

SMART-CORE HOLDINGS LIMITED

芯智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2166

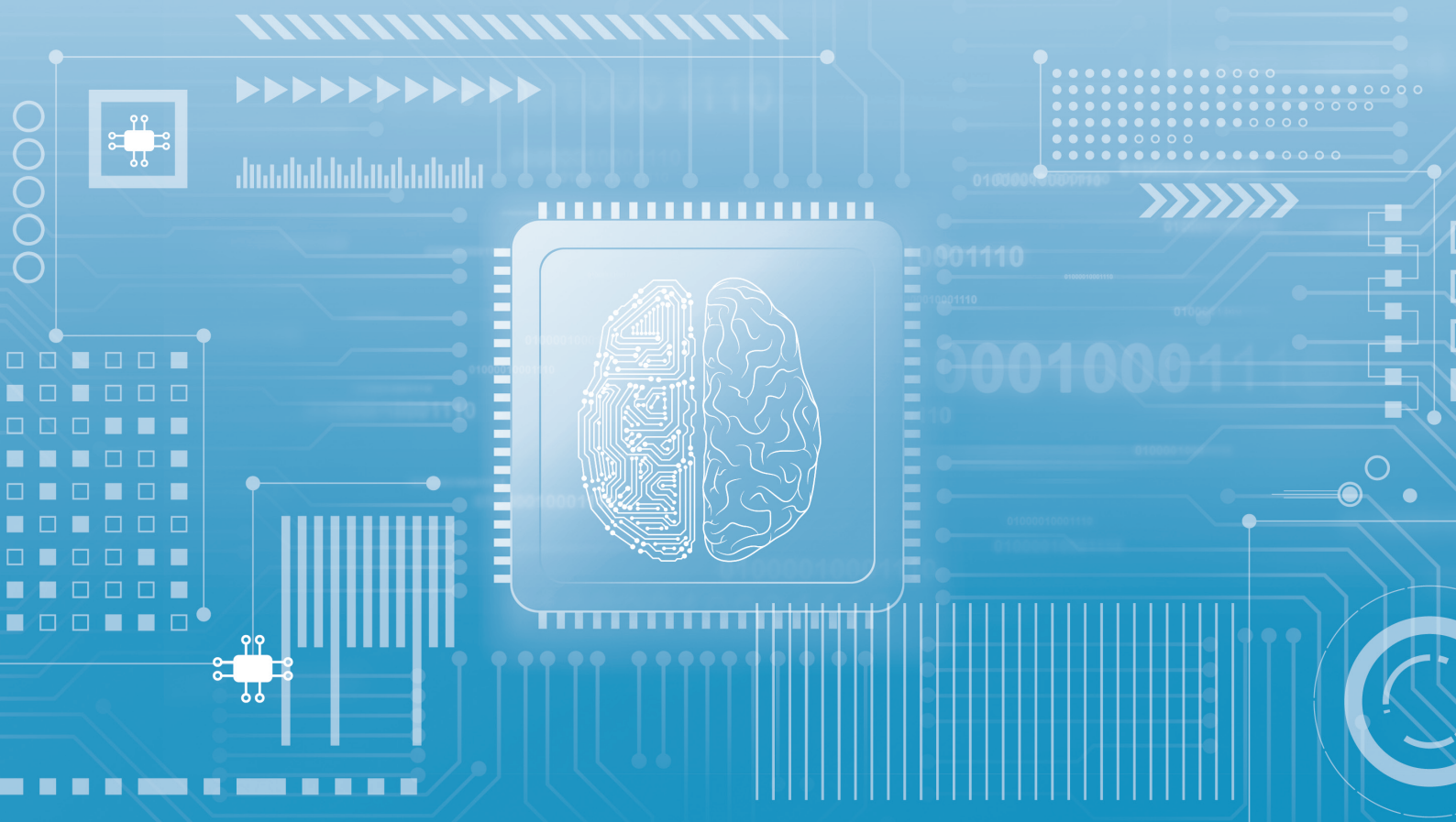


2025

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. TIAN Weidong
(Chairman of the Board and Chief Executive Officer)
Mr. LIU Hongbing (Chief Technology Officer)
Mr. MAK Hon Kai, Stanly (Chief Operating Officer)
Mr. ZHENG Gang (Chief Financial Officer)

Non-executive Director

Mr. WONG Tsz Leung

Independent Non-executive Directors

Dr. TANG Ming Je
Ms. XU Wei
Dr. XUE Chun
(resigned with effect from 1 June 2025)
Dr. LIN Chen
(appointed with effect from 1 June 2025)

BOARD COMMITTEES

Audit Committee

Ms. XU Wei (Chairman)
Dr. TANG Ming Je
Dr. XUE Chun
(resigned with effect from 1 June 2025)
Dr. LIN Chen
(appointed with effect from 1 June 2025)

Remuneration Committee

Ms. XU Wei (Chairman)
Mr. TIAN Weidong
Dr. TANG Ming Je

Nomination Committee

Mr. TIAN Weidong (Chairman)
Dr. TANG Ming Je
Ms. XU Wei

COMPANY SECRETARY

Mr. CHAK Wing Man (HKICPA)

AUTHORISED REPRESENTATIVES

Mr. ZHENG Gang
Mr. CHAK Wing Man

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F, Tower B, Regent Centre
70 Ta Chuen Ping Street
Kwai Chung
New Territories, Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditors

LEGAL ADVISOR

As to Cayman Islands law

Maples and Calder
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

As to Hong Kong law

KS Ng Law Office
Room 2502, 25/F
China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong

As to PRC law

Commerce & Finance Law offices
10/F, HyQ, Chow Tai Fook Finance Tower
No. 66 Shu Niu Avenue, Qian Hai
Shenzhen, PRC

SHARE REGISTRARS

Hong Kong

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

Cayman Islands

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
16/F, The Center
99 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
20/F, 83 Des Voeux Road Central
Hong Kong

STOCK CODE

2166

COMPANY WEBSITE

www.smart-core.com.hk

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2025	2024	Change
	HK\$'000	HK\$'000	
Revenue	2,796,194	2,623,869	6.6%
Gross profit	162,240	143,419	13.1%
Profit before tax	55,566	45,229	22.9%
Profit for the period	48,563	36,917	31.5%
Profit attributable to owners of the Company	48,458	36,326	33.4%
Earnings per share ("EPS")			
— Basic (HK cents)	10.44	7.73	35.1%
— Diluted (HK cents)	10.38	7.72	34.5%
Average turnover days of inventories — days ⁽¹⁾	21	15	40.0%
Average turnover days of trade receivables — days ⁽²⁾	57	53	7.5%
Average turnover days of trade payables — days ⁽³⁾	32	24	33.3%
	As at	As at	Change
	30 June	31 December	
	2025	2024	
	HK\$'000	HK\$'000	
Total assets	2,264,038	1,693,916	33.7%
Total liabilities	1,295,527	734,140	76.5%
Net assets	968,511	959,776	0.9%
Gearing ratio — % ⁽⁴⁾	62.7	31.9	96.6%
Current ratio — times ⁽⁵⁾	1.47	1.84	–20.1%

Notes:

- (1) Average turnover days of inventories is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant period by cost of sales and multiplying by 181 days (2024: 182 days).
- (2) Average turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of net trade receivables for the relevant period by revenue and multiplying by 181 days (2024: 182 days).
- (3) Average turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales and multiplying by 181 days (2024: 182 days).
- (4) Gearing ratio was calculated based on the sum of the total interest-bearing borrowings as at the respective dates divided by total equity as at the respective dates and multiplied by 100%.
- (5) Current ratio was calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

BUSINESS REVIEW

In 2025, the global economy was characterised by heightened volatility, sluggish growth, and significant divergence, amid ongoing trade tensions and geopolitical conflicts. According to the World Economic Situation and Prospects 2025 (《2025年世界經濟形勢與展望》) published by the United Nations in May 2025, global economic growth is projected to slow to 2.4% from 2.8% forecast in January, marking the lowest level since 2008. Meanwhile, the Global Trade Outlook and Statistics (《全球貿易展望和統計》) report updated by the World Trade Organization (WTO) in April 2025, also highlighted a deterioration in global trade outlook. Facing headwinds from a surge in tariffs and rising trade policy uncertainty, the volume of world merchandise trade is projected to decline by 0.2% in 2025—almost three percentage points lower than the initial forecast of 2.7% in the beginning of the year. Regionally, North America is expected to experience the steepest declines in trade, with imports and exports projected to fall by 9.6% and 12.6%, respectively. In contrast, Asia and Europe are expected to maintain moderate growth, collectively emerging as the primary contributors to global trade expansion.

China's economy continued to demonstrate resilience despite external uncertainties. According to data released by the National Bureau of Statistics of China on 15 July 2025, China's gross domestic product (GDP) in the first half of 2025 reached RMB66.05 trillion, representing a year-on-year growth of 5.3% based on constant prices, surpassing market expectations. Despite the global trade tariff disputes, China's exports remained steady with a gradual upward trend, supported by an optimised product mix. While exports to the United States experienced a notable decline in April 2025, exports to ASEAN countries and Africa registered strong growth during the same period. In particular, high-end manufactured goods, such as semiconductor chips, electric vehicles and industrial robots, recorded strong performance, driving a 7.2% year-on-year increase in total merchandise exports for the first half of the year, reflecting overall stability of China's trade sector.

Driven by the adoption of AI technologies, rising demand from emerging markets, and government-led consumption incentives, the global consumer electronics market experienced mild growth in the first quarter of 2025. According to the recent industry analysis, global TV shipments rose by 2.4% year-on-year to 47.5 million units, while PC shipments rose 6.7% to 61.4 million units, (Counter Point). Smartphone shipments grew moderately by 1.5% to 304.9 million units (IDC), while tablet shipments rose 8.5% year-on-year to 37 million units (Canalys). The wearable smartwatch segment recorded a 10.5% increase in shipments (IDC), and shipments of true wireless stereo (TWS) earbuds surged by 18% year-on-year to 78 million units (Canalys). The emerging AI glasses segment experienced explosive growth, with shipments reaching 600,000 units in the first quarter, representing a year-on-year increase of 216% (Wellsenn XR). However, growth momentum in the global electronics industry moderated in the second quarter due to the escalating tariff war, which particularly impacted shipments of low-end smartphones and consumer-grade PCs.



MANAGEMENT DISCUSSION AND ANALYSIS

Against the backdrop of geopolitical disturbances and intensified competition in AI technology, the global semiconductor industry is undergoing significant restructuring, with the AI computing revolution unlocking new growth opportunities. In the first half of 2025, strong demand of semiconductor chips, particularly AI chips, high-end storage chips, and AI computing server chips, drove rapid expansion in the semiconductor market. According to the monthly data from the Semiconductor Industry Association (SIA), the global semiconductor market reached US\$283.3 billion from January to May 2025, representing a year-on-year increase of 20.5%. Among them, sales in May alone reached US\$58.98 billion, representing a year-on-year increase of 19.8%. Regional performance varied significantly. Sales in Americas grew by 45.2%, leading the industry, while the Asia-Pacific region (excluding China and Japan) grew by 30.5% year-on-year. Sales in China rose by 20.5% year-on-year, while Japan and Europe experienced a modest growth of less than 5%.

In response to macroeconomic uncertainties and evolving market conditions, the Company implemented targeted adjustments and strategic deployments. Key measures included actively expanding into AI infrastructure and application segments, such as optical module components, robot vacuums, end-to-end AI SoCs, and algorithmic applications, while optimizing the consumer electronics business unit to achieve a more balanced and rational business distribution. In the first half of 2025, the Group's business units, including smart vision, optoelectronic displays, communication products, optical communication, and mixed distribution, achieved varying degrees of growth. However, the performance of memory products and smart displays fell short of expectations. The Group achieved accumulated sales of HK\$2,796.2 million, a year-on-year increase of 6.6%; and gross profit of HK\$162.2 million, representing a year-on-year increase of 13.1%. A business review for each of the Group's major business units in the first half of 2025 is set out below:

Smart Vision

This business unit provides chips and full-stack technology solutions covering video data acquisition, transmission, memory, and analysis for core application scenarios such as smart vision, anti-theft alarms and entrance control systems. By integrating AI algorithms to meet evolving user demands, it significantly enhances system security efficiency while pioneering new application scenarios. In recent years, the security industry has accelerated its intelligent transformation through the adoption of AI and big data, with product upgrades concentrating on multi-lens imaging, high-resolution imaging, two-way communication, and AI algorithm applications. Market focus has shifted toward AI recognition capabilities, such as facial recognition, pet detection, and behavioral analysis, which empower cameras with intelligent analysis and judgment functions. Meanwhile, the deep integration of smart cameras with other security devices enables systematized security solutions, improving the ecosystem for multi-scenario intelligent security applications. Benefiting from booming industrial prospect and growing market demand, this business unit achieved cumulative sales of HK\$593.6 million in the first half of 2025, representing a year-on-year increase of 7.7%.

Optoelectronic Displays

This business unit primarily sells drivers, TCON and power supply chips for application scenarios such as displays, commercial displays, TV LCD modules, laptop screens, smartphone display modules as well as display SoC chips and technical solutions. In the first half of 2025, the global display panel industry exhibited structural divergence. In the TV panel segment, despite disruptions in the global supply chain caused by U.S. tariff policies, China's national subsidy policies stimulated robust demand for large-sized products. According to data released by RUNTO Technology, the global shipments of large-sized LCD TV panels in Q1 2025 increased by 11.5% year-on-year to 63 million units. Notably, the shipments of panel manufacturers in Mainland China achieved a year-on-year growth of 16.5% to 43.55 million units, outpacing the global average and capturing a 69.2% market share globally. This surge in panel shipments drove increased demand for display driver chips, TCONs and power supply chips, benefiting this business unit. In the first half of 2025, this business unit achieved an aggregate sales of HK\$500.4 million, representing a significant year-on-year increase of 52.0%.

Memory Products

Memory is a core segment of the semiconductor chips and is undergoing structural growth driven by the generative AI boom. High Bandwidth Memory (HBM) has emerged as a key growth driver, with Yole projecting the HBM market to double in 2025 to approximately US\$34 billion. Since HBM3e wafer consumption is roughly three times that of standard DDR5, the rapid demand growth for HBM — against a backdrop of largely balanced production capacity — has inevitably strained traditional DRAM supply. Market demand continues to diverge: AI-related HBM, as well as DRAM chips for AI PCs and AI smartphones, are seeing strong demand, while the traditional consumer electronics DRAM market remains sluggish. Given that the memory chips sold under this business unit are primarily applied in the consumer electronics sector, the performance for the first half of 2025 fell short of expectations, with an aggregate sales of HK\$553.6 million, representing a year-on-year decline of 14.3%.

Smart Displays

This business unit mainly provides SoC master chips and technical solutions for flat-panel TVs and commercial display equipment. In the first half of 2025, the global smart TV market showed a development pattern marked by stable total volume but structural differentiation. China market exhibited stable performance as stimulated by the "trade-in" subsidy policy. According to the statistics released by RUNTO, the shipment of TV brands in the first half of year increased by 1.4% year on year to 16.625 million units. However, consumer behaviour showed significant divergence. On one hand, the TV usage rate among young families continued to decline, reducing the willingness to purchase new TVs; while shipments of large screen TVs over 75 inches surged due to price drops. Overall, the shipments of global smart TV market maintained a slight growth in the first half of 2025. However, due to increased localization rates of mid-to-low-end SoC chips and the adjustment in client procurement strategies, this business unit achieved aggregate sales of HK\$334.1 million, representing a decline of 24.8%.

MANAGEMENT DISCUSSION AND ANALYSIS

Communication Products

The global cellular Internet of Things (IoT) module market experienced a significant recovery in the first half of 2025. According to IoT Analytics report, global cellular IoT module shipments in Q1 2025 increased by 23% year-on-year, marking the fifth consecutive quarter of positive growth. This was driven by the rebound in demand after inventory cycle adjustment and strong performance in the China market. Statistics from Counterpoint further support this trend, highlighting that demand for smart metering, POS terminals and asset tracking applications in India, China and Latin America drove cellular IoT shipments up by 16% in Q1 2025. Statistics indicate particularly outstanding performance among Chinese manufacturers, including Quectel, China Mobile and Fibocom and other enterprises, collectively captured around 70% of the global market share, establishing themselves as core drivers of the global cellular IoT module shipments. In terms of technological innovation, the cost of 5G RedCap module dropped by 30% compared to traditional 5G modules, while shipments in industrial sensors and asset tracking surged by 50%, pushing the global share of 5G module to exceed 15% for the first time. Driven by the explosion of demand in RedCap and the accelerated substitution of domestic products, the 5G PA and small-capacity MCP shipments of this business unit maintained steady growth simultaneously, and achieved aggregate sales of HK\$404.3 million in the first half of 2025, representing a significant year-on-year increase of 45.9%.

Optical Communication

In the first half of 2025, the global optical communication module market, particularly the data communication optical modules, exhibited strong growth driven by surging demand for AI computing power, continued data centre expansion and accelerating technological advancements. The deployment of 800G optical modules significantly outpaced that of the previous generation 400G products, establishing 800G as the primary growth driver during the first half of 2025. Fueled by rising demand for 800G and more advanced 1.6T Ethernet optical modules, global optical communication module sales grew by 10% quarter-on-quarter in Q2 2025. According to TrendForce, total shipments of optical modules with speeds of 400G and above are expected to exceed 31.9 million units in 2025. Data from application scenarios show that if multiple B200 servers are clustered together, cross-rack data transmission heavily relies on 800G optical modules. In hyperscale clusters, each GPU requires an average of 4.5 800G optical modules. Consequently, major global cloud service providers, including Google, Meta, Amazon and NVIDIA, are accelerating the deployment of 800G and 1.6T optical modules in order to meet the growing demand for AI infrastructure. Benefiting from robust market demand and the resulting increase in unit prices driven by technological upgrades, the business unit recorded revenue of HK\$211.1 million in the first half of 2025, representing a significant year-on-year growth of 23.5%.

Mixed Distribution

In the first half of 2025, the semiconductor industry approached the end of its destocking cycle, with supply and demand entering a phase of mild rebalancing. Overall demand for spot and urgent orders from end customers remained subdued. Based on the semiconductor inventory cycle theory, the market was transitioning from passive destocking to proactive restocking. Nonetheless, supply chain fluctuations persisted, showing notable structural divergence. For example, logic chips for AI servers, high-performance memory (such as HBM), DDR4 products under production cut expectations, and certain automotive-grade power devices faced tight supply, and price increases due to supply and demand imbalance. In contrast, components for traditional consumer electronics and industrial applications exhibited relatively balanced supply-demand dynamics, with limited demand for spot and urgent orders. In response to market dynamics and challenges, this business sector redefined its business model at the end of 2024 by integrating e-commerce resources and establishing a Hybrid Distribution Centre. Through expanding into overseas markets, optimising internal data-driven matchmaking mechanisms, and adopting an online-offline integrated customer acquisition strategy, the business showed signs of stabilisation and recovery. As a result, the business unit recorded revenue of HK\$42.2 million in the first half of 2025, representing a year-on-year increase of 62.1%.

OUTLOOK

The second half of 2025 remains challenging. The mid-year outlook reports from the United Nations, IMF and World Bank have lowered the global GDP growth projections from the 2.7% to 3.3% forecast at the end of 2024 to 2.3% to 2.4% in mid-2025, marking the slowest growth rate since the 2008 financial crisis. Notwithstanding a moderate growth of 2.7% is projected for 2026, the growth rate remains below the pre-pandemic decade average. Prismark, an industry research firm, indicates that the global electronics industry is expected to grow at 6.9% year-on-year to US\$2.719 trillion in 2025, with server/storage market surging 27.9% to US\$362 billion, making it the second-largest sub-segment. Benefiting from an AI-driven high-growth cycle, the latest forecast of the World Semiconductor Trade Statistics (WSTS) in June 2025 has raised the full-year semiconductor sales projections to US\$700.9 billion (an 11.2% year-on-year increase), and further to US\$760.7 billion in 2026 at a growth rate of 8.5%. Driven by demand for AI servers, cloud infrastructure and consumer electronics, logic chips and memory are anticipated to serve as the key growth engines in 2025, each projected to grow over 10%.

As for the domestic market, China's GDP growth of 5.3% in the first half of 2025 surpassed expectations and has prompted multiple foreign institutions to upgrade their 2025 full-year growth forecasts for China, reflecting broad consensus that the economy's positive momentum will extend into the second half of the year. Such growth is underpinned by three key drivers: the cultivation of new productive forces such as AI and low-altitude economy; the investments catalyzed by breakthroughs in green and low-carbon technologies; and the unleashed domestic demand potential driven by consumption upgrading. Supported by government policies and capacity expansion, China's semiconductor industry is advancing rapidly, with local enterprises currently prioritizing capacity buildup for 28nm and above mature process nodes and multiple wafer fabrication facilities commencing production in 2025, while rising localization demand for AI end-devices is concurrently boosting market share of domestic chip design and packaging/testing segments. Furthermore, China's IC imports grew 7.2% year-on-year to US\$192 billion in the first half of 2025, maintaining steady expansion and creating a mutually reinforcing dynamic with the 9.5% export growth in electromechanical products during the same period.

MANAGEMENT DISCUSSION AND ANALYSIS

In summary, despite ongoing structural challenges faced by the global semiconductor industry in the second half of 2025, current projections remain broadly defined and suggest manageable impact on the global economy. Coupled with sustained policies and capital support driving growth in the domestic market, we maintain a cautiously optimistic stance on the sector's business development for the second half of the year, with specific outlook for each of our business segments as follows:

Smart Vision

According to the Quarterly Tracking Report of Global Smart Home Device Market, Q1 2025 released by IDC, the global smart camera market shipments in the first quarter increased by 4.6% year-on-year to 33.87 million units. Among them, the Asia-Pacific region (excluding China and Japan) and Latin American markets grew by 23.1% and 19.6% respectively, making them the two fastest-growing regions in the world. Moreover, emerging markets such as the Middle East and Latin America showed strong demand for Chinese products, particularly network cameras, smart door locks, and access control systems. Driven by the wave of intelligentization, industry competition has shifted from single-device output to an "AI + data + service" ecosystem, with AI-enabled ultra-high-definition image analysis and real-time decision-making systems becoming the market mainstream. Statistics from RUNTO indicate that the global smart security market size reached US\$24.2 billion in 2024, a year-on-year increase of 16.3%, and it is expected to exceed US\$30 billion by 2026, achieving a compound annual growth rate of about 11.3%. Therefore, the global security industry market is expected to maintain a relatively high growth rate in the next few years.

Simultaneously, in-vehicle cameras are emerging as another core growth engine for smart vision business. According to the 2024-2029 China In-Vehicle Camera Industry Development Trend and Competition Strategy Research Report, in-vehicle cameras are classified into five types by function: front-view, surround-view, rear-view, side-view, and built-in; and three types by quantity: monocular, binocular, and multi-view. It is estimated that the global market size will reach US\$27.3 billion in 2025, and the per-vehicle installation quantity will increase to 8-12 units. In addition, smart vision application scenarios are accelerating their penetration into new fields such as smart wearables, smart glasses, 3D industrial vision, in-vehicle, and robots. Smart cars, humanoid robots, and 3D industrial vision equipment increasingly incorporate multiple high-performance cameras, which combined with cloud-based large models to achieve AI empowerment. These emerging application scenarios have become new directions for future business expansion. In summary, the global smart security market is in a good state of prosperity this year, new application scenarios of smart vision are increasing rapidly, and the pace of technological iteration is accelerating. This laid a solid foundation for the future business growth of this business unit, thus we are optimistic about the achievement of business goals in the second half of the year.

Optoelectronic Displays

Due to downstream manufacturers stockpiling inventory in Q1 to mitigate the impact of U.S. tariffs, coupled with emerging risks of a global economic downturn, panel manufacturers are taking a cautious stance toward demand in the second half of 2025, with more conservative production plans. Omdia forecasts that the total shipment volume of mid-to-large-sized panels for televisions, displays, laptops, and tablets is expected to grow by 2.6% year-on-year to 907.6 million units in 2025, marking a significant slowdown compared to the 9% growth in 2024. With Windows 10 support set to end in October 2025, market analysts anticipate a potential recovery in demand for IT panels during the second half of the year. Concurrently, Windows 11's enhanced optimization for 4K/HDR displays is expected to catalyze corporate display upgrades, while the growing prevalence of AI-powered multi-window processing is likely to boost sales of screens exceeding 27 inches. IDC forecasts a 12.4% year-on-year expansion in China's gaming monitor market for 2025, supported by declining prices and ongoing consumer market upgrades, which are facilitating the penetration of gaming monitors into conventional office environments. The second-half market outlook presents a mixed picture, with major panel manufacturers maintaining cautious shipment expectations on one hand, while laptops and gaming monitors may experience renewed growth momentum on the other. Against this backdrop, we are cautiously optimistic about the Group's business performance in the second half of the year.

Memory Products

The exponential growth of mainstream AI models, with parameters now surpassing the trillion-level threshold, is poised to drive a significant surge in demand for memory chips. While the traditional DRAM market maintains relatively stable demand, pricing momentum primarily stems from supply-demand mismatches. Industry research firm Yole anticipates the global memory market to reach US\$200 billion by 2025. Against this backdrop, international memory chip giants are rapidly reallocating capital expenditures toward high-margin HBM production, while Chinese manufacturers are accelerating capacity expansion to narrow the market share gap. The memory sector is currently experiencing rapid growth fueled by AI adoption. With DRAM and Nand flash memory prices expected to maintain an upward trajectory in the second half of 2025, market demand is likely to benefit from both AI-driven applications and seasonal year-end strength. However, consumer electronics demand remains constrained by macroeconomic factors and is subject to ongoing uncertainties. Therefore, we remain cautiously optimistic about this business unit's performance in the second half of the year.



MANAGEMENT DISCUSSION AND ANALYSIS

Smart Displays

Industry analysis suggests that U.S. tariff costs and the phase-out of Chinese subsidies will reshape the global TV market landscape in the second half of 2025, leading to a dual trend of overall volume pressure alongside structural upgrades. According to Omdia, North America and China will remain the world's two largest TV markets in 2025, collectively accounting for over 40% of global market share. North American TV shipments are forecast to grow by 1.6% year-on-year to 49.90 million units, while the Chinese market is expected to expand 3.2% year-on-year to 38.30 million units, with China's growth potentially emerging as a key industry highlight.

Technological advancements are driving structural shifts in the TV market, with combined 4K/8K TV penetration surpassing 80%, though ecosystem maturity constraints continue to hinder the development of 8K display market. In the premium TV segment, smart display chips integrated with AI large language models are shaping the future trajectory, enhancing visual performance while enabling interconnectivity with other smart home devices. This reinforces television's role as an essential low-frequency household hub for whole-home automation. Consequently, while TV shipments may decline year-on-year in the second half of this year, emerging technologies such as Mini LED and AI large language model applications present limited growth opportunities. We therefore maintain a cautious stance toward performance for the second half of this year.

Communication Products

Regional communications markets are showing divergent trajectories, with emerging markets poised to become primary growth drivers fueled by policy subsidies, while North America faces moderated expansion due to high interest rates and tariff policies. Collectively, the commercial scale-up of 5G RedCap, AI-enhanced smart module upgrades, and policy tailwinds in emerging market are expected to sustain robust growth momentum for cellular IoT modules through 2025-2026. Three key scenarios will serve as core growth engines, including smart grids (4G Cat 1 bis & RedCap deployments), industrial automation (RedCap sensor upgrades) and vehicle-to-everything (5G module penetration). This business unit primarily supplies small-capacity memory MCPs chips used in cellular modules, as well as 4G/5G RF power amplifiers. With the increase in volume and price of the memory chips along with increasing shipments of 4G/5G power amplifiers, there is support for the performance of this business unit in the second half of this year. Therefore, we maintain an optimistic outlook for achieving business goals in the second half of this year.

Optical Communication

Looking ahead to the second half of 2025 and beyond, the market for data communication optical modules is expected to continue its growth momentum. The industry anticipates that NVIDIA's latest GB300 servers will commence mass production and shipment in Q3, paired with the more powerful 1.6T optical modules. A single NVL72 rack requires up to 288 1.6T optical modules, while a cluster composed of 10 NVL72 racks, if designed with a two-layer network topology, would require the deployment of as many as 2,880 1.6T optical modules. Driven by such robust demand, the shipment volume of 1.6T optical modules is projected to reach the millions-unit level in 2025. It should also be noted that Huawei's CloudMatrix 384 Super Node, launched in April, adopts a ground breaking all-optical interconnect solution. Each super node currently deploys 6,812 400G optical modules for internal connectivity, with an additional 4,124 modules for cross-rack interconnection. Moreover, these optical modules possess inherent upgrade potential to 800G, setting the stage for potentially explosive growth in market demand during 2025 to 2026. LightCounting has adopted an even more optimistic outlook, projecting that the revenue from data center optical devices will surpass US\$16 billion in 2025, marking an impressive 60% year-on-year growth. The explosive growth in computing power demand driven by AI, coupled with continuous technological advancements, is expected to shape a prosperous future for high-speed optical modules. Benefiting from the rapid growth in short-term market demand and sustained positive prospects in the medium to long term, we maintain an optimistic outlook for our business growth in the second half of the year.

Mixed Distribution

Based on the Kitchen cycle and industry data, the market generally believes that semiconductor industry inventories will return to relatively healthy levels in the second half of 2025. In the first half of the year, the electronic components supply chain experienced increased volatility due to shortages and price hikes in memory chips, U.S. tariff policies, and structural urgent orders, and this trend is expected to persist in the second half of the year. The supply shortage of memory chips, driven by the surging AI demand, coupled with production capacity adjustments by original manufacturers reducing output for certain categories, is expected to prolong the shortage and price hike trend in the second half of the year. Moreover, with the arrival of the traditional year-end peak season, demand for consumer electronics, automotive-grade components, and AI hardware is gradually being unleashed. The industry may enter a new round of inventory replenishment cycle, creating fresh structural opportunities in the market. This business unit leverages its proprietary data-driven matching and trading system to address urgent spot market demands. Should market recovery aligns with expectations, the unit stands to benefit from both industry demand fluctuations and resource integration. In addition, expanding overseas supply resources and customer service groups will be a key focus for this business unit this year, which will help achieve business diversification and better mitigate the negative impact of U.S. tariff policies. In summary, we maintain a cautiously optimistic outlook for achieving our business objectives in the second half of the year.



MANAGEMENT DISCUSSION AND ANALYSIS

Overall, in the second half of 2025, the global economy will seek a balance between “weak recovery” and “high volatility”. Many institutions point out that trade tensions and policy uncertainty as the main factors restraining global economic growth. By leveraging the development of new quality productive forces and implementing policies designed to boost consumption to create new anchors for economic growth, China is expected to maintain a relatively fast growth rate, but it also needs to be vigilant against the potential risks brought about by trade policy changes and demand bubbles.

Research indicates that since 2011, the global growth rate of total factor productivity (TFP) has continued to decline. The driving force of traditional capital and labor for economic growth has weakened, and artificial intelligence (AI) has emerged as a core driver of global economic growth in recent years. The AI and semiconductor industries have developed a deeply synergistic symbiotic relationship. Over the next few years, AI infrastructure construction is expected to drive semiconductor technology innovation and capacity expansion, while semiconductor chips will provide the hardware computing power support for AI. With the continuous expansion of AI application scenarios and ongoing breakthroughs in semiconductor technology, this synergistic relationship is expected to strengthen further, driving rapid growth in both industries. Despite the overall optimistic outlook for the global semiconductor chip market, however, trade frictions may still cause supply chain disruptions, triggering potential risks.

Over the years, the Group has persistently pursued in-depth deployment and engagement in authorized distribution, mixed distribution, value-added technology and the manufacturing of optical communication chips. We have enhanced our technology value add capabilities by continuous improvements to our domestic and overseas business networks, active advancement of enterprise digitization, the fostering of the Group’s “all-round” distribution capabilities, and the extensive deployment of on-device AI algorithm applications. Looking ahead, we will focus on expanding into new business opportunities arising from the widespread adoption of AI applications, monitoring the transformation in cross-border payments driven by the adoption of digital currencies and stablecoins, continuously expanding the scale of the distribution business, promoting the growth of the technology value-add business, and achieving diversified and synergistic development of the Group’s operations. In the second half of 2025, building on a foundation of steady operation and proactive innovation, we will enhance our business quality and profitability, with a view to delivering better returns and long-term value to the Company’s shareholders (“**Shareholders**”).

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group's revenue amounted to HK\$2,796.2 million, representing an increase of HK\$172.3 million (6.6%) as compared with the corresponding period in 2024 (HK\$2,623.9 million). The increase in revenue was mainly caused by the increase in the sales from authorised distribution business.

Gross profit

Our gross profit for the six months ended 30 June 2025 increased by HK\$18.8 million (13.1%) to HK\$162.2 million as compared with the corresponding period in 2024 (HK\$143.4 million). Our gross profit margin increased by 0.3 percentage points to 5.8% for the six months ended 30 June 2025 (six months ended 30 June 2024: 5.5%). The increase in gross profit margin was principally caused by an increase in sales from mixed distribution business.

Research and development expenses

Research and development expenses mainly comprise of staff cost incurred for our research and development department. For the six months ended 30 June 2025, research and development expenses amounted to HK\$17.8 million, increased by 5.9% as compared with the six months ended 30 June 2024 (HK\$16.8 million). The increase was mainly due to an increase in staff costs of our research and development personnel.

Administrative, selling and distribution expenses

Administrative, selling and distribution expenses aggregated to HK\$93.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$87.4 million), which accounted for 3.3% of the revenue for the six months ended 30 June 2025 as compared with 3.3% over the corresponding period in 2024. The increase was mainly due to an increase in staff costs of our selling and distribution personnel.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs for the six months ended 30 June 2025 amounted to HK\$13.0 million (six months ended 30 June 2024: HK\$15.7 million). The Group has entered into various financing arrangements with principal bankers. The finance costs decreased compared to the prior period which was mainly due to less bank and other borrowings used for the business of the Group.

Profit for the period

For the six months ended 30 June 2025, the Group's profits amounted to HK\$48.6 million, representing an increase of HK\$11.7 million as compared to HK\$36.9 million for the corresponding period in 2024, a rise of 31.5%. The net profit margin for the six months ended 30 June 2025 was approximately 1.7%, representing an increase of 0.3% as compared with the corresponding period in 2024 (2024: 1.4%).

Net profit attributable to the owners of the Company

The net profit attributable to the owners of the Company for the six months ended 30 June 2025 amounted to HK\$48.5 million, representing an increase of 33.4% as compared with the corresponding period in 2024 (six months ended 30 June 2024: HK\$36.3 million).

Use of proceeds from the global offering

The shares of the Company were listed (the "**Listing**") on the Stock Exchange on 7 October 2016. The Company issued 125,000,000 new shares with the nominal value of US\$0.00001 at HK\$1.83 per share. The net proceeds from the Listing received by the Company were approximately HK\$205.8 million after deducting underwriting fees and estimated expenses in connection with the Listing.

The Group has utilised approximately HK\$181.9 million of the net proceeds as at 30 June 2025 according to the intentions set out in the prospectus of the Company dated 27 September 2016 (the "**Prospectus**"). The unutilised net proceeds have been placed as deposits with banks and are expected to be utilised as intended.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds		Net proceeds	Utilised during six months ended 30 June 2025	Utilised as at 30 June 2025	Amount remaining	Expected timeline for utilising the remaining net proceeds (Notes 1 and 2)
		(in HK\$ million)	(in HK\$ million)	(in HK\$ million)	(in HK\$ million)	(in HK\$ million)
1.	Hiring additional staff for sales and marketing and business development and improvement of warehouse facilities	20.6	0.0	(20.6)	0.0	–
2.	Advertising and organising marketing activities for the promotion of our e-commerce platform, Smart Core Planet and our new products	41.2	0.0	(41.2)	0.0	–
3.	Enhancing, further developing and maintain our e-commerce platform and improving our technology infrastructure	41.2	(0.1)	(17.3)	23.9	Expected to be fully utilised on or before 31 December 2025
4.	For research and development	20.6	0.0	(20.6)	0.0	–
5.	Funding potential acquisition of, or investment in business or companies in the e-commerce industry or electronics industry	61.7	0.0	(61.7)	0.0	–
6.	General working capital	20.5	0.0	(20.5)	0.0	–
		205.8	(0.1)	(181.9)	23.9	

Notes:

- The expected timeline for utilising the remaining net proceeds is made based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.
- The unutilised net proceeds from the Listing are expected to be used as intended except that the original timeline for utilising the remaining net proceeds as disclosed in the Prospectus has been delayed due to, among other things, the business environment being affected by the rapid change in technology in the past few years, the Sino-US trade tension in 2018, the social unrest in Hong Kong in 2019 and the outbreak of COVID-19 from January 2020 to the end of 2022. Additional time is therefore needed for the Group to identify suitable resource, including personnel, suppliers and service providers, for the development of e-commerce platform and technology infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group's primary source of funding include cash generated from operating activities and the credit facilities provided by banks. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

As at 30 June 2025, the Group maintained aggregate restricted and unrestricted bank balances and cash of HK\$328.1 million (31 December 2024: HK\$432.3 million).

As at 30 June 2025, the outstanding bank and other borrowings of the Group were HK\$607.3 million (31 December 2024: HK\$306.2 million). The Group's gearing ratio, which is calculated by the interest-bearing borrowings divided by total equity, increased from 31.9% as at 31 December 2024 to 62.7% as at 30 June 2025 as a result of the increase in bank borrowings.

As at 30 June 2025, the total and unutilised amount of the Group's banking facilities (excluding standby letter of credit) were HK\$2,601.3 million and HK\$1,994.0 million (31 December 2024: HK\$2,323.6 million and HK\$2,017.4 million) respectively.

As at 30 June 2025, the Group had current assets of HK\$1,901.5 million (31 December 2024: HK\$1,339.1 million) and current liabilities of HK\$1,293.0 million (31 December 2024: HK\$728.9 million). The current ratio was 1.47 times as at 30 June 2025 (31 December 2024: 1.84 times).

The Group's debtor's turnover period was 57 days for the six months ended 30 June 2025 as compared to 53 days for the corresponding period in 2024. The overall debtors' turnover period was within the credit period.

The creditors' turnover period was 32 days for the six months ended 30 June 2025 as compared with 24 days for the corresponding period in 2024. Creditors' turnover period has been maintaining at a reasonable level.

The inventories' turnover period was 21 days for the six months ended 30 June 2025 as compared with 15 days for the corresponding period in 2024. The inventories' turnover period has been maintaining at a stable level.

Foreign currency exposure

The Group's transactions are principally denominated in United States dollars and Renminbi. The Group had not experienced any material difficulties or material adverse impacts on its operation despite the fluctuations in currency exchange rates and the net foreign exchange loss of approximately HK\$1.0 million during the six months ended 30 June 2025 (six months ended 30 June 2024: net foreign exchange loss of approximately HK\$0.1 million). At the date of this report, the Group has not adopted any foreign currency hedging policy. However, the Group will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the exposures become significant.

Pledge of assets

As at 30 June 2025, the financial assets at fair value through profit or loss (“**FVTPL**”) amounted to HK\$131.7 million (31 December 2024: HK\$130.1 million), trade receivable factored amounted to HK\$381.7 million (31 December 2024: HK\$99.0 million) and bank deposits amounted to HK\$167.9 million (31 December 2024: HK\$192.9 million) had been charged as security for the bank borrowings and financing arrangement of the Group.

Capital commitment and contingent liabilities

The Group had no material capital commitment and contingent liabilities as at 30 June 2025.

Significant investment held

Save for the financial assets at FVTPL as disclosed above and the financial assets at FVTOCI and investment in associates as stated in the condensed consolidated statement of financial position, the Group did not hold any significant investments during the six months ended 30 June 2025.

Material acquisition and disposal of subsidiaries and associated companies

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (the “**Treasury Shares**”) within the meaning under the Listing Rules) during the Period. As at 30 June 2025, the Company did not hold any Treasury Shares.

EVENTS AFTER 30 JUNE 2025

Up to the date of this report, the Group has no significant subsequent event after 30 June 2025 which requires disclosure.

EMPLOYEE AND EMPLOYEE INCENTIVE SCHEMES

As at 30 June 2025, the Group had 319 employees (as at 30 June 2024: 327), with the majority based in Shenzhen and Hong Kong. Total employee cost for the six months ended 30 June 2025, excluding the remuneration of the directors of the Group, were approximately HK\$53.9 million (six months ended 30 June 2024: approximately HK\$53.9 million).

On 19 September 2016, the Company adopted a share award scheme (the “**Share Award Scheme**”) and conditionally approved and adopted a share option scheme (the “**Share Option Scheme**”).

In relation to the Share Award Scheme, the board of directors of the Company (the “**Board**”) may, from time to time, at its absolute discretion, select any of our directors, senior managers and employees of the Group to participate in the Share Award Scheme (the “**Selected Participants**”), subject to the terms and conditions set out in the Share Award Scheme. In determining the Selected Participants, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

In relation to the Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company.

During the six months ended and as at 30 June 2025, a total of 6,000,000 share awards were granted to the employees by the Company pursuant to the Share Award Scheme. During this period, 2,000,000 share awards vested, while no share awards were cancelled or forfeited. The Group recognised a total of HK\$4.5 million of share-based payment expenses in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$0.3 million). No share option had been granted or agreed to be granted by the Company pursuant to the Share Option Scheme as at 30 June 2025.

The number of awarded shares available for grant under the Share Award Scheme at the beginning and the end of the six months ended 30 June 2025 is 37,420,000 and 31,420,000 respectively. The number of options available for grant under the Share Option Scheme at the beginning and the end of the six months ended 30 June 2025 is 50,000,000. The number of shares that may be issued in respect of options and awards granted during the reporting period divided by the weighted average number of shares in issue is approximately 0.18.

Details of movement of shares awarded under the Share Award Scheme during the six months ended 30 June 2025 were as follows:

Grantee	Date of grant	Number of share awards					Unvested as at 30 June 2025	Closing price of the awarded share immediately before the grant date	Weighted average closing price of the awarded shares immediately before the vesting date
Directors									
Mr. Mak Hon Kai Stanly	2 April 2025 ⁽¹⁾	–	3,000,000	1,000,000	–	–	2,000,000	HK\$1.71	HK\$1.67
Mr. Zheng Gang	2 April 2025 ⁽¹⁾	–	3,000,000	1,000,000	–	–	2,000,000	HK\$1.71	HK\$1.67

Note:

On 2 April 2025, each of 3,000,000 awarded shares were granted to Mr. Mak Hon Kai Stanly and Mr. Zheng Gang, executive directors of our Company. Subject to the terms of the Share Award Scheme and the fulfilment of the vesting conditions specified by the Board, the awarded shares shall be vested in three batches with each 1,000,000 awarded shares by 30 June 2025, 2026 and 2027, respectively.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float during the six months ended 30 June 2025 and up to the date of this Interim Report.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

There are no material changes in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since the date of 2024 annual report of the Company and up to the date of this report.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK3 cents per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK2 cents per share) and is expected to be paid on or about Tuesday, 30 September 2025 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 19 September 2025.



OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 17 September 2025 to Friday, 19 September 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 16 September 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining high corporate governance standards. The Board believes that good corporate governance (which includes adopting an effective management accountability system and high standard of business ethics), can provide a framework that is essential to the Company's sustainable development and to safeguard the interests of the Shareholders, suppliers, customers, employees and other stakeholders.

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the **"CG Code"**) contained in Appendix C1 to the Listing Rules as its own code of corporate governance. Except for code provision C.2.1 as disclosed below in this report, the Company has complied with the applicable code provisions of the CG Code during the six months ended 30 June 2025. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

The Company deviates from code provision C.2.1 as Mr. Tian Weidong currently serves as both the Chairman and the Chief Executive Officer. The Board believes that vesting the roles of both chairman and chief executive officer in the same person offers the advantage of ensuring consistent leadership within the Group and facilitates more effective and efficient overall strategic planning for the Group. The Board considers that the present arrangement will not impair the balance of power and authority and that this enables the Company to make and implement decisions promptly and effectively. The Board will continue to review this structure and consider separating the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of the Directors, and all Directors confirmed that they had fully complied with the Model Code for the six months ended 30 June 2025.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and short positions of our Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under Section 352 of the SFO; or are required, pursuant to the Model Code as set out in Appendix C3 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), to be notified to the Company and the Stock Exchange are as follows:

Name of Director	Nature of Interest	Number of Shares held	Approximate shareholding percentage ⁽⁵⁾
Mr. Tian Weidong ⁽¹⁾	Interest in a controlled corporation	262,500,000 (L)	53.72%
Mr. Wong Tsz Leung ⁽²⁾	Interest in a controlled corporation	52,500,000 (L)	10.74%
Mr. Liu Hongbing	Beneficial owner	37,500,000 (L)	7.67%
Mr. Mak Hon Kai, Stanly ⁽³⁾	Beneficial owner	3,500,000 (L)	0.72%
Mr. Zheng Gang ⁽⁴⁾	Beneficial owner	1,000,000 (L)	0.20%

Notes:

- (1) Smart IC Limited is wholly owned by Mr. Tian Weidong. Therefore, Mr. Tian is deemed to be interested in all the shares held by Smart IC Limited.
- (2) Insight Limited is wholly owned by Mr. Wong Tsz Leung. Therefore, Mr. Wong is deemed to be interested in all the shares held by Insight Limited.
- (3) Mr. Mak is interested in 5,500,000 shares in terms of that the Company granted him 6,000,000 shares under the Share Award Scheme, of which 3,500,000 shares have been vested, 500,000 shares were forfeited as certain terms of the award were not achieved.
- (4) Mr. Zheng is interested in 3,000,000 shares in terms of that the Company granted him 3,000,000 shares under the Share Award Scheme, of which 1,000,000 shares have been vested.
- (5) Based on 488,681,030 shares in issue as at 30 June 2025.
- (L) represents long positions.

Save as disclosed in this report, as at 30 June 2025, none of the Directors nor their associates had any interests or short positions in any share, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance, to which the Company, or its holding companies, subsidiaries or fellow subsidiaries was a party and in which the Director or the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end or at any time during the six months ended 30 June 2025.

OTHER INFORMATION

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during the six months ended 30 June 2025, none of the Directors has an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

In order to ensure that direct competition does not develop between the Group and each of Mr. Tian and Smart IC Limited (the **"Controlling Shareholders"**)'s other activities, our Controlling Shareholders have entered into the deed of non-competition dated 19 September 2016 executed by controlling shareholders in favour of the Company, pursuant to which, each of our Controlling Shareholders had undertaken to the Company (for ourselves and for the benefit of our subsidiaries) that, save for the Retained Business (as defined in the Prospectus), they will not, and they will use their best endeavours to procure that their respective close associates (except any members of the Group) will not, whether directly or indirectly (including through anybody corporate, partnership, joint venture or other contractual arrangement and for projects or otherwise) or as principal or agents, and whether or their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of the Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of any member of the Group, the details of which are set out in the Prospectus.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARE

As at 30 June 2025, so far as the Directors are aware, the following persons have interests or short positions in the shares or underlying shares of the Company, as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of shareholders	Nature of Interest	Number of Shares held	Approximate shareholding percentage ⁽⁴⁾
Smart IC Limited ⁽¹⁾	Beneficial owner	262,500,000 (L)	53.72%
Insight Limited ⁽²⁾	Beneficial owner	52,500,000 (L)	10.74%
Mr. Liu Hongbing	Beneficial owner	37,500,000 (L)	7.67%
Futu Trustee Limited ⁽³⁾	Trustee	24,534,256 (L)	5.02%

Notes:

- (1) Smart IC Limited is wholly owned by Mr. Tian Weidong. Therefore, Mr. Tian is deemed to be interested in all the shares held by Smart IC Limited.
- (2) Insight Limited is wholly owned by Mr. Wong Tsz Leung. Therefore, Mr. Wong is deemed to be interested in all the shares held by Insight Limited.
- (3) As the trustee of the Company's share award scheme, Futu Trustee Limited is holding 21,200,000 shares as the trustee of the unvested shares and 3,334,256 shares as the custodian of the vested shares of the grantees.
- (4) Based on 488,681,030 shares in issue as at 30 June 2025
- (L) Represents long positions.

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

AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, namely Dr. Tang Ming Je, Ms. Xu Wei and Dr. Lin Chen. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide comment and advice to the Board. The audit committee has reviewed the interim results of the Group for the six months ended 30 June 2025 (the “**interim financial statements**”) and discussed with the external auditors on the result of an independent review of the interim financial statements as well as with the management on the accounting policies adopted by the Group, internal controls and financial reporting matters of the Group.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules and other applicable laws and regulations has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.smart-core.com.hk).

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their continuous support and contributions. The Board would also take this opportunity to thank all of our Shareholders, investors, customers, auditors and business partners for their faith in the prospects of the Group.

By order of the Board
Smart-Core Holdings Limited
Tian Weidong
Chairman and Executive Director

Hong Kong, 29 August 2025

INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF SMART-CORE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 56 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2025 and the related condensed consolidated statement of profit or loss, 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 selected explanatory information. 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 HKICPA. A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong

Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong
29 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	2,796,194	2,623,869
Cost of sales		(2,633,954)	(2,480,450)
Gross profit		162,240	143,419
Other income	6	11,236	9,041
Other gains or (losses), net	7	534	1,367
(Impairment losses)/reversal of impairment losses on trade receivables		(1,913)	7,748
Research and development expenses		(17,757)	(16,767)
Administrative expenses		(36,370)	(36,060)
Selling and distribution expenses		(57,071)	(51,370)
Share of results of associates		7,668	3,581
Finance costs		(13,001)	(15,730)
Profit before tax		55,566	45,229
Income tax expense	8	(7,003)	(8,312)
Profit for the period	9	48,563	36,917
Attributable to:			
Owners of the Company		48,458	36,326
Non-controlling interests		105	591
		48,563	36,917
Earnings per share	11		
Basic		10.44 HK cents	7.73 HK cents
Diluted		10.38 HK cents	7.72 HK cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	48,563	36,917
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	5,712	(5,115)
Share of other comprehensive income of associates	–	287
Other comprehensive income for the period, net of tax	5,712	(4,828)
Total comprehensive income for the period	54,275	32,089
Attributable to:		
Owners of the Company	54,136	31,566
Non-controlling interests	139	523
	54,275	32,089

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	5,379	6,083
Right-of-use assets	13	6,313	9,368
Goodwill		20,159	20,159
Intangible assets		4,728	4,737
Club debentures		5,963	5,856
Financial assets at FVTOCI		40,788	40,085
Financial assets at fair value through profit or loss (FVTPL)		146,018	144,213
Investment in associates		129,443	121,011
Deposits	15	2,044	2,025
Deferred tax assets		1,697	1,304
		362,532	354,841
Current assets			
Inventories		421,562	190,118
Trade and bills receivables	14	1,114,965	658,354
Prepayments, deposits and other receivables	15	36,898	58,267
Pledged bank deposits	16	167,877	192,881
Bank and cash balances	16	160,204	239,455
		1,901,506	1,339,075
Current liabilities			
Trade and bills payables	17	580,252	341,874
Contract liabilities		14,980	18,627
Amounts due to associates		3,251	5,265
Other payables and accrued charges	18	67,773	41,768
Lease liabilities		5,922	6,822
Bank and other borrowings	19	605,303	303,659
Current tax liabilities		15,526	10,926
		1,293,007	728,941
Net current assets		608,499	610,134
Total assets less current liabilities		971,031	964,975

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		546	2,669
Bank and other borrowings	19	1,974	2,530
		<u>2,520</u>	<u>5,199</u>
NET ASSETS		<u>968,511</u>	<u>959,776</u>
Capital and reserves			
Share capital	21	38	38
Reserves		967,890	959,294
		<u>967,928</u>	<u>959,332</u>
Equity attributable to owners of the Company		967,928	959,332
Non-controlling interests		583	444
TOTAL EQUITY		<u>968,511</u>	<u>959,776</u>

Approved by the Board of Directors on 29 August 2025

Tian Weidong
Chairman

Zheng Gang
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Treasury share reserve HK\$'000	Share award reserve HK\$'000	Capital redemption reserve HK\$'000	Financial assets at FVTOCI reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024 (Audited)	38	125,136	14,051	13,738	(8,739)	(34,351)	1,066	1	(546)	794,344	904,738	(325)	904,413
Profit for the period	-	-	-	-	-	-	-	-	-	36,326	36,326	591	36,917
Other comprehensive income	-	-	-	-	(4,760)	-	-	-	-	-	(4,760)	(68)	(4,828)
Total comprehensive income for the period	-	-	-	-	(4,760)	-	-	-	-	36,326	31,566	523	32,089
Transfer to statutory reserve	-	-	-	2,001	-	-	-	-	-	(2,001)	-	-	-
Dividend recognised as distribution (note 10)	-	(23,469)	-	-	-	-	-	-	-	-	(23,469)	-	(23,469)
Recognised of equity-settled share-based payment expense (note 22)	-	-	-	-	-	-	304	-	-	-	304	-	304
Share vested under share award scheme (note 22)	-	-	-	-	-	1,815	(1,370)	-	-	(445)	-	-	-
Shares purchased by the Trustee pursuant to share award scheme (note 22)	-	-	-	-	-	(676)	-	-	-	-	(676)	-	(676)
Changes in equity for the period	-	(23,469)	-	2,001	(4,760)	1,139	(1,066)	-	-	33,880	7,725	523	8,248
At 30 June 2024 (Unaudited)	38	101,667	14,051	15,739	(13,499)	(33,212)	-	1	(546)	828,224	912,463	198	912,661

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Foreign currency translation reserve HK\$'000	Treasury share reserve HK\$'000	Share award reserve HK\$'000	Capital redemption reserve HK\$'000	Financial assets at FVTOCI reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2025 (Audited)	38	92,433	14,051	15,533	(15,004)	(39,620)	-	1	(546)	892,446	959,332	444	959,776
Profit for the period	-	-	-	-	-	-	-	-	-	48,458	48,458	105	48,563
Other comprehensive income	-	-	-	-	5,678	-	-	-	-	-	5,678	34	5,712
Total comprehensive income for the period	-	-	-	-	5,678	-	-	-	-	48,458	54,136	139	54,275
Transfer to statutory reserves	-	-	-	2,909	-	-	-	-	-	(2,909)	-	-	-
Dividend recognised as distribution (note 10)	-	(46,109)	-	-	-	-	-	-	-	-	(46,109)	-	(46,109)
Recognised of equity-settled share-based payment expense (note 22)	-	-	-	-	-	-	4,519	-	-	-	4,519	-	4,519
Share vested under share award scheme (note 22)	-	-	-	-	-	3,452	(3,440)	-	-	(12)	-	-	-
Shares purchased by the Trustee pursuant to share award scheme (note 22)	-	-	-	-	-	(3,950)	-	-	-	-	(3,950)	-	(3,950)
Changes in equity for the period	-	(46,109)	-	2,909	5,678	(498)	1,079	-	-	45,537	8,596	139	8,735
At 30 June 2025 (Unaudited)	38	46,324	14,051	18,442	(9,326)	(40,118)	1,079	1	(546)	937,983	967,928	583	968,511

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
Note	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	57,898	51,090
(Increase)/decrease in inventories	(221,715)	34,782
Increase in trade receivables	(542,730)	(198,974)
Increase in trade payables	238,378	126,897
Other operating cash flows	41,694	2,903
Cash (used in)/generated from operations	(426,475)	16,698
Income tax paid	(2,877)	(3,355)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(429,352)	13,343
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(350)	(778)
Proceeds from disposals of property, plant and equipment	–	10
Purchase of intangible assets	(780)	–
Dividend received from an associate	–	39,090
Loan to an associate	–	(13,673)
Interest received	4,739	5,420
Net withdrawal/(placement) of pledged bank deposits	25,004	(15,393)
NET CASH GENERATED FROM INVESTING ACTIVITIES	28,613	14,676
FINANCING ACTIVITIES		
New bank and other borrowings raised	1,961,223	1,481,983
Repayment of bank and other borrowings	(1,660,135)	(1,358,480)
Dividend paid	(46,109)	(23,469)
Interest paid	(12,867)	(15,591)
Repayment of loan from an associate	–	(78,039)
Repayments of lease liabilities	(4,675)	(5,190)
Payment on purchase of shares by the Trustee pursuant to share award scheme	(3,950)	(676)
Proceeds from bills discounted	84,206	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	317,693	538
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(83,046)	28,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	239,455	167,805
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		
Effect of foreign exchange rate changes	3,795	(3,378)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	160,204	192,984
Represented by bank and cash balances		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2024 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

2. NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

New and amended standards adopted by the Group

The Group has applied the amendments to HKAS 21 "Lack of Exchangeability" for the first time from 1 January 2025. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standard.

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy as at 30 June 2025:

Description	Fair value measurements using		Total
	Level 2	Level 3	30 June
	HK\$'000	HK\$'000	2025
			HK\$'000
			(Unaudited)
Recurring fair value measurements:			
Financial assets:			
Financial assets at FVTPL			
Unlisted limited partnership	13,268	–	13,268
Unlisted equity securities	1,088	–	1,088
Life insurance policies	–	131,662	131,662
Financial assets at FVTOCI			
Unlisted equity securities	40,788	–	40,788
Total	55,144	131,662	186,806

Disclosures of level in fair value hierarchy at 31 December 2024:

Description	Fair value measurements using		Total
	Level 2	Level 3	31 December
	HK\$'000	HK\$'000	2024
			HK\$'000
			(Audited)
Recurring fair value measurements:			
Financial assets:			
Financial assets at FVTPL			
Unlisted limited partnership	13,040	–	13,040
Unlisted equity securities	1,069	–	1,069
Life insurance policies	–	130,104	130,104
Financial assets at FVTOCI			
Unlisted equity securities	40,085	–	40,085
Total	54,194	130,104	184,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. FAIR VALUE MEASUREMENTS (continued)

(b) Reconciliation of financial assets measured at fair value based on level 3:

	Financial assets at FVTPL	
	2025 HK\$'000	2024 HK\$'000
Life insurance policies		
At 1 January (audited)	130,104	127,026
Total unrealised gains recognised in profit or loss ^(#)	1,558	1,453
At 30 June (unaudited)	131,662	128,479
^(#) Include gains for assets held at the end of reporting period	1,558	1,453

The total gains recognised in profit or loss including those for assets held at end of reporting period are included in other gains and losses in the consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2025:

The Group has a team of personnel who are responsible to perform valuation or to obtain and review the relevant information on these Level 3 instruments for financial reporting purposes. This team performs valuation or obtains and reviews the relevant information, at least twice a year, aligning with the Group's annual and interim reporting dates. External valuation experts may also be involved and consulted when it is necessary.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2025: (continued)

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used):

Financial assets	Fair value as at 30.6.2025	31.12.2024	Fair value hierarchy	Valuation techniques and key inputs
Financial assets at FVTPL	Unlisted limited partnership HK\$13,268,000	Unlisted limited partnership HK\$13,040,000	Level 2	The fair values of unlisted limited partnership are determined with reference to the recent transaction price of the investments.
	Unlisted equity securities HK\$1,088,000	Unlisted equity securities HK\$1,069,000	Level 2	The fair values of unlisted equity securities are determined with reference to the recent transaction price of the investments.
	Life insurance policies HK\$131,662,000	Life insurance policies HK\$130,104,000	Level 3	Based on account value of the policies which represent the premium paid to the policies adjusted by net yield with reference to the expected return rate (Note).
Financial assets at FVTOCI	Unlisted equity securities HK\$40,788,000	Unlisted equity securities HK\$40,085,000	Level 2	The fair values of unlisted equity securities are determined with reference to the recent transaction price of the investments.

Note: The significant unobservable input is expected return rate and assuming other inputs were held constant, if the expected return rate increases, the fair value of the policies increase and vice versa. In the opinion of the directors of the Company, the change of expected return rate of the policies is insignificant based on historical record.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the directors of the Company. The directors review the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on types of goods delivered. The Group has identified two reportable segments as follows:

- (a) Authorised distribution, which involves the distribution of integrated circuit ("IC") products that are procured directly from and authorised for sale by a list of internationally well-known IC brands in the industry.
- (b) Mixed distribution, including the independent distribution of IC products that are procured by the Group from other readily available suppliers in the market, as well as other distribution and services conducted through the e-commerce platform.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4 to the Group's annual consolidated financial statements for the year ended 31 December 2024. Segment profit represents the profit earned by each segment without allocation of unallocated expenses, share of result of associates and fair value gain on financial assets at FVTPL. This is the measure reported to the directors for the purposes of resource allocation and performance assessment.

The directors make decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the directors do not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (continued)

Information about reportable segment profit or loss:

	Authorised distribution HK\$'000	Mixed distribution HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2025 (Unaudited)					
Revenue from external customers	2,754,011	42,183	2,796,194	–	2,796,194
Inter-segment sales*	2,417	3,942	6,359	(6,359)	–
	<u>2,756,428</u>	<u>46,125</u>	<u>2,802,553</u>	<u>(6,359)</u>	<u>2,796,194</u>
Segment profit	<u>40,657</u>	<u>5,328</u>	<u>45,985</u>	<u>–</u>	<u>45,985</u>
Six months ended 30 June 2024 (Unaudited)					
Revenue from external customers	2,597,847	26,022	2,623,869	–	2,623,869
Inter-segment sales*	4,617	548	5,165	(5,165)	–
	<u>2,602,464</u>	<u>26,570</u>	<u>2,629,034</u>	<u>(5,165)</u>	<u>2,623,869</u>
Segment profit	<u>31,092</u>	<u>2,473</u>	<u>33,565</u>	<u>–</u>	<u>33,565</u>

* Inter-segment sales are charged at cost

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. SEGMENT INFORMATION (continued)

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit or loss		
Total profit of reportable segments	45,985	33,565
Unallocated amounts:		
Unallocated expenses	(6,648)	(1,682)
Fair value gain on financial assets at FVTPL	1,558	1,453
Share of results of associates	7,668	3,581
Consolidated profit for the period	48,563	36,917

Geographical information:

The Group principally operates in Hong Kong, the PRC, Singapore and Japan.

The following table provides an analysis of the Group's sales by geographical market based on the jurisdictions where the relevant group entities were set up, which are also their place of operations during the period, irrespective of the origin of goods and the location of customers.

Revenue from external customers based on location of operations of the relevant group entities

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Hong Kong	1,432,163	1,322,132
The PRC	941,204	879,383
Singapore	414,791	416,603
Japan	506	70
Others	7,530	5,681
Consolidated total	2,796,194	2,623,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. REVENUE

(a) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Types of goods or service		
Sales of electronic components	2,796,194	2,623,869
Timing of revenue recognition		
A point in time	2,796,194	2,623,869
Sales channel/product lines		
Authorised distribution		
— Optoelectronic displays	500,380	329,107
— Memory products	553,555	645,724
— Communication products	404,330	277,050
— Smart vision	593,557	551,212
— Smart display	334,129	444,514
— Optical communication	211,136	170,966
— Others	156,924	179,274
	2,754,011	2,597,847
Mixed distribution	42,183	26,022
	2,796,194	2,623,869

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. REVENUE (continued)

(b) Performance obligations for contracts with customers

Sale of electronic components is recognised at a point of time when control of the goods has transferred, being when the goods have been delivered to port of discharge or the customer's specific location as stipulated in the sales agreement. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods.

Advance payments may be received based on the terms of sales contract and any transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer. The normal credit term is 0 to 120 days upon delivery.

As at 30 June 2025 and 31 December 2024, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

6. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	4,477	5,102
Technical support services income	1,554	2,560
Government grant (Note)	211	458
Compensation income	3,901	—
Other	1,093	921
	<u>11,236</u>	<u>9,041</u>

Note: During the six months ended 30 June 2024 and 2025, the government grant represents subsidies received from the relevant PRC government for improvement of working capital and incentive subsidies received in relation to trading activities carried out by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

7. OTHER GAINS OR (LOSSES), NET

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Foreign exchange losses, net	(1,022)	(67)
Fair value gain on financial assets at FVTPL	1,558	1,453
Loss on disposal of property, plant and equipment	(2)	(19)
	534	1,367

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current tax		
Hong Kong Profits Tax	6,282	4,247
PRC Enterprise Income Tax ("PRC EIT")	353	2,246
Singapore Corporate Tax ("CIT")	669	507
Others	81	–
	7,385	7,000
Deferred tax	(382)	1,312
	7,003	8,312

The Company was incorporated in the Cayman Island and is exempted from income tax.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8. INCOME TAX EXPENSES (continued)

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of The EIT Law, the tax rate of entities established in the PRC is 25% for both periods. As 深圳市芯智科技有限公司 (“**SMC Technology SZ**”) has been accredited as a “High and New Technology Enterprise” by the relevant authorities in Shenzhen for a term of three years from year 2024 to 2026, it is entitled to a reduced tax rate of 15%. Accordingly, the PRC EIT is calculated at 15% on the assessable profit of SMC Technology SZ for both periods. The PRC EIT of other PRC incorporated subsidiaries of the Group is calculated at 25% on the respective assessable profits.

Singapore CIT is calculated at 17% on the estimated assessable profit for both periods.

Withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. At 30 June 2025, the aggregate amount of distributable earnings for the Group’s PRC subsidiaries in respect of which the Group has not provided for dividend withholding tax amounted to HK\$105,593,000 (31 December 2024: HK\$96,028,000). No deferred tax liability has been recognised in respect of these amounts because the Group is in a position in control of the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

9. PROFIT FOR THE PERIOD

The Group’s profit for the period is arrived at after charging:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Staff costs (including directors’ emoluments)		
Salaries, wages and other allowances	36,143	39,966
Discretionary bonuses	19,478	10,278
Retirement benefit scheme contributions	6,429	6,714
Total staff costs	62,050	56,958
Amortisation of an intangible asset (included in selling and distribution expenses)	790	790
Depreciation of property, plant and equipment	1,176	1,047
Depreciation of right-of-use assets	4,577	4,747
Cost of inventories recognised as an expense (excluding allowance for inventories)	2,624,272	2,474,796
Allowance for inventories (included in cost of sales)	9,682	5,654

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. DIVIDENDS

During the current interim period, a final dividend of 10 HK cent per share in respect of the year ended 31 December 2024 (2024: 5 HK cents per share in respect of the year ended 31 December 2023) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$46,109,000 (2024: HK\$23,469,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of 3 HK cents (2024: 2 HK cents) per share amounting to HK\$14,660,000 (2024: HK\$9,774,000).

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>48,458</u>	<u>36,326</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>464,017,770</u>	469,780,068
Effect of dilutive potential ordinary shares arising from restricted share units ("RSU")	<u>2,972,376</u>	<u>1,000,000</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>466,990,146</u>	<u>470,780,068</u>

For the six months ended 30 June 2025 and 2024, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has taken into account the ordinary shares purchased by the Trustee from the market pursuant to the share award scheme of the Company for those unvested awarded shares and ungranted shares, adjusted by the ordinary shares vested under the share award scheme of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group disposed furniture and fixtures with an aggregate carrying amount of HK\$2,000 with no proceeds (30 June 2024: HK\$30,000 for proceeds of HK\$11,000), resulting in a loss on disposal of HK\$2,000 (30 June 2024: HK\$19,000).

In addition, during the six months ended 30 June 2025, the Group acquired property, plant and equipment of approximately HK\$350,000 (30 June 2024: HK\$778,000).

13. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group entered into new lease agreements for the use of office premises for 1 to 3 years. On the lease commencement, the Group recognised HK\$1,259,000 right-of-use assets and HK\$1,259,000 lease liabilities (30 June 2024: HK\$8,453,000 right-of-use assets and HK\$8,453,000 lease liabilities).

14. TRADE AND BILLS RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	1,102,478	650,700
Allowance for credit losses	(7,760)	(5,763)
	1,094,718	644,937
Bills receivables	20,263	13,481
Allowance for credit losses	(16)	(64)
	1,114,965	658,354

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 0 to 120 days (31 December 2024: 0 to 120 days). The bills receivables have a general maturity period ranging from 30 to 180 days (31 December 2024: 30 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the directors.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. TRADE AND BILLS RECEIVABLES (continued)

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the overdue date of the respective invoice and an analysis of bills receivables by age, net of allowance for credit losses, presented based on the bills issuance date, at the end of the reporting period:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables:		
Not past due	1,021,522	599,910
0 to 60 days	73,150	44,189
61 to 120 days	46	836
Over 120 days	–	2
	<u>1,094,718</u>	<u>644,937</u>
Bills receivables		
0 to 60 days	<u>20,247</u>	<u>13,417</u>

At 30 June 2025, trade and bill receivables of HK\$381,663,000 (31 December 2024: HK\$85,618,000) and HK\$20,247,000 (31 December 2024: HK\$13,417,000) were discounted to banks with full recourse respectively. The Group continues to recognise their full carrying amounts at the end of the reporting period.

The Group does not consider the balances which are past due in aggregate of HK\$73,196,000 (31 December 2024: HK\$45,027,000) in default as there has not been a significant change in the credit quality and amounts are still considered recoverable based on historical experience.

As at 30 June 2025, other than bills receivables amounting to HK\$20,247,000 (31 December 2024: HK\$13,417,000), the Group does not hold any collateral or other credit enhancements over these balances nor does it has a legal right of offset against any amounts owed by the Group to the counterparty.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Deposits		
— refundable	2,549	2,688
— non-refundable	25,647	43,303
Prepayments	3,480	3,842
Other receivables	4,314	671
Value-added tax recoverable	2,952	9,788
	38,942	60,292
Analysed as:		
Current assets	36,898	58,267
Non-current assets	2,044	2,025
	38,942	60,292

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

The Group's pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group as set out in note 20 to the condensed consolidated financial statements. These deposits are subject to regulatory restrictions and are therefore not available for general use by the Group.

As at 30 June 2025, the bank and cash balances of the Group denominated in Renminbi ("RMB") amounted to HK\$95,594,000 (31 December 2024: HK\$131,077,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The carrying amounts of the Group's pledged bank deposits and bank and cash balances are denominated in the following currencies:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
RMB	95,594	131,077
HK\$	2,088	4,388
US\$	227,557	294,117
Others	2,842	2,754
	<u>328,081</u>	<u>432,336</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. TRADE AND BILLS PAYABLES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade payables	564,933	337,204
Bills payables	15,319	4,670
	580,252	341,874

The credit period for trade payables ranging from 0 to 60 days (31 December 2024: 0 to 60 days).

Aging analysis of the Group's trade and bills payables based on invoice date is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
0 to 30 days	511,747	274,623
31 to 60 days	43,000	48,047
61 to 90 days	14,323	11,980
Over 90 days	11,182	7,224
	580,252	341,874

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Accrued purchases	38,398	9,484
Accrued staff costs	16,717	25,834
Accrued expenses	10,176	5,031
Others	2,482	1,419
	67,773	41,768

19. BANK AND OTHER BORROWINGS

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Secured bank loans	280,510	95,540
Secured bank loans — supplier finance arrangements	321,329	205,305
	601,839	300,845
Other borrowings (secured)	5,438	5,344
	607,277	306,189

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

19. BANK AND OTHER BORROWINGS (continued)

The bank and other borrowings are repayable as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within one year	81,573	50,121
More than one year, but not exceeding two years	1,106	1,126
More than two years, but not more than five years	868	1,404
	83,547	52,651
Portion of bank and other borrowings that contain a repayment on demand clause (shown under current liabilities)	523,730	253,538
	607,277	306,189
Less: Amount due for settlement within 12 months (shown under current liabilities)	(605,303)	(303,659)
Amount due for settlement after 12 months	1,974	2,530

Certain of the banking facilities contain various covenants which include the maintenance of certain financial ratios and restrictions on the maximum amounts due from directors and related companies and related parties transactions. The directors of the Company have reviewed the covenants compliance and represented that they were not aware of any breach during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

19. BANK AND OTHER BORROWINGS (continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Effective interest rate:		
Secured bank loans		
— variable rates	4.87%–6.27%	5.30%–7.86%
— fixed rates	2.50%–3.35%	3.55%–6.50%
Secured bank loans — supplier finance arrangement		
— variable rates	1.47%–5.53%	5.03%–6.58%
— fixed rates	N/A	3.15%
Other borrowings		
— fixed rates	4.50%	4.50%

The variable rates bank borrowings are subject to interest at Secured Overnight Funding Rate ("SOFR") plus a spread, Loan Prime Rate ("LPR") plus a spread and Hong Kong Interbank Offered Rate ("HIBOR") plus a spread (31 December 2024: SOFR plus a spread, LPR plus a spread and HIBOR plus a spread).

20. BANKING FACILITIES

At 30 June 2025, the Group had approximately HK\$1,994,000,000 (31 December 2024: HK\$2,017,000,000) of available undrawn banking facilities. Available undrawn banking facilities include bank loans, factoring loans, etc. The Group's banking facilities are secured by the followings:

- Financial assets at FVTPL amounted to HK\$131,662,000 (31 December 2024: HK\$130,104,000);
- Pledged bank deposits amounted to HK\$167,877,000 (31 December 2024: HK\$192,881,000);
- Trade and bills receivables factored to banks amounted to HK\$401,910,000 (31 December 2024: HK\$99,035,000); and
- Corporate guarantee given by Smart-Core Holdings Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

21. SHARE CAPITAL

	Number of shares	Amount US\$'000
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Authorised:

Ordinary shares of US\$0.00001 (31 December 2024: US\$0.00001) each

At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	5,000,000,000	50
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A summary of the movements in the issued share capital of the Company is as follows:

	Note	Number of shares	Amount US\$'000	Equivalent to amount HK\$'000
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Issued and fully paid:

Ordinary shares of US\$0.00001
(31 December 2024: US\$0.00001) each

At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	488,681,030	5	38
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22. SHARE-BASED PAYMENT

During the six months ended 30 June 2025, the Group granted RSUs to the Group's directors under the share award scheme adopted pursuant to an ordinary resolution of the shareholders passed on 19 September 2016 ("**Share Award Scheme**"). The RSUs granted would vest on specific dates, on condition that the directors remain in service with performance requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder, and free of restrictions on transfer.

During the six months ended 30 June 2025, the Trustee purchased 2,350,000 (six months ended 30 June 2024: 500,000) shares of the Company for an aggregate consideration of HK\$3,950,000 (six months ended 30 June 2024: HK\$676,000) from the market pursuant to the Share Award Scheme, which has been recognised under treasury share reserve as at 30 June 2025.

As at 30 June 2025, the Trustee held 23,250,000 (31 December 2024: 22,900,000) ordinary shares of the Company under the Share Award Scheme. Pursuant to the Share Award Scheme, cumulative of 9,000,000 (30 December 2024: 3,000,000) shares have been granted to directors as RSUs. During the six months ended 30 June 2025, 2,000,000 (six months ended 30 June 2024: 1,000,000) RSUs were vested and HK\$3,452,000 (six months ended 30 June 2024: HK\$1,815,000) was released from treasury share reserve.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. SHARE-BASED PAYMENT (continued)

Movements in the number of RSUs granted to the Group's director and the respective weighted average grant date fair value are as follows:

	Number of RSUs	Weighted average fair value per RSU HK\$
Outstanding at 1 January 2024	1,000,000	1.37
Vested during the year	(1,000,000)	1.37
Outstanding as at 31 December 2024 and 1 January 2025	—	N/A
Granted during the period	6,000,000	1.72
Vested during the period	(2,000,000)	1.72
Outstanding as at 30 June 2025 (unaudited)	4,000,000	1.72

The fair value of RSUs is determined based on the closing price of the Group's publicly traded ordinary shares on the date of grant.

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the RSUs (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the condensed consolidated income statement.

The total expenses recognised in the condensed consolidated statement of profit or loss and other comprehensive income for share-based awards granted to the Group's directors are HK\$4,519,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$304,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

23. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Sales of goods to associates	143	281
Purchase of goods from an associate	11,882	15,916
Interest income received/receivable from an associate	–	80
Interest expenses paid/payable to an associate	–	1,092

- (b) The remuneration of directors of the Company and other members of key management was as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Short-term employee benefits	3,077	2,983
Share-based payments	4,519	304
Post-employment benefits	101	92
	7,697	3,379

The remuneration of key management personnel is determined by the management of the Company having regard to the performance of individuals and market trends.

24. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2025 and 31 December 2024.

25. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 August 2025.

SMART-CORE HOLDINGS LIMITED
芯智控股有限公司