SMART-CORE HOLDINGS LIMITED
芯智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2166

2026
INTERIM REPORT

CONTENTS

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. LIN Chen

BOARD COMMITTEES

Audit Committee

Ms. XU Wei *(Chairman)*
Dr. TANG Ming Je
Dr. LIN Chen

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

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Kwai Chung
New Territories, Hong Kong

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditors

CORPORATE INFORMATION

LEGAL ADVISOR

As to Cayman Islands law

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Wanchai
Hong Kong

As to Hong Kong law

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Central, Hong Kong

As to PRC law

Commerce & Finance Law Offices
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Qian Hai, Shenzhen, PRC

SHARE REGISTRARS

Hong Kong

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Wanchai
Hong Kong

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PRINCIPAL BANKERS

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Hong Kong

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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		
	2026	2025	**Change**
	HK$'000	HK$'000	
Revenue	**6,818,258**	2,796,194	143.8%
Gross profit	**408,910**	162,240	152.0%
Profit before tax	**329,479**	55,566	493.0%
Profit for the period	**289,382**	48,563	495.9%
Profit attributable to owners of the Company	**289,973**	48,458	498.4%
Earnings per share ("**EPS**")			
— Basic (HK cents)	**63.35**	10.44	506.8%
— Diluted (HK cents)	**62.59**	10.38	503.0%
Average turnover days of inventories — days(1)	**19**	21	–9.5%
Average turnover days of trade receivables — days(2)	**40**	57	–29.8%
Average turnover days of trade payables — days(3)	**23**	32	–28.1%

	As at 30 June 2026	As at 31 December 2025	**Change**
	HK$'000	HK$'000	
Total assets	**3,995,051**	2,264,101	76.5%
Total liabilities	**2,687,889**	1,201,115	123.8%
Net assets	**1,307,162**	1,062,986	23.0%
Gearing ratio — %(4)	**97.2**	50.0	94.4%
Current ratio — times(5)	**1.30**	1.57	–17.2%

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 (2025: 181 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 (2025: 181 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 (2025: 181 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 OF THE GROUP

I. Global Economy: Low Growth, High Divergence and Coexistence of Risks and Resilience

In the first half of 2026, geopolitical conflicts drove up energy and commodity prices, leading to significant divergence across the global economy. The latest report issued by the International Monetary Fund (IMF) forecasts that global annual economic growth will slow to 3.0%, with the inflation forecast revised upward to 4.7%. The United Nations offered a more cautious estimate of 2.7%, significantly below the pre-pandemic average of 3.2%. Both institutions concur that "low growth and high divergence" define the macroeconomic landscape, with geopolitical conflicts, trade fragmentation and the risk of a bursting AI valuation bubble being the key concerns.

The World Trade Organization (WTO) forecasts that the growth rate of global merchandise trade volume will decrease from 4.6% to 1.9%. While traditional merchandise trade remains weak, trade in AI-related merchandise (such as chips, servers and optical modules) has remained robust, and the cross-border export of AI software and cloud services has emerged as new growth drivers. In terms of industrial investment, geopolitical competitions and trade barriers have slowed the recovery of global direct investment. The supply chains are accelerating their diversification into Southeast Asia, Mexico and India, which has, in the short term, pushed up capital expenditure by 15% to 25%, though, in the medium to long term, may lead to a decrease in profitability due to efficiency losses. Global manufacturing has shifted from "efficiency-first" to a dynamic balance among the three objectives of "efficiency, security and resilience", making resilient supply chains a core strategy and creating favourable conditions for the development of the mixed distribution model for electronic components.

In terms of Chinese economy, GDP represented a year-on-year increase of 4.7% in the first half of the year. High-tech manufacturing grew by 13.3%, and the output of integrated circuits (IC) increased by 23.1%, both far outpacing the industrial average growth rate of 5.4%. Foreign trade imports and exports reached RMB25.47 trillion, representing a year-on-year increase of 16.9%, while the trade surplus narrowed by 4.7%. Among these, IC exports amounted to US$177.28 billion, representing a year-on-year increase of 96.1% and cementing their position as China's largest export category. Notably, while the export value of IC nearly doubled, export volume increased by only approximately 7%, indicating that the growth during the period was primarily driven by rising chip prices. In addition, memory chips accounted for approximately 65% of the export value.

II. Semiconductor Industry: AI Drives the Global Semiconductor Industry into a New Era of US$1 Trillion

In 2026, the global semiconductor industry is poised to enter a new era of the trillion-dollar market, with AI computing power demand serving as the core driving force. The World Semiconductor Trade Statistics (WSTS) significantly revised its outlook upward in its Spring Forecast published in June, forecasting that the full-year market size will exceed US$1.5 trillion. Among this, the revenue from memory chips will increase from US$230 billion in 2025 to US$803.9 billion, representing a year-on-year surge of 249.5%, while the revenue from logic chips will increase by over 30% year-on-year. Monthly statistics from the Semiconductor Industry Association (SIA) corroborate this growth trajectory, with global semiconductor market sales in the first quarter increasing by 79.2% year-on-year to reach US$298.5 billion.

The driving forces of growth in the semiconductor industry are exhibiting an unprecedented structural divergence: the robust demand for HBM (High Bandwidth Memory), enterprise-grade eSSDs, GPUs and high-speed interconnect chips from AI servers constitutes the core growth engine. Traditional markets such as smartphones and PCs, by contrast, have seen declining shipment volumes as constrained by rising memory prices. According to IDC, a market research firm, global PC shipments in the second quarter of this year fell 4.9% year-on-year, representing an estimated year-on-year decline of 11.3%. This round of growth primarily stems from the increase in average selling price (ASP) rather than the expansion of shipment volumes. Statistics indicate that if the contribution from AI-related sectors is excluded, the traditional semiconductor chip market has limited room for growth.

III. Business Performance of the Group

In the first half of 2026, the Group continued to deepen its business layout centering on the main theme of AI technology, striving for synergy development in four business units, namely memory chips, smart terminal, computing infrastructure and mixed distribution. Benefiting from the explosive growth of the memory chip business, the Group achieved a leapfrog improvement in overall performance, with all business units registering substantial year-on-year growth. The memory chip business unit, in particular, delivered an outstanding performance, with its proportion in the Group's revenue rising rapidly. This change fully reflects the transformative power of AI in reshaping the industrial landscape, and also verifies the foresight and effectiveness of the Group's strategy of "multi-track layout with targeted breakthroughs". The semi-annual review of each business unit is as follows:

3.1 Memory Business Unit

The Group has been exploring the memory sector for years, and has built a multi-category memory chip product matrix covering DRAM, NAND Flash, NOR Flash, MCP, KGD and eSSD modules, which can meet the demands of various application scenarios ranging from edge wearable devices, smart terminals to cloud data centers.

In the first half of 2026, the global memory chip market was in a historic "super cycle" driven by AI demand. According to a forecast report released by market research firm TrendForce in May, the development of AI has shifted from large model training to agentic AI applications centered on inference, driving a structural expansion in memory demand. The firm has significantly revised its forecast for 2026 global memory output value significantly upward from the early-estimated US$551.6 billion to US$889.3 billion, and further raised the 2027 forecast to over US$1.28 trillion. This means memory chips will become the fastest-growing single category in the history of the semiconductor industry.

Data shows that a single AI server requires approximately eight times the DRAM capacity required by a traditional server and approximately three times the NAND flash memory capacity, while making extensive use of high-value advanced products such as HBM and eSSD. As manufacturing the same capacity of HBM requires wafer capacity equivalent to three to four times that required for ordinary DRAM chips, leading memory manufacturers have prioritised allocating production capacity to higher-margin HBM products, significantly constraining the supply of conventional DRAM and resulting in a sustained increase in DRAM chip prices. According to TrendForce, in the second quarter of 2026, contract prices of conventional DRAM increased by 58% to 63% quarter-on-quarter, while contract prices of NAND flash memory increased by 70% to 75% quarter-on-quarter. Contract prices are expected to further increase by 13% to 18% and 10% to 15%, respectively, in the third quarter of 2026.

Meanwhile, the rapid development of AI Agent technologies and their deployment in application scenarios, together with the widespread adoption of million-token context reasoning and intelligent agent applications, have resulted in Token consumption volumes that are expected to be 10 to 50 times higher than those of conventional Chat interactions, significantly driving demand for HBM, DRAM and enterprise-grade eSSD products.

To support local large model inference on edge AI devices, terminals such as smartphones and PCs have begun to be equipped with higher-capacity LPDDR5X and UFS 4.0 embedded storage. Mainstream AI glasses generally adopt a storage combination of 2GB DRAM and 32GB NAND flash memory, while high-end models are equipped with even larger capacities. In addition, AI hardware products, supported by innovative functions and high value-added positioning, are better able to absorb cost increases arising from higher storage requirements and possess stronger pricing power in securing supply chain resources, thereby driving increases in memory chip prices.

During the first half of 2026, this business unit maintained close business cooperation with multiple globally renowned memory chip manufacturers and successfully captured the opportunities arising from the supercycle of the memory chip industry, achieving significant growth in operating performance. During the first half of 2026, the business unit recorded aggregate sales of HK$3,661.3 million, representing a substantial year-on-year increase of 561.4%, which drove the Group's overall revenue scale to a new level.

3.2 Smart Terminal Business Unit

As the core control unit of electronic products, SoC (System on Chip) technology is undergoing accelerated evolution towards the integration of NPU (Neural Processing Unit) to meet the demand for local AI computing at the edge under conditions requiring low latency and high energy efficiency. Various SoC manufacturers have launched next-generation technology platforms integrated with high-performance NPUs, which not only enable accelerated AI inference at the edge, but also achieve technological upgrades in areas including image signal processing (ISP), audio processing and sensor fusion, thereby facilitating the widespread adoption of innovative applications such as voice interaction, real-time translation, image recognition and image generation. In particular, strong growth momentum has been demonstrated in high-computing-power-demand areas such as AI PCs, smart wearables, industrial vision and robotics.

A report released by IDC in April points out that global AI PC shipments are expected to reach 123 million units in 2026, accounting for over 45% of total PC shipments; the penetration rate of on-device AI chips in smartphones is also rising rapidly, and it is estimated that over 70% of smartphones worldwide will be equipped with AI engines by 2027. Market demand for AI SoCs is increasing quickly. According to a report from Semiconductor Insight, the global AI SoC market size is projected to be US$41.23 billion in 2026, growing to US$103.73 billion by 2034, with a compound annual growth rate (CAGR) of approximately 14.6%. A report by Grand View Research shows that the global edge AI market will be worth about US$30 billion in 2026 and is expected to reach US$118.7 billion by 2033, representing a CAGR of 21.7%. Research by Forrester points out that enterprises migrating model inference from the cloud to edge devices can reduce AI operational expenditure by 40–70%, which provides a solid economic foundation for the long-term growth of the edge AI SoC market.

Overall, the wave of edge intelligence driven by AI SoCs is ushering in a new growth cycle for the semiconductor industry and will reshape the future competitive landscape of electronic product forms. This business unit maintains close collaboration with multiple well-known SoC chip manufacturers in the industry, offering customers services that cover chip supply chain assurance, customised technical solutions, and full-cycle FAE technical support. In the first half of 2026, driven by the rapid expansion of the AI SoC market and the Company's continued deep involvement in emerging sectors, this business unit recorded cumulative sales of HK$2,558.7 million, with a significant year-on-year increase of 35.0%, demonstrating strong market competitiveness and business resilience.

3.3 Computing infrastructure business unit

This business unit focuses on core optical communication components in the field of computing infrastructure. Its core products encompass transmitter chips (such as CW LDs, VCSELs, and EMLs) and receiver chips (such as PDs and APDs) used in high-speed 200G/400G/800G/1.6T data communication optical modules. High-performance transceiver chips constitute the most technologically critical core component within optical modules. As optical module rates transition from 400G to 800G and even 1.6T, the performance requirements for optical transceiver chips increase exponentially.

Sustained increases in global AI computing infrastructure investment and the demand for high-speed data center transmission are driving the optical module market into a new phase of structural growth. According to a research report published by TrendForce in May 2026, the total capital expenditure forecast for the world's top nine cloud service providers (CSPs) in 2026 has been revised upward to approximately US$830 billion, representing a year-on-year increase of 79%, indicating that AI computing infrastructure investment remains in an accelerating growth phase.

Leveraging its in-depth cooperation with leading global optical communications chip manufacturers and the Group's high-quality customer resources in the optical module sector, this business sector recorded cumulative sales of HK$494.3 million in the first half of the year, representing a year-on-year increase of 62.1%, maintaining a strong growth momentum.

3.4 Mixed Distribution Business Sector

Independent distribution is a market-driven, decentralised network within the electronic components supply chain, integrating excess inventory from original equipment manufacturers, OEM/CEMs and industry peers. It serves emergency spot procurement, end-of-life (EOL) bulk purchasing and obsolete material allocation, ensuring production continuity for manufacturers during supply-demand imbalances. According to Research Nester, the global electronic components distribution market is estimated at approximately US$200.7 billion in 2025 and is projected to reach US$391.2 billion by 2035, representing a CAGR of 7.7%.

In the first half of 2026, severe shortages and extended lead times for memory chips and wafers drove manufacturers to turn to independent distribution for spot supplies, fuelling demand for this business sector. Leveraging the Group's supply chain integration capabilities, we rapidly matched urgently needed materials and, in areas such as power devices and domestic EDA software, recommended alternative AVL resources from original manufacturers, establishing a distinctive hybrid distribution model that evolves from "solving shortages" to "guiding substitution". In terms of industry trends, increasingly stringent international trade compliance requirements are reshaping market access thresholds, with supply chain transparency and traceability becoming core customer considerations, benefiting mid-to-large distributors with standardized operational capabilities.

In the first half of the year, this business sector benefited from the pressing market demand for supply chain resilience, with both customer numbers and order volumes recovering markedly. The cumulative sales amounted to HK$103.9 million, representing a year-on-year increase of 146.3%.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK OF THE GROUP

I. Macroeconomic Outlook

In the second half of 2026, the global economy remains in a phase of structural adjustment marked by uncertainty. The Organisation for Economic Co-operation and Development (OECD) projects that global GDP growth will moderate from 3.4% in 2025 to 2.8% in 2026, before recovering to 3.1% in 2027. The World Bank (WB) forecasts a more conservative growth rate of 2.5%, with approximately two-thirds of global economies experiencing downward revisions to their growth projections. Key risks include energy shocks in the Middle East, trade fragmentation and valuation corrections in the AI sector. With respect to the Chinese economy, the World Bank estimated in July 2026 a full-year growth rate of 4.4%, while the Asian Development Bank maintained its previous forecast of 4.6%. High-technology investment and robust exports remain the core pillars of this growth, with the electronic information manufacturing industry, driven by AI, expected to maintain its global competitiveness.

II. Outlook for Semiconductor Market

Global semiconductor market expected to remain highly prosperous. In addition to the optimistic forecasts provided by WSTS, Gartner raised its 2026 global semiconductor revenue forecast to exceed US$1.3 trillion in April, representing 64% year-on-year growth — the highest growth rate in nearly two decades. Omdia also simultaneously raised its growth forecast to 62.7%. Research institutions generally believe that HBM capacity is crowding out conventional DRAM production, leading to tight memory supply, with a substantive easing not expected until the second half of 2027. DRAM prices are projected to accumulate a total increase of 125% in 2026.

Short-term industry statistics also confirm this high prosperity. According to SIA data, global semiconductor chip sales reached US$120.61 billion in May this year, representing a doubling compared to the same period last year and marking the 31st consecutive month of year-on-year growth. The core driver of this growth remains AI. Furthermore, edge AI devices are entering a period of widespread adoption, and the resonance between cloud and edge is expected to drive the market towards an even larger scale.

Based on the above macroeconomic and industry trend assessments, our outlook for each business unit is as follows:

3.1 Memory Business Unit: AI Supercycle Continues, Structural Prosperity Persists

Looking ahead to the second half of 2026, the high-prosperity cycle of the global memory chip market is expected to continue. In a report released in June, TrendForce pointed out that against the backdrop of HBM capacity continuously crowding out conventional DRAM supply, DRAM supply growth rate for the full year of 2026 is expected to be only around 16% — well below the historical annual average growth rate of over 25%. This structural tight supply situation is unlikely to ease in the short term. The institution expects memory prices to peak at this cycle in the second half of 2026, followed by a period of high-level consolidation. The likeliness of a significant correction within the year is relatively low.

It is noteworthy that the maturation of AI Agent technology is opening up a "second growth curve" for memory demand. AI Agents capable of long-term memory of millions of tokens and autonomous decision-making generate data throughput during inference that far exceeds traditional applications, driving non-linear growth in demand for HBM and eSSD storage capacity. In May 2026, TrendForce significantly raised its 2027 global memory revenue forecast from US$842.7 billion to over US$1.28 trillion, representing annual growth of approximately 44%. Based on the Group's deep-rooted presence in the memory market over many years and the scalable supply capabilities established through core major customer partnerships in the first half of the year, this business unit is optimistic about its business growth in the second half.

3.2 Smart terminal business unit: AI SoC leading the comprehensive adoption of on-device AI

As AI continues to penetrate from cloud computing into the physical world, on-device AI is transitioning from a "nice-to-have" to a "must-have". The drivers of on-device AI adoption are multi-faceted: 7B-parameter models can now run smoothly on smartphones and PCs with continuously improving performance; the high priority placed on sensitive data security in commercial applications ensures that on-device inference keeps data "off the device"; and the exponential growth in token consumption in the Agent era, coupled with rising cloud API call costs, is driving users to deploy local computing power to control costs. Currently, local hardware can efficiently implement AI functions such as speech recognition, image generation, and intelligent assistants. At the core of this trend lies the continuous iterative innovation in the technical architecture and power efficiency ratio of AI SoCs. According to a report released by Semiconductor Insight in March 2026, the AI SoC market will reach US$41.23 billion in 2026, with a CAGR of approximately 14.6% over the period from 2026 to 2034.

The year 2026 will be a pivotal year in which AI-enabled smart terminals transition from "a novelty for early adopters" to "a standard feature for the majority". Leveraging their significant product premium, AI-capable smart terminal products are expected to grow at a pace far exceeding that of traditional electronic products, becoming a core driver of structural transformation in the consumer electronics market.

Looking ahead to the second half of 2026, with the accelerated proliferation of AI PCs and AI smartphones (IDC forecasts that annual shipments of AI PCs will exceed 123 million units, capturing over 45% of the PC market share), consumer demand for smart devices with built-in AI processing capabilities will continue to rise. At the same time, emerging smart wearable categories such as AI glasses and AI earphones are rapidly gaining market traction, while AI vision application scenarios — including AI cameras, robot vacuums, and embodied intelligence — are accelerating their penetration, further expanding the demand base for AI SoC chips. This business unit will focus on high-growth sectors such as smart wearables, smart vision, and robotics, seizing the historic opportunity presented by the comprehensive adoption of on-device AI.

3.3 Computing infrastructure business unit: continuing to benefit from the AI infrastructure investment wave

Looking ahead to the second half of 2026, global investment in AI computing infrastructure will continue to maintain rapid growth, with the proportion of computing infrastructure investment — centered on AI servers and optical modules as core procurement targets — continuing to rise. This indicates that global technology giants are comprehensively accelerating their investment in AI computing power, and the growth in demand for high-speed optical modules is expected to outpace previous market expectations. According to LightCounting forecasts, shipments of 800G optical modules will more than double in 2026, and 2026 will mark the first year of mass production for 1.6T optical modules, with their chipset sales expected to exceed US$2 billion for the first time and maintain rapid growth through 2029.

As the parameter scale of large AI models continues to expand and training clusters evolve toward "hundred-thousand-card" or even "million-card" levels, and as optical interconnects progressively replace copper interconnects, the growth rate of optical modules has outpaced that of xPUs (compute chips), further amplifying the total market demand for optical modules. According to a report by Yole Group, the global optical module market is projected to grow from US$23.4 billion in 2025 to US$112.3 billion by 2031, representing a CAGR of 30%. Against this backdrop, this business unit will continue to deepen its strategic partnerships with leading global manufacturers of optical communications chips, proactively expand its quality customer base both domestically and internationally, and fully capitalize on the strategic opportunities arising from the rapid development of computing infrastructure.

3.4 Mixed Distribution Business Unit: Traditional Model Embraces New Opportunities from AI Enablement and Compliance Upgrades

The global electronic components supply chain is undergoing profound structural adjustments. Supply-demand mismatches and lead-time volatility have evolved from short-term disruptions into structural norms. Beyond conventional authorized channels, manufacturing enterprises are increasingly reliant on independent distribution channels. The application of AI technologies in supply chain management aspects, such as demand forecasting, inventory optimization, and risk early warning, is becoming increasingly mature, reshaping the operational models and service standards of the distribution industry. In addition, the continued tightening of international trade compliance requirements is expected to accelerate industry consolidation. This will favour medium-to-large distributors with well-regulated operational capabilities and comprehensive compliance systems to expand their market share. As the global semiconductor market surpasses the trillion-dollar threshold, the overall ceiling for the electronic components distribution industry will be significantly elevated, thereby broadening the growth potential for mixed distribution models.

This business unit will pursue three key initiatives, namely AI-driven operational upgrades, enhancement of its compliance management systems, and expansion of its global business network, to establish a differentiated competitive advantage in an increasingly complex and volatile market environment, while continuing to create value for customers and achieve sustainable growth.

IV. Summary

As one of the most transformative general-purpose technologies, artificial intelligence is profoundly reshaping the global industrial development landscape. Its rigid demand for advanced computing power, high-speed storage and low-latency transmission has forged a deeply synergistic and symbiotic relationship between artificial intelligence and advanced semiconductors. Driven by such robust demand, a number of authoritative research institutions have successively and significantly increased their growth projections for the semiconductor market. McKinsey's report published at the beginning of the year pointed out that the artificial intelligence and data center sectors alone are sufficient to propel the semiconductor industry to exceed the US$1 trillion mark by 2030. The current market growth rate has already notably outpaced its baseline assumptions, signalling that the semiconductor industry is entering a super boom cycle driven by artificial intelligence.

However, there are also uncertainties amid such prosperity. On the one hand, if HBM production capacity expands faster than expected, or if AI capital expenditure growth unexpectedly slows down, memory chip prices may peak ahead of schedule. On the other hand, killer applications for edge AI have yet to fully mature, and consumers' willingness to upgrade their devices may fall short of expectations. These uncertainties cast a shadow of concern over the industry's long-term growth trajectory that warrants continued attention.

In summary, in the first half of 2026, the explosive growth of the memory chips business propelled the Group's revenue to a new magnitude, marking a significant milestone in its development history. Meanwhile, the smart devices, computing infrastructure and mixed distribution business units all recorded substantial year-on-year growth, which not only demonstrated the Group's balanced and strategically forward-looking positioning across the entire AI industry chain, but also fully validated the effectiveness of the strategy of "multi-track deployment with focused breakthroughs". Looking ahead, leveraging its full-chain advantages spanning authorised distribution, independent distribution, value-added technology services and optical communication chips, the Group will further deepen strategic synergies with upstream and downstream industry partners. The Group will continue to cultivate the AI hardware and software sectors, actively expand its domestic and overseas business networks, and build a more resilient global supply chain service system through AI-driven intelligent transformation. With a steadfast commitment to prudent operations and innovation-driven growth, the Group will continuously enhance its business quality and profitability, and is dedicated to delivering more sustainable and greater value to its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2026, the Group's revenue amounted to HK$6,818.3 million, representing an increase of HK$4,022.1 million (143.8%) as compared with the corresponding period in 2025 (HK$2,796.2 million). The increase in revenue was mainly caused by the increase in the sales of memory and edge AI SoC.

Gross profit

Our gross profit for the six months ended 30 June 2026 increased by HK$246.7 million (152.0%) to HK$408.9 million as compared with the corresponding period in 2025 (HK$162.2 million). Our gross profit margin increased by 0.2% to 6.0% for the six months ended 30 June 2026 (six months ended 30 June 2025: 5.8%). The increase in gross profit margin was principally caused by an increase in sales and gross profit margin in smart terminal and computing infrastructure business units.

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 2026, research and development expenses amounted to HK$19.7 million, increased by 10.8% as compared with the six months ended 30 June 2025 (HK$17.8 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$132.8 million for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$93.4 million), which accounted for 1.9% of the revenue for the six months ended 30 June 2026 as compared with 3.3% over the corresponding period in 2025. The increase was mainly due to an increase in staff costs of our selling and distribution personnel.

Finance costs

The Group's finance costs for the six months ended 30 June 2026 amounted to HK$30.6 million (six months ended 30 June 2025: HK$13.0 million). The Group has entered into various financing arrangements with principal bankers. The finance costs increased compared to the prior period which was mainly due to more bank and other borrowings used for the business of the Group.

Profit for the period

For the six months ended 30 June 2026, the Group's profits amounted to HK$289.4 million, representing an increase of HK$240.8 million as compared to HK$48.6 million for the corresponding period in 2025, a rise of 495.9%. The net profit margin for the six months ended 30 June 2026 was approximately 4.2%, representing an increase of 2.5% as compared with the corresponding period in 2025 (2025: 1.7%).

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 2026 amounted to HK$290.0 million, representing an increase of 498.4% as compared with the corresponding period in 2025 (six months ended 30 June 2025: HK$48.5 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.

On 17 December 2025, the Board has resolved to change the use of the net proceeds of HK$23.9 million raised from the Listing. The unutilised proceeds was previously allocated for enhancing, further developing and maintain our e-commerce platform and improving our technology infrastructure. In light that the current level of development of the Group's e-commerce platform is sufficient to fulfil and maintain such primary purpose, the Board resolved to use the unutilised proceeds as to approximately HK$8.4 million for marketing and operating expenses in relation the sales of AI-related electronic components and for securing additional distribution authorisations for AI-related electronic components, and as to approximately HK$15.5 million for recruitment of research and development (R&D) personnel for technical support and solution services ancillary to the Group's distribution of AI-related electronic components business. For details, please refer to the announcements of the Company dated 17 December 2025 and 9 January 2026 (the "**Announcements**").

Use of Proceeds	Net proceeds	Utilised during six months ended 30 June 2026	Cumulative utilised as at 30 June 2026	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	17.3	0.0	(17.3)	0.0	–
4. For research and development	20.6	0.0	(20.6)	0.0	–

Use of Proceeds	Net proceeds	Utilised during six months ended 30 June 2026	Cumulative utilised as at 30 June 2026	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)*
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. Developing solutions for smart terminal, edge computing and other areas, as well as investing in the distributive authorization and marketing of AI-related chips					
— Marketing and operating expenses in relation to the sales of AI-related electronic component	8.4	(8.4)	(8.4)	0.0	–
— Recruitment of R&D personnel	15.5	(9.7)	(9.7)	5.8	Expected to be fully utilised on or before 31 December 2028
7. General working capital	20.5	0.0	(20.5)	0.0	–
	205.8	(18.1)	(200.0)	5.8	

Notes:

1. 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 needs, and therefore is subject to change.

2. On 17 December 2025, the Board has resolved to change the use of the net proceeds of HK$23.9 million raised from the Listing. For details, please refer to the Announcements.

Liquidity and financial resources

The Group's primary source of funding includes 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 2026, the Group maintained aggregate restricted and unrestricted bank balances and cash of HK$454.2 million (31 December 2025: HK$336.6 million).

As at 30 June 2026, the outstanding bank and other borrowings of the Group were HK$1,270.6 million (31 December 2025: HK$531.3 million). The Group's gearing ratio, which is calculated by the interest-bearing borrowings divided by total equity, increased from 50.0% as at 31 December 2025 to 97.2% as at 30 June 2026 as a result of the increase in bank borrowings.

As at 30 June 2026, the total and unutilised amount of the Group's banking facilities (excluding standby letter of credit) were HK$3,686.3 million and HK$1,675.5 million (31 December 2025: HK$2,340.7 million and HK$1,809.4 million) respectively.

As at 30 June 2026, the Group had current assets of HK$3,450.3 million (31 December 2025: HK$1,838.8 million) and current liabilities of HK$2,663.2 million (31 December 2025: HK$1,172.7 million). The current ratio was 1.30 times as at 30 June 2026 (31 December 2025: 1.57 times).

The Group's debtor's turnover period was 40 days for the six months ended 30 June 2026 as compared to 57 days for the corresponding period in 2025. The overall debtors' turnover period was within the credit period.

The creditors' turnover period was 23 days for the six months ended 30 June 2026 as compared with 32 days for the corresponding period in 2025. Creditors' turnover period has been maintaining at a reasonable level.

The inventories' turnover period was 19 days for the six months ended 30 June 2026 as compared with 21 days for the corresponding period in 2025. 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 gain of approximately HK$5.1 million during the six months ended 30 June 2026 (six months ended 30 June 2025: net foreign exchange loss of approximately HK$1.0 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 2026, the financial assets at fair value through profit or loss ("**FVTPL**") amounted to HK$130.5 million (31 December 2025: HK$134.1 million), and bank deposits amounted to HK$288.6 million (31 December 2025: HK$182.7 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 2026.

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 2026.

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 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026, 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 2026, the Company did not hold any Treasury Shares.

EVENTS AFTER 30 JUNE 2026

On 22 June 2026, the Company, as issuer, entered into a placing agreement (the "**Placing Agreement**") with SDIC Securities (Hong Kong) Limited (the "**Placing Agent**"), as placing agent, pursuant to which the Placing Agent agreed to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 97,736,206 ordinary shares (the "**Placing Shares**") at the placing price of HK$3.00 per placing share (the "**Placing**"). The net placing price was approximately HK$2.98 per share. The closing price was HK$3.53 per share as quoted on the Stock Exchange on the date of the Placing Agreement. Completion of the Placing took place on 13 July 2026 and an aggregate of 97,736,000 new shares had been placed by the Placing Agent to not less than six placees. The aggregate nominal value of the Placing Shares is US$977.36. The Placing Shares represent approximately 16.67% of the then issued and enlarged share capital of the Company upon the completion of the Placing. The gross and net proceeds from the Placing amounted to approximately HK$293.21 million and approximately HK$291.3 million respectively. The Company will apply the net proceeds according to the use of proceeds stated in the announcement of the Company dated 13 July 2026.

For the reasons and details of the Placing, please refer to the announcements of the Company dated 22 June 2026 and 13 July 2026.

Save as disclosed in this report, the Group does not have any material events that have occurred since 30 June 2026 and up to the date of this report.

EMPLOYEE AND EMPLOYEE INCENTIVE SCHEMES

As at 30 June 2026, the Group had 350 employees (as at 30 June 2025: 319), with the majority based in Shenzhen and Hong Kong. Total employee costs for the six months ended 30 June 2026, excluding the remuneration of the directors of the Group, were approximately HK$81.1 million (six months ended 30 June 2025: approximately HK$53.9 million).

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

In relation to the 2016 Share Award Scheme, it was due to expire on 19 September 2026, being the tenth anniversary of the adoption date. In view that the 2016 Share Award Scheme would expire shortly, the Board resolved to terminate the 2016 Share Award Scheme and adopt (the "**2026 Share Award Scheme**") a share award scheme with effect from 16 April 2026.

A summary of the 2026 Scheme Rules is set out below:

Purposes and objectives

The specific objectives of the 2026 Share Award Scheme are:

(a) recognise and reward the contribution of certain Eligible Persons to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group;

(b) to attract suitable personnel beneficial for further development of the Group; and

(c) to provide certain Eligible Persons with a direct economic interest in attaining a long term relationship between any member of the Group and such Eligible Persons.

Administration

The 2026 Share Award Scheme shall be subject to the administration of the Board in accordance with the 2026 Scheme Rules and; where applicable, the Trust Deed and all applicable laws, rules and regulations including the disclosure and other regulations imposed by the Listing Rules. A decision of the Board on all matters arising in relation to the 2026 Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby. In the event that a Selected Participant or his/her associate is a member of the Board, such person will abstain from voting on any approval by the Board of an award of Shares to such Selected Participants.

The Trustee will hold the Shares and the income derived therefrom in accordance with the 2026 Scheme Rules and subject to the terms of the Trust Deed.

For more details, please refer to the announcement of the Company dated 16 April 2026.

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.

Upon adoption of 2026 Share Award Scheme on 16 April 2026 up to 30 June 2026, a total of 13,000,000 share awards were granted to the employees by the Company pursuant to the 2026 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$9.6 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 2026 (six months ended 30 June 2025: HK$4.5 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 2026. No share award had been granted or agreed to be granted by the Company pursuant to the 2016 Share Award Scheme up to the termination date, i.e. 16 April 2026.

The Board shall not make any further grant of award of Shares under the 2026 Share Award Scheme such that the total number of Shares granted under the 2026 Share Award Scheme (excluding any awards which have lapsed or been cancelled in accordance with the 2026 Share Award Scheme) will exceed 10% of the total number of issued Shares as of the adoption date. Accordingly, the number of awarded shares available for grant under the 2026 Share Award Scheme upon adoption of 2026 Share Award Scheme on 16 April 2026 and the end of the six months ended 30 June 2026 is 48,868,103 and 35,868,103 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 2026 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 2.8%.

Details of movement of shares awarded under the Share Award Scheme during the six months ended 30 June 2026 were as follows:

Grantee	Date of grant	Number of share awards: Unvested as at 1 January 2026	Granted during the period	Vested during the period	Cancelled during the period	Forfeited during the period	Unvested as at 30 June 2026	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]	2,000,000	–	1,000,000	–	–	1,000,000	HK$1.71	HK$4.82
Mr. Zheng Gang	2 April 2025[1]	2,000,000	–	1,000,000	–	–	1,000,000	HK$1.71	HK$4.82
Eligible employees	30 April 2026[2]	–	13,000,000	–	–	–	13,000,000	HK$2.92	N/A

Note:

(1) 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 2016 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.

(2) On 30 April 2026, a total of 13,000,000 awarded shares were granted to the employees of the Company's subsidiaries who are eligible for awarded shares under the 2026 Share Award Scheme. Subject to the terms of the 2026 Share Award Scheme and the fulfilment of the vesting conditions specified by the Board, the awarded shares shall be vested in three batches with 4,333,333 awarded shares, 4,333,333 awarded shares and 4,333,334 awarded shares by 30 September 2026, 2027 and 2028, respectively.

SUFFICIENCY OF PUBLIC FLOAT

References are made to the announcements of the Company dated 29 June 2026 and 13 July 2026 (the "**Public Float Announcements**") in relation to, amongst others, the public float shortfall. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Public Float Announcements.

As disclosed in the announcement dated 16 April 2026 in relation to the share award scheme, upon the termination of the 2016 Share Award Scheme, certain residual Shares were subsequently transferred by the Trustee to the 2026 Share Award Scheme. Given that the Shares held by the Trustee were funded by the Group and that those Shares are yet to be granted to any specified participants under the 2026 Share Award Scheme, those Shares held by the Trustee which are yet to be granted to any specified participants would not fall into the circumstances under Rule 8.24 of the Listing Rules to be considered in public hands.

Accordingly, as at 30 June 2026, to the best knowledge, information and belief of the Directors, based on available information, the public float of the Company was 100,703,030 Shares, representing approximately 20.61% of the issued share capital of the Company, which falls below the requirements of Rule 8.08 of the Listing Rules that at least 25% of the total issued shares of the Company must be held by the public.

OTHER INFORMATION

After trading hours on 22 June 2026, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best efforts basis, Placees to subscribe for up to 97,736,206 new Shares at a price of HK$3.00 per Placing Share of the Company. For details, please refer to the announcement of the Company dated 22 June 2026. Completion of the Placing took place on 13 July 2026, and 97,736,000 Placing Shares have been placed through the Placing Agent to not less than six independent Placees. Immediately upon completion of the Placing, a total of 198,439,030 Shares, representing 33.84% of the total issued share capital of the Company, were held by the public. As such, the minimum public float of the Company as required under Rule 8.08 of the Listing Rules has been restored. For details, please refer to the announcement of the Company dated 13 July 2026.

To the best knowledge, information and belief of the Directors, based on available information, the public float of the Company maintained at the minimum prescribed percentage of 25% as required under Rule 8.08 of the Listing Rules at 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 2025 annual report of the Company and up to the date of this report.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK5 cents per share for the six months ended 30 June 2026 (six months ended 30 June 2025: HK3 cents per share) and is expected to be paid on or about Friday, 25 September 2026 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 16 September 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 September 2026 to Wednesday, 16 September 2026, 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 Friday, 11 September 2026.

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 2026. 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 2026.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, 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	5,500,000 (L)	1.13%
Mr. Zheng Gang[4]	Beneficial owner	3,000,000 (L)	0.61%

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 4,500,000 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 2,000,000 shares have been vested.

(5) Based on 488,681,030 shares in issue as at 30 June 2026.

(L) represents long positions.

Save as disclosed in this report, as at 30 June 2026, 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 2026.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, during the six months ended 30 June 2026, 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 2026, 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	36,312,256 (L)	7.43%

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 28,978,000 shares as the trustee of the unvested shares and 7,334,256 shares as the custodian of the vested shares of the grantees.

(4) Based on 488,681,030 shares in issue as at 30 June 2026

(L) Represents long positions.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2026, 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 2026 (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.

Dr. Lin Chen, an independent non-executive Director, who was appointed with effect from 1 June 2025, obtained legal advice on 19 May 2025 from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Dr. Lin has confirmed his understanding of the information provided by the legal adviser and his obligations as a director of a listed issuer.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2026 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, 25 August 2026

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 28 to 56 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2026 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
25 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Revenue	5	**6,818,258**	2,796,194
Cost of sales		**(6,409,348)**	(2,633,954)
Gross profit		**408,910**	162,240
Other income	6	**12,966**	11,236
Other gains or (losses), net	7	**2,533**	534
Reversals of impairment losses/(impairment losses) on trade receivables		**1,120**	(1,913)
Research and development expenses		**(19,670)**	(17,757)
Administrative expenses		**(45,782)**	(36,370)
Selling and distribution expenses		**(87,052)**	(57,071)
Share of results of associates		**87,045**	7,668
Finance costs		**(30,591)**	(13,001)
Profit before tax		**329,479**	55,566
Income tax expense	8	**(40,097)**	(7,003)
Profit for the period	9	**289,382**	48,563
Attributable to:			
Owners of the Company		**289,973**	48,458
Non-controlling interests		**(591)**	105
		289,382	48,563
Earnings per share	11		
Basic		**63.35 HK cents**	10.44 HK cents
Diluted		**62.59 HK cents**	10.38 HK cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**289,382**	48,563
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**9,255**	5,712
Other comprehensive income for the period, net of tax	**9,255**	5,712
Total comprehensive income for the period	**298,637**	54,275
Attributable to:		
Owners of the Company	**299,196**	54,136
Non-controlling interests	**(559)**	139
	298,637	54,275

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**4,232**	4,579
Right-of-use assets	13	**31,292**	36,051
Goodwill		**20,159**	20,159
Intangible assets		**7,115**	11,097
Club debentures		**6,005**	5,960
Financial assets at FVTOCI		**43,043**	41,786
Financial assets at fair value through profit or loss (FVTPL)		**175,127**	148,144
Investment in associates		**239,630**	150,890
Deposits	15	**5,458**	4,350
Deferred tax assets		**12,700**	2,279
		544,761	425,295
Current assets			
Inventories		**1,027,027**	292,340
Trade and bills receivables	14	**1,821,592**	1,173,903
Prepayments, deposits and other receivables	15	**147,425**	35,919
Pledged bank deposits	16	**288,594**	182,684
Bank and cash balances	16	**165,652**	153,960
		3,450,290	1,838,806
Current liabilities			
Trade and bills payables	17	**1,158,875**	494,193
Contract liabilities		**14,067**	26,829
Amounts due to associates		**1,477**	4,920
Other payables and accrued charges	18	**148,957**	84,730
Lease liabilities		**7,330**	10,060
Bank and other borrowings	19	**1,270,599**	529,872
Current tax liabilities		**61,859**	22,084
		2,663,164	1,172,688
Net current assets		**787,126**	666,118
Total assets less current liabilities		**1,331,887**	1,091,413

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current liabilities			
Lease liabilities		**24,725**	27,031
Bank and other borrowings	19	**–**	1,396
		24,725	28,427
NET ASSETS		**1,307,162**	1,062,986
Capital and reserves			
Share capital	21	**38**	38
Reserves		**1,306,045**	1,061,016
Equity attributable to owners of the Company		**1,306,083**	1,061,054
Non-controlling interests		**1,079**	1,932
TOTAL EQUITY		**1,307,162**	1,062,986

Approved by the Board of Directors on 25 August 2026

Tian Weidong
Chairman

Zheng Gang
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	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 CHANGES IN EQUITY

For the six months ended 30 June 2026

	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 2026 (Audited)	38	32,419	14,051	18,471	(2,956)	(54,491)	3,218	1	(546)	1,050,849	1,061,054	1,932	1,062,986
Profit for the period	-	-	-	-	-	-	-	-	-	289,973	289,973	(591)	289,382
Other comprehensive income	-	-	-	-	9,223	-	-	-	-	-	9,223	32	9,255
Total comprehensive income for the period	-	-	-	-	9,223	-	-	-	-	289,973	299,196	(559)	298,637
Transfer to statutory reserves	-	-	-	2,696	-	-	-	-	-	(2,696)	-	-	-
Dividend recognised as distribution (note 10)	-	(32,419)	-	-	-	-	-	-	-	(31,382)	(63,801)	-	(63,801)
Recognised of equity-settled share-based payment expense (note 22)	-	-	-	-	-	-	9,634	-	-	-	9,634	-	9,634
Share vested under share award scheme (note 22)	-	-	-	-	-	3,518	(3,440)	-	-	(78)	-	-	-
Acquisition of partial interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(294)	(294)
Changes in equity for the period	-	(32,419)	-	2,696	9,223	3,518	6,194	-	-	255,817	245,029	(853)	244,176
At 30 June 2026 (Unaudited)	38	-	14,051	21,167	6,267	(50,973)	9,412	1	(546)	1,306,666	1,306,083	1,079	1,307,162

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		**348,683**	57,898
Increase in inventories		**(796,547)**	(221,715)
Increase in trade receivables		**(749,669)**	(542,730)
Increase in trade payables		**664,682**	238,378
Other operating cash flows		**(64,338)**	41,694
Cash used in operations		**(597,189)**	(426,475)
Income tax paid		**(7,502)**	(2,877)
NET CASH USED IN OPERATING ACTIVITIES		**(604,691)**	(429,352)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(617)**	(350)
Proceeds from disposals of property, plant and equipment		**11**	–
Purchase of intangible assets		**–**	(780)
Purchase of financial assets at fair value through profit or loss		**(57,463)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**29,145**	–
Interest received		**3,225**	4,739
Net (placement)/withdrawal of pledged bank deposits		**(105,910)**	25,004
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(131,609)**	28,613
FINANCING ACTIVITIES			
New bank and other borrowings raised		**734,487**	1,326,300
Repayment of bank and other borrowings		**(1,624,391)**	(1,660,135)
Proceeds received under supplier finance arrangement		**1,629,235**	634,923
Dividend paid		**(63,801)**	(46,109)
Interest paid		**(30,591)**	(12,867)
Repayments of lease liabilities		**(4,624)**	(4,675)
Payment on purchase of shares by the Trustee pursuant to share award scheme		**–**	(3,950)
Proceeds from bills discounted		**103,100**	84,206
NET CASH GENERATED FROM FINANCING ACTIVITIES		**743,415**	317,693
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**7,115**	(83,046)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**153,960**	239,455
EFFECT OF FOREIGN EXCHANGE RATE CHANGES			
Effect of foreign exchange rate changes		**4,577**	3,795
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Represented by bank and cash balances		**165,652**	160,204

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 2025 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 2025.

2. NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

New and amended standards adopted by the Group

The Group has applied the Amendments to HKFRS 9 and HKFRS 7 — Classification and Measurement of Financial Instruments and Annual Improvement to HKFRS Accounting Standards — Volume 11 for the first time from 1 January 2026. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the above mentioned amended standards.

New and revised HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied new and revised HKFRS Accounting Standards that have been issued but are not yet effective for the financial period beginning on 1 January 2026. The Directors anticipate that the new and revised HKFRS Accounting Standards will be adopted in the Group's unaudited condensed consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all the new and revised HKFRS Accounting Standards that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

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.

3. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy as at 30 June 2026:

	Fair value measurements using		Total
	Level 2	Level 3	30 June 2026
	HK$'000	HK$'000	HK$'000
			(Unaudited)
Description			
Recurring fair value measurements:			
Financial assets:			
Financial assets at FVTPL			
Unlisted limited partnership	–	13,308	13,308
Unlisted equity securities	31,311	–	31,311
Life insurance policies	–	104,161	104,161
Structural zero-coupon note	26,347	–	26,347
Financial assets at FVTOCI			
Unlisted equity securities	–	43,043	43,043
Total	57,658	160,512	218,170

	Fair value measurements using		Total
			31 December
	Level 2	Level 3	2025
	HK$'000	HK$'000	HK$'000
			(Audited)
Description			
Recurring fair value measurements:			
Financial assets:			
Financial assets at FVTPL			
Unlisted limited partnership	–	12,919	12,919
Unlisted equity securities	1,115	–	1,115
Life insurance policies	–	134,110	134,110
Financial assets at FVTOCI			
Unlisted equity securities	–	41,786	41,786
Total	1,115	188,815	189,930

3. FAIR VALUE MEASUREMENTS (continued)

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

	Financial assets at FVTOCI — Unlisted equity securities HK$'000	Financial assets at FVTPL — Unlisted limited partnership HK$'000	Life insurance policies HK$'000	2026 Total HK$'000
Description				
At 1 January (audited)	41,786	12,919	134,110	188,815
Total gains or losses recognised in profit or loss (#)	–	–	1,749	1,749
Disposals	–	–	(31,698)	(31,698)
Exchange realignment	1,257	389	–	1,646
At 30 June (unaudited)	43,043	13,308	104,161	160,512
(#) Include gains or losses for assets held at end of reporting period	–	–	1,749	1,749

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2026:

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.

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 2026: (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 30.6.2026	31.12.2025	Fair value hierarchy	Valuation techniques and key inputs
Financial assets at FVTPL	**Unlisted limited partnership HK$13,308,000**	Unlisted limited partnership HK$12,919,000	Level 3	The fair value of unlisted limited partnership is determined using a market approach, which estimates fair value by reference to valuation multiples derived from comparable publicly listed companies operating in similar industries with comparable business models and risk profiles. (Note a)
	Unlisted equity securities HK$31,311,000	Unlisted equity securities HK$1,115,000	Level 2	The fair values of unlisted equity securities are determined with reference to the recent transaction price of the investments.
Financial assets at FVTPL	**Life insurance policies HK$104,161,000**	Life insurance policies HK$134,110,000	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 b).
	Structural zero-coupon note HK$26,347,000	N/A	Level 2	The fair value of the structured zero-coupon note is determined by reference to the counterparty financial institution's valuation model. This model utilizes discounted cash flow analysis and option pricing models. The key inputs include market interest rates, yield curves, credit spreads, and the volatility of the underlying assets.
Financial assets at FVTOCI	**Unlisted equity securities HK$43,043,000**	Unlisted equity securities HK$41,786,000	Level 3	The fair values of unlisted equity securities are determined using a market approach, which estimates fair value by reference to valuation multiples derived from comparable publicly listed companies operating in similar industries with comparable business models and risk profiles. (Note a)

Note:

(a) The significant unobservable inputs include the adjusted valuation multiples applied and the discount for lack of marketability. Changes in these inputs could result in a material change in the fair value measurement.

(b) 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 life insurance 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.

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 reportable 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 2025. Segment profit represents the profit earned by each segment without allocation of unallocated expenses, share of result of associates, fair value gain on financial assets at FVTPL and impairment loss on cryptocurrencies. 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.

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 2026 (Unaudited)					
Revenue from external customers	**6,714,360**	**103,898**	**6,818,258**	**–**	**6,818,258**
Inter-segment sales*	**4,593**	**23,062**	**27,655**	**(27,655)**	**–**
	6,718,953	**126,960**	**6,845,913**	**(27,655)**	**6,818,258**
Segment profit	**209,862**	**6,430**	**216,292**	**–**	**216,292**
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)	–
	2,756,428	46,125	2,802,553	(6,359)	2,796,194
Segment profit	40,657	5,328	45,985	–	45,985

* Inter-segment sales are charged at cost

4. SEGMENT INFORMATION (continued)

Reconciliations of reportable segment profit or loss:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit or loss		
Total profit of reportable segments	**216,292**	45,985
Unallocated amounts:		
Unallocated expenses	**(11,558)**	(6,648)
Fair value gain on financial assets at FVTPL	**796**	1,558
Share of results of associates	**87,045**	7,668
Impairment loss on cryptocurrencies	**(3,193)**	–
Consolidated profit for the period	**289,382**	48,563

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	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong	**2,744,565**	1,432,163
The PRC	**2,265,224**	941,204
Singapore	**1,770,133**	414,791
Japan	**451**	506
Others	**37,885**	7,530
Consolidated total	**6,818,258**	2,796,194

5. REVENUE

(a) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Types of goods or service		
Sales of electronic components	**6,818,258**	2,796,194
Timing of revenue recognition		
A point in time	**6,818,258**	2,796,194
Sales channel/product lines		
Authorised distribution		
— Smart terminal	**2,558,724**	1,895,596
— Memory	**3,661,321**	553,555
— Computing infrastructure	**494,315**	304,860
	6,714,360	2,754,011
Mixed distribution	**103,898**	42,183
	6,818,258	2,796,194

(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 2026 and 31 December 2025, 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	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Bank interest income	**2,798**	4,477
Technical support services income	**9,068**	1,554
Government grant (Note)	**218**	211
Compensation income	**–**	3,901
Other	**882**	1,093
	12,966	11,236

Note: During the six months ended 30 June 2025 and 2026, 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.

7. OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Foreign exchange gains/(losses), net	**5,091**	(1,022)
Fair value gain on financial assets at FVTPL	**796**	1,558
Loss on disposal of property, plant and equipment	**(16)**	(2)
Impairment loss on cryptocurrencies	**(3,193)**	–
Impairment loss on deposits and other receivables	**(81)**	–
Others	**(64)**	–
	2,533	534

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**32,932**	6,282
PRC Enterprise Income Tax ("**PRC EIT**")	**10,553**	353
Singapore Corporate Tax ("**CIT**")	**5,960**	669
Others	**953**	81
	50,398	7,385
Deferred tax	**(10,301)**	(382)
	40,097	7,003

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 other Hong Kong 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.

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 a PRC incorporated subsidiary, 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 2026, 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$139,120,000 (31 December 2025: HK$97,291,000). 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	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
Salaries, wages and other allowances	**43,014**	36,143
Discretionary bonuses	**35,365**	19,478
Retirement benefit scheme contributions	**7,903**	6,429
Total staff costs	**86,282**	62,050
Amortisation of an intangible asset (included in selling and distribution expenses)	**790**	790
Depreciation of property, plant and equipment	**1,025**	1,176
Depreciation of right-of-use assets	**4,422**	4,577
Cost of inventories recognised as an expense (excluding allowance for inventories)	**6,347,488**	2,624,272
Allowance for inventories (included in cost of sales)	**61,860**	9,682

10. DIVIDENDS

During the current interim period, a final dividend of 14 HK cents per share in respect of the year ended 31 December 2025 (2025: 10 HK cents per share in respect of the year ended 31 December 2024) 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$63,801,000 (2025: HK$46,109,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of 5 HK cents (2025: 3 HK cents) per share amounting to HK$29,321,000 (2025: HK$14,660,000).

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**289,973**	48,458
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**457,714,080**	464,017,770
Effect of dilutive potential ordinary shares arising from restricted share units ("**RSU**")	**5,599,616**	2,972,376
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**463,313,696**	466,990,146

For the six months ended 30 June 2026 and 2025, 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.

Basic earnings per share attributable to owners of the Company is calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of the ordinary shares in issue during the year.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group disposed furniture and fixtures with an aggregate carrying amount of HK$27,000 with for proceeds of HK$11,000 (30 June 2025: HK$2,000 with no proceeds), resulting in a loss on disposal of HK$16,000 (30 June 2025: HK$2,000).

In addition, during the six months ended 30 June 2026, the Group acquired property, plant and equipment of approximately HK$617,000 (30 June 2025: HK$350,000).

13. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group entered into new lease agreements for the use of office premises for 8 years. On the lease commencement, the Group recognised HK$1,596,000 right-of-use assets and HK$1,596,000 lease liabilities (30 June 2025: HK$1,259,000 right-of-use assets and HK$1,259,000 lease liabilities).

14. TRADE AND BILLS RECEIVABLES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade receivables	**1,814,630**	1,162,465
Allowance for credit losses	**(7,443)**	(8,508)
	1,807,187	1,153,957
Bills receivables	**14,405**	19,946
	1,821,592	1,173,903

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 0 to 120 days (31 December 2025: 0 to 120 days). The bills receivables have a general maturity period ranging from 30 to 180 days (31 December 2025: 30 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the directors.

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 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade receivables:		
Not past due	**1,746,687**	1,074,049
0 to 60 days	**59,935**	79,259
61 to 120 days	**565**	649
	1,807,187	1,153,957
Bills receivables		
0 to 60 days	**14,405**	19,946

The Group does not consider the balances which are past due in aggregate of HK$60,500,000 (31 December 2025: HK$77,908,000) 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 2026, the Group entered into certain receivables purchase agreements with financial institutions for factoring of trade receivables due from specified customers with an aggregate carrying amount of HK$759,950,000. In the opinion of the directors of the Company, these receivables shall be entirely derecognised under HKFRS 9.

As at 30 June 2026, other than bills receivables amounting to HK$14,405,000 (31 December 2025: HK$19,946,000), the Group does not hold any collateral or other credit enhancements over the carrying amounts of the trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Deposits		
— refundable	**2,755**	4,945
— non-refundable	**14,176**	7,345
Prepayments	**9,731**	5,710
Receivable from disposal of partial interest of an associate	**2,729**	9,498
Factoring receivables due from financial institutions	**83,494**	–
Other receivables	**12,470**	6,401
Value-added tax recoverable	**27,528**	6,370
	152,883	40,269
Analysed as:		
Current assets	**147,425**	35,919
Non-current assets	**5,458**	4,350
	152,883	40,269

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 2026, the bank and cash balances of the Group denominated in Renminbi ("**RMB**") amounted to HK$80,903,000 (31 December 2025: HK$66,817,000). 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 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
RMB	**80,903**	66,817
HK$	**2,358**	4,091
US$	**366,813**	259,286
Others	**4,172**	6,450
	454,246	336,644

17. TRADE AND BILLS PAYABLES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade payables	**1,158,875**	468,658
Bills payables	**–**	25,535
	1,158,875	494,193

The credit period for trade payables ranging from 0 to 60 days (31 December 2025: 0 to 60 days).

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
0 to 30 days	**1,099,883**	467,423
31 to 60 days	**42,861**	19,920
61 to 90 days	**1,674**	2,813
Over 90 days	**14,457**	4,037
	1,158,875	494,193

18. OTHER PAYABLES AND ACCRUED CHARGES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Accrued sales rebates	**78,331**	24,664
Accrued staff costs	**28,268**	28,619
Accrued expenses	**38,622**	28,268
Others	**3,736**	3,179
	148,957	84,730

19. BANK AND OTHER BORROWINGS

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Secured bank loans	**758,531**	331,002
Secured bank loans — supplier finance arrangements	**512,068**	200,266
	1,270,599	531,268

The bank and other borrowings are repayable as follows:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within one year	**666,883**	90,823
More than one year, but not exceeding two years	**–**	814
More than two years, but not more than five years	**–**	582
	666,883	92,219
Portion of bank and other borrowings that contain a repayment on demand clause (shown under current liabilities)	**603,716**	439,049
	1,270,599	531,268
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,270,599)**	(529,872)
Amount due for settlement after 12 months	**–**	1,396

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.

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 2026 (Unaudited)	31 December 2025 (Audited)
Effective interest rate:		
Secured bank loans		
— variable rates	**4.47%–4.96%**	1.47%–6.27%
— fixed rates	**2.00%–3.00%**	2.50%
Secured bank loans — supplier finance arrangement		
— variable rates	**4.14%–4.93%**	4.63%–5.53%
— fixed rates	**2.50%**	N/A

The variable rates bank borrowings are subject to interest at Secured Overnight Funding Rate ("**SOFR**") plus a spread and Loan Prime Rate ("**LPR**") plus a spread (31 December 2025: SOFR plus a spread and LPR plus a spread).

20. BANKING FACILITIES

At 30 June 2026, the Group had approximately HK$1,675,000,000 (31 December 2025: HK$1,809,000,000) 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:

i. Financial assets at FVTPL amounted to HK$130,508,000 (31 December 2025: HK$134,110,000);

ii. Pledged bank deposits amounted to HK$288,594,000 (31 December 2025: HK$182,684,000); and

iii. Corporate guarantee given by Smart-Core Holdings Limited.

21. SHARE CAPITAL

	Number of shares	Amount US$'000
Authorised:		
Ordinary shares of US$0.00001 (31 December 2025: US$0.00001) each		
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	5,000,000,000	50

A summary of the movements in the issued share capital of the Company is as follows:

	Note	Number of shares	Amount HK$'000	Equivalent to amount HK$'000
Issued and fully paid:				
Ordinary shares of US$0.00001 (31 December 2025: US$0.00001) each				
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026		488,681,030	5	38

22. SHARE-BASED PAYMENT

During the six months ended 30 June 2026, 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 2026, the Trustee did not acquire any shares of the Company pursuant to the Share Award Scheme (six months ended 30 June 2025: the Trustee purchased 2,350,000 shares of the Company for an aggregate consideration of HK$3,950,000 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 2026, the Trustee held 28,978,000 (31 December 2025: 30,978,000) ordinary shares of the Company under the Share Award Scheme. Pursuant to the Share Award Scheme, cumulative of 19,000,000 (31 December 2025: 6,000,000) shares have been granted to directors of the Company and employees of the Company's subsidiaries as RSUs. During the six months ended 30 June 2026, 2,000,000 (six months ended 30 June 2025: 2,000,000) RSUs were vested and HK$3,518,000 (six months ended 30 June 2025: HK$3,452,000) was released from treasury share reserve.

22. SHARE-BASED PAYMENT (continued)

Movements in the number of RSUs granted to the Group's directors and employees 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 2025	–	N/A
Granted during the period	6,000,000	1.72
Vested during the year	(2,000,000)	1.72
Outstanding as at 31 December 2025 and 1 January 2026	4,000,000	1.72
Granted during the period	13,000,000	2.95
Vested during the period	(2,000,000)	1.72
Outstanding as at 30 June 2026 (unaudited)	**15,000,000**	**2.79**

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$9,634,000 for the six months ended 30 June 2026 (six months ended 30 June 2025: HK$4,519,000).

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	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Sales of goods to an associate	**2,238**	143
Purchase of goods from an associate	**15,218**	11,882

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	**3,221**	3,077
Share-based payments	**2,135**	4,519
Post-employment benefits	**99**	101
	5,455	7,697

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 2026 and 31 December 2025.

25. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2026, the Company completed a placing of 97,736,000 new shares at HK$3.00 per share, raising net proceeds of approximately HK$291.3 million. The proceeds are intended to be used for expanding the Group's procurement and inventory of memory chips and optoelectronic components.

26. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 August 2026.

SMART-CORE HOLDINGS LIMITED
芯智控股有限公司