to the above section and the Company's announcements published on 10 April 2025, 15 May 2025 and 16 May 2025.
2. Mr. Chih holds 1 share of BFIH as a nominee shareholder on behalf of Wonderful Stars Pte. Ltd. (an indirect wholly-owned subsidiary of the Company) without any beneficial interest.
3. The Company indirectly, through its wholly-owned subsidiaries, holds approximately 87.06% of the entire number of issued shares of Chiun Mai Communication Systems, Inc. ("CMCS"), a company incorporated in Taiwan.
4. As of 30 June 2025, Mr. Lin was holding 437,721 outstanding share awards (resulting in him being interested in 437,721 Shares) and 559,503 Shares of a par value of US\$0.40 each in the share capital of the Company.

On 8 March 2024 and 20 September 2024, Mr. Lin was granted a share award of 1,778,031 Old Shares (of a par value of US\$0.04 each) and 1,046,243 Old Shares (of a par value of US\$0.04 each) of the Company respectively under the Share Scheme of the Company resulting in him being interested in the 2,824,274 Old Shares (of a par value of US\$0.04 each) of the Company as a beneficiary of a trust. The share award of 1,778,031 Old Shares was vested on 8 March 2025 and the share award of 1,046,243 Old Shares will be vested on 20 September 2025. On 15 May 2025, Mr. Lin was granted a share award of 3,330,971 Old Shares (of a par value of US\$0.04 each) of the Company under the Share Scheme of the Company. The share award of 3,330,971 Old Shares will be vested on 15 May 2026. According to the terms of the Share Scheme, those outstanding share awards granted by the Company to Mr. Lin has been adjusted to become 437,721 Shares (of a par value of US\$0.40 each) of the Company upon vesting as a result of the Share Consolidation becoming effective on 20 May 2025. For details, please refer to the above section and the Company's announcements published on 10 April 2025, 15 May 2025 and 16 May 2025.
5. Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 16 May 2025, the Share Consolidation took effect from 20 May 2025. For details, please refer to the Company's announcements published on 10 April 2025 and 16 May 2025.

Save as disclosed above, none of the directors or chief executive of the Company had, as at 30 June 2025, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

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

So far as is known to any director of the Company, as at 30 June 2025, shareholders (other than the directors or chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company
Foxconn (Far East) Limited ^(Note 1)	Beneficial owner	508,103,452 ^(Note 2)	64.44%
	Other ^(Note 4)	3,400,000 ^(Note 4)	0.43% ^(Note 4)
		511,503,452	64.87%
Hon Hai ^(Notes 1 and 3)	Interest of a controlled corporation	508,103,452 ^(Notes 1 and 2)	64.44%
	Other ^(Note 4)	3,400,000 ^(Note 4)	0.43% ^(Note 4)
		511,503,452	64.87%

Notes:

1. Foxconn (Far East) Limited ("Foxconn") is a direct wholly-owned subsidiary of Hon Hai, and therefore, Hon Hai is deemed or taken to be interested in the 508,103,452 shares which are beneficially owned by Foxconn for the purposes of the SFO.
2. Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 16 May 2025, the Share Consolidation took effect from 20 May 2025 and the total number of Shares held by Foxconn was adjusted to become 508,103,452 Shares of the Company. For details, please refer to the Company's announcements published on 10 April 2025 and 16 May 2025.
3. Mr. Chih, the Chairman of the Board and an executive director of the Company, is a director of a subsidiary and an associate of Hon Hai. Also, Mr. CHANG Chuan-Wang ("Mr. Chang"), non-executive director of the Company, is an employee of the Hon Hai Technology Group, and in particular, he is the chairman of the board of directors, a non-executive director and a member of the remuneration committee of CircuTech International Holdings Limited (a subsidiary of Hon Hai whose shares are listed on GEM of the Stock Exchange); and he is also the chairman of the board of directors and an executive director of Maxnerva Technology Services Limited and a non-executive director of FIT Hon Teng Limited, both are subsidiaries of Hon Hai and the shares of both companies are listed on the main board of the Stock Exchange.
4. As at 30 June 2025, the total number of issued shares of the Company was 788,450,000 Shares, including 3,400,000 Treasury Shares of the Company. As at 30 June 2025, Foxconn and Hon Hai were interested in more than one-third of the voting power at general meetings of the Company, they would be taken to have an interest in the 3,400,000 Treasury Shares held by the Company which shall be added to their interests in shares when determining their reporting obligations under the SFO.

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any persons (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Share Option Scheme and Share Scheme of the Company

Pursuant to the approval of the Board on 10 March 2023 and the approval of the Company's shareholders at its annual general meeting held on 19 May 2023 ("2023 AGM"), the Company adopted the existing share option scheme (the "Share Option Scheme") and the existing Share Scheme of the Company which was subsequently amended by the Board on 7 March 2025. For details, please refer to the Company's circular as issued and published on 13 April 2023, announcement in relation to the poll results of the 2023 AGM as issued on 19 May 2023 and page 109 to page 119 of the Company's 2023 annual report as issued and published on 18 April 2024 as well as note 36 to the consolidated financial statements of the Company's 2024 annual report (the "2024 Annual Report") as issued and published on 17 April 2025.

A summary of the Share Option Scheme and the Share Scheme as required to be disclosed under Chapter 17 of the Listing Rules is set out in note 36 to the consolidated financial statements of Company's 2024 Annual Report.

Since its adoption, no option has been granted under the Share Option Scheme, and accordingly, no option was exercisable under the Share Option Scheme as at 30 June 2025.

During the current period under review, pursuant to the approval of the Board on 15 May 2025 with subsequent finalisation by the Board's delegate on 15 May 2025, the Company offered 3,670,931 Old Shares and 3,330,971 Old Shares (of a par value of US\$0.04 each) to 2 beneficiaries, respectively, pursuant to the Share Scheme, with lock-up period up to 14 May 2026 from the date of grant (i.e. 15 May 2025). No consideration nor purchase price was payable on acceptance of offer of the shares. The 7,001,902 Old Shares granted will be satisfied by transfer of treasury shares of the Company ("Treasury Shares") to the grantees. According to the terms of the Share Scheme, the outstanding share award granted by the Company has been adjusted to become 367,093 Shares and 333,097 Shares (of a par value of US\$0.40 each) of the Company upon the Share Consolidation becoming effective on 20 May 2025. For details, please refer to the above section and the Company's announcements published on 10 April 2025, 15 May 2025 and 16 May 2025.

Save as disclosed above, no further share was granted of the Company under the Share Scheme during the current period under review.

OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Share Option Scheme and Share Scheme of the Company *(Continued)*

Movements of share grants under the Share Scheme during the current period (i.e. 1 January 2025 to 30 June 2025) were as follows:

Number of shares granted under the Share Scheme														
Name of grantee	Date of grant (dd.mm.yyyy) (Note 1)	Vesting period (dd.mm.yyyy)	Date of vesting (dd.mm.yyyy)	Purchase price	Unvested award Old Shares (of a par value of US\$0.04 each)	Granted during the period (Note 3)	Vested during the period	Cancelled/ forfeited during the period	Lapsed during the period	Unvested award Old Shares (of a par value of US\$0.04 each) before the Share Consolidation (which took effect from 20 May 2025) (Note 4)	Unvested award Old Shares (of a par value of US\$0.40 each) immediately after the Share Consolidation and as of 30 June 2025 (Note 4)	Closing price of the Old Shares (of a par value of US\$0.04 each) immediately before the date of grant (HK\$) (Note 2)	Fair value of award shares (of a par value of US\$0.04 each) at the date of grant (HK\$) (Note 2)	Weighted average closing price of the Old Shares (of a par value of US\$0.04 each) immediately before the date of vesting (HK\$) (Note 2)
					as of 1 January 2025					Consolidation				
CHIH Yu Yang (executive director and Chairman of the Board)	08.03.2024	08.03.2024 to 07.03.2025	08.03.2025	Nil	2,627,947	–	(2,627,947)	–	–	0	0	0.47	0.50	0.93
	20.09.2024	20.09.2024 to 19.09.2025	20.09.2025	Nil	1,546,358	–	–	–	–	1,546,358	154,635	0.76	0.77	–
	15.05.2025	15.05.2025 to 14.05.2026	15.05.2026	Nil	–	3,670,931	–	–	–	3,670,931	367,093	0.83	0.85	–
					4,174,305	3,670,931	(2,627,947)	–	–	5,217,289	521,728			
LIN Chia-Yi (executive director and Chief Executive Officer)	08.03.2024	08.03.2024 to 07.03.2025	08.03.2025	Nil	1,778,031	–	(1,778,031)	–	–	0	0	0.47	0.50	0.93
	20.09.2024	20.09.2024 to 19.09.2025	20.09.2025	Nil	1,046,243	–	–	–	–	1,046,243	104,624	0.76	0.77	–
	15.05.2025	15.05.2025 to 14.05.2026	15.05.2026	Nil	–	3,330,971	–	–	–	3,330,971	333,097	0.83	0.85	–
					2,824,274	3,330,971	(1,778,031)	–	–	4,377,214	437,721			
Total					6,998,579	7,001,902	(4,405,978)	–	–	9,594,503	959,449			

Notes:

- The shares had been granted subject to certain conditions, including the achievement of satisfactory performance targets achievement rating and the clawback mechanism adopted by the Board as more particularly described in page 21 of the Company's circular as issued and published on 13 April 2023. In relation to the above grants, the performance targets set for Mr. Chih and Mr. Lin (both being the Company's executive directors) respectively are generally summarised as follows (in this respect, it should be pointed out that the specific performance targets set for each of the Company's executive directors represent commercially sensitive information of the Company, particularly in the eyes of the Group's industry peers):

Mr. Chih

In respect of the relevant 12-month period applicable to the above grants: (a) Mr. Chih's individual performance in terms of his pre-determined key performance indicators ("KPIs"); (b) the specific functional targets assigned to Mr. Chih in his dual capacities as the Company's executive director and/or Chairman of the Board; (c) the financial and other objectives set for Mr. Chih; (d) the KPIs set for the office of the Company's chief executive officer for that time being to which the global members of the Group's global leadership team directly report; and (e) the additional performance targets as set forth in the Directors' Remuneration Policy of the Company as amended from time to time.

Mr. Lin

In respect of the relevant 12-month period applicable to the above grants: (a) Mr. Lin's individual performance in terms of his pre-determined KPIs; (b) the specific functional targets assigned to Mr. Lin in his dual capacities as the Company's executive director and/or chief executive officer; (c) the financial and other objectives set for Mr. Lin; (d) the KPIs set for the Group's DMS (Design Manufacturing Solutions) business unit headed by Mr. Lin; and (e) the additional performance targets as set forth in the Directors' Remuneration Policy of the Company as amended from time to time.

OTHER INFORMATION



DISCLOSURE OF INTERESTS *(Continued)*

Share Option Scheme and Share Scheme of the Company *(Continued)*

Notes: *(Continued)*

2. The fair value of the shares at the date of grant is measured by the quoted market price of the shares at the date of grant. In relation to equity-settled share-based payment transactions:
 - Equity-settled share-based payments to employees and others who provide similar services are measured at the fair value of the equity instruments at the grant date.
 - The fair value of services received determined by reference to the fair value of share options or ordinary shares granted at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options or ordinary shares granted vest immediately, with a corresponding increase in equity (share compensation reserve). The fair value of the ordinary shares granted shall be measured at the market price of the shares, and the fair value of the share options granted shall be estimated by applying an option-pricing model.
 - At the end of the current period, the Group revises its estimates of the number of options or ordinary shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share compensation reserve.
 - When the share options are exercised, the amount previously recognised in share compensation reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share compensation reserve will be transferred to retained profits.
 - When new ordinary shares are issued pursuant to the share scheme, the fair value of the ordinary shares granted that vest immediately or without lock-up period is recognised as an expense in full at the grant date with corresponding increase in equity (share compensation reserve). When the ordinary share awards are granted with lock-up period, which has same meaning as vesting period, the fair value of such amounts granted at the grant date is expensed on a straight-line basis over the lock-up period.
 - The cancellation of share options granted or ordinary shares granted is accounted for as an acceleration of vesting. The amount that would otherwise have been recognised for services received over the remainder of the vesting period is, therefore, recognised immediately.
3. The 7,001,902 Old Shares (of a par value of US\$0.04 each) granted by the Company during the current period had been adjusted to become 700,190 Shares (of a par value of US\$0.40 each) of the Company pursuant to the terms of the Share Scheme and Share Consolidation, and it will be satisfied by transfer of Treasury Shares of the Company to the grantees.
4. According to the terms of the Share Scheme, those outstanding share awards granted by the Company to the grantees have been adjusted to become 959,449 Shares (of a par value of US\$0.40 each) of the Company upon the Share Consolidation becoming effective on 20 May 2025. For details, please refer to the above section and the Company's announcements published on 10 April 2025, 15 May 2025 and 16 May 2025.

At the beginning of the current period (i.e. 1 January 2025), the total number of shares that may be issued in respect of all options and share awards available for grant under the Share Option Scheme and the Share Scheme (the "Scheme Mandate Limit") was 791,700,000 Old Shares, representing 10% of the total number of Old Shares in issue as at the date of adoption of the Share Option Scheme and the Share Scheme (i.e. 19 May 2023).

Immediately prior to the Share Consolidation becoming effective, the Scheme Mandate Limit was 784,698,098 Old Shares. Upon the Share Consolidation becoming effective on 20 May 2025 and following the Adjustments, the Scheme Mandate Limit became 78,469,809 Shares. As of 30 June 2025, the Scheme Mandate Limit remained at 78,469,809 Shares.

The number of shares that may be issued in respect of options and share awards granted under all schemes of the Company during the current period (i.e. the Share Option Scheme and the Share Scheme) divided by the weighted average number of shares of relevant class in issue (excluding Treasury Shares) for the current period was approximately 0.0889%.



OTHER INFORMATION

DISCLOSURE OF INTERESTS *(Continued)*

Share Option Scheme and Share Scheme of the Company *(Continued)*

BFIH adopted a share option scheme (the “BFIH Share Option Scheme”) on 28 May 2021. For details, please refer to page 133 to page 136 of the Company’s 2022 annual report as issued and published on 13 April 2023.

According to Chapter 17 of the Listing Rules, BFIH is not a “principal subsidiary” of the Company on the basis that during the current period and up to the date of this report, the revenue, profits or total assets of BFIH did not, and does not, account for 75% or more of that of the Company under the applicable percentage ratios (as defined in the Listing Rules) in any of the latest three financial years (including the current period). Accordingly, the relevant provisions of Chapter 17 of the Listing Rules do not apply to the BFIH Share Option Scheme.

Apart from the Share Option Scheme, the Share Scheme and the BFIH Share Option Scheme and potential entitlements pursuant to Hon Hai’s articles of incorporation (pursuant to which, among other things, Hon Hai may be distributed as part of compensation to employees, including the Company’s directors, upon and subject to the terms and conditions set out therein) and also potential entitlements to any and all scrip dividends (which any director of the Company may from time to time have as a shareholder of the Company and/or Hon Hai in respect of the relevant shares then held by him/her) pursuant to any scrip dividend scheme in respect of any dividend as may be announced by the Company and/or Hon Hai from time to time, at no time during the current period was the Company, any of its subsidiaries, its holding company or any subsidiary of the Company’s holding company a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

DIVIDEND

On 8 August 2025, the Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the current period, pursuant to the Buy-back Mandates (as defined in the Company’s circulars dated 19 April 2024 and 17 April 2025 respectively) duly approved by the Company’s shareholders at the Company’s annual general meetings held on 22 May 2024 and 16 May 2025 respectively, the Company bought back in multiple batches a total of 3,400,000 Shares held as Treasury Shares in accordance with the Articles. 3,000,000 Treasury Shares and 400,000 Treasury Shares had been withdrawn from Central Clearing and Settlement System and re-registered in the Company’s name during the current period and on 23 July 2025 respectively. As at 30 June 2025, the Company held 3,400,000 Treasury Shares. The 3,400,000 Treasury Shares will not be entitled to receive any dividend. The Company intends to use the Treasury Shares for: (i) satisfying the grant of share awards under the Share Scheme of the Company, and/or (ii) future re-sale for capital management. For more details, please refer to the Explanatory Statement of the Buy-back Mandates in Appendix I to the Company’s circulars dated 19 April 2024 and 17 April 2025 respectively as well as the next day disclosure returns and monthly returns as issued and published by the Company from 7 May 2025 to 3 July 2025 (both dates inclusive).

OTHER INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY (Continued)

Share buy-backs during the current period are summarised as follows:

Month of buy-back	Number of ordinary shares (of a par value of US\$0.04 each)	Price per Share		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	

May 2025 (before Share Consolidation)	10,254,000 ^(Note 1)	0.85	0.78	8,406,430
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Month of buy-back	Number of ordinary shares (of a par value of US\$0.40 each)	Price per Share		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	

May 2025 (after Share Consolidation)	1,087,600	9.34	8.18	9,254,737
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June 2025	1,287,000	10.26	8.90	12,181,793
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Sub-total	2,374,600			21,436,530
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Grand-total	3,400,000 ^(Note 1 and 2)			29,842,960
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Note 1: As a result of the Share Consolidation effective from 20 May 2025, 10,254,000 Old Shares of a par value of US\$0.04 each in the share capital of the Company which were bought back during the period from 7 May 2025 to 19 May 2025 had been adjusted to become 1,025,400 Shares of a par value of US\$0.40 each in the share capital of the Company. For details, please refer to the Company's announcements published on 10 April 2025 and 16 May 2025.

Note 2: During the current period, the Company bought back a total of 3,400,000 Shares which are held as Treasury Shares of the Company.

Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including Treasury Shares) during the current period.

SHARE CAPITAL

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 16 May 2025, the Share Consolidation on the basis of every ten (10) issued and unissued shares of a par value of US\$0.04 each in the then existing share capital of the Company be consolidated into one Consolidated Share of a par value of US\$0.40 each in the existing share capital of the Company became effective on 20 May 2025. For details, please refer to the Company's announcements dated 10 April 2025 and 16 May 2025 and the Company's circular dated 17 April 2025.



OTHER INFORMATION

SHARE CAPITAL *(Continued)*

No shares of the Company were allotted or issued during the current period, and the details of movements in the Company's share capital during the current period are set out in note 13 to the unaudited condensed consolidated financial statements of the Group for the current period.

RESERVES

Movements in reserves of the Group during the current period are set out on page 9 of this report.

AUDIT COMMITTEE

The Company has established and maintained an audit committee in accordance with the requirements of the Listing Rules, particularly the CG Code. Its primary duties are to review the Group's financial reporting process and internal control and enterprise risk management systems, nominate and monitor external auditor and provide advice and comments to the Board. The audit committee comprises three independent non-executive directors (among whom one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules).

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the current period and the Company's interim report for the current period and recommended the same to the Board for approval. In addition, the unaudited condensed consolidated financial statements of the Group for the current period have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, and has formulated and adopted the Authorisation Procedures of the Model Code for Securities Transactions by Directors (the "Authorisation Procedures") and the Securities Dealing Policy since 2005 (each as amended and supplemented from time to time). Following specific enquiry made by the Company, all the directors of the Company have confirmed that they have complied with the required standards set out in the Model Code in respect of the Company's securities throughout the current period, and the requirements laid down by the aforesaid Authorisation Procedures and Securities Dealing Policy in respect of the Company's securities throughout the current period.

CORPORATE GOVERNANCE

The Company has applied and complied with all the code provisions set out in Part 2 of the CG Code during the current period.

On behalf of the Board
CHIH Yu Yang
Chairman of the Board

Hong Kong, 8 August 2025