FIH 富智康

FIH Mobile Limited
富智康集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038

2026
INTERIM REPORT

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CORPORATE INFORMATION

As of 7 August 2026

FIH MOBILE LIMITED (the "**Company**", and together with its subsidiaries, the "**Group**")
(References to "we", "our" and "us" are references to "the Company" or "the Company's" (as the case may be))

Executive Directors

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

Non-Executive Directors

HUANG Ying Shih (also known as Philip HUANG) *(Chairman of the Board)*
CHANG Chuan-Wang

Independent Non-Executive Directors

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

Company Secretary

WONG Kin Yan, Vanessa

Registered Office

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New Taipei City 23679
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Principal Place of Business in Hong Kong

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538 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Adviser

Dentons Hong Kong LLP

Principal Bankers

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Website

www.fihmobile.com

Stock Code

2038

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF FIH MOBILE LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of FIH Mobile Limited (the "**Company**") and its subsidiaries set out on pages 4 to 28, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
7 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	NOTES	Six months ended	
		30.6.2026	**30.6.2025**
		US$'000	**US$'000**
		(unaudited)	**(unaudited)**
Revenue	*3*	**2,270,481**	2,061,481
Cost of sales		**(2,176,528)**	(1,986,483)
Gross profit		**93,953**	74,998
Impairment loss under expected credit loss model, net of reversal		**(1,496)**	(3,094)
Impairment loss recognised for property, plant and equipment		**–**	(545)
Other income, gains and losses		**5,393**	30,723
Selling expenses		**(3,289)**	(2,865)
General and administrative expenses		**(27,785)**	(31,734)
Research and development expenses		**(43,509)**	(31,157)
Interest expenses		**(5,791)**	(13,136)
Share of profit of associates		**2,426**	2,787
Share of loss of a joint venture		**(1,445)**	(3,857)
Profit before tax		**18,457**	22,120
Income tax expense	*4*	**(6,281)**	(15,941)
Profit for the period	*5*	**12,176**	6,179
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
— Fair value loss on investments in equity instruments at fair value through other comprehensive income		**(327)**	(4,283)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**22,184**	30,523
Share of translation reserve of associates		**1,042**	109
Share of translation reserve of a joint venture		**53**	362
		23,279	30,994
Other comprehensive income for the period		**22,952**	26,711
Total comprehensive income for the period		**35,128**	32,890

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	NOTE	**Six months ended**	
		30.6.2026	**30.6.2025**
		US$'000	**US$'000**
		(unaudited)	**(unaudited)**
Profit for the period attributable to:			
Owners of the Company		**9,306**	6,165
Non-controlling interests		**2,870**	14
		12,176	6,179
Total comprehensive income attributable to:			
Owners of the Company		**32,377**	32,492
Non-controlling interests		**2,751**	398
		35,128	32,890
Earnings per share	*7*		
Basic		**US1.19 cents**	US0.8 cent
Diluted		**US1.16 cents**	US0.8 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	NOTES	**30.6.2026 US$'000 (unaudited)**	**31.12.2025 US$'000 (audited)**
Non-current assets			
Property, plant and equipment	*8*	**590,333**	622,654
Right-of-use assets	*8*	**65,703**	43,260
Investment properties		**2,163**	1,222
Equity instruments at fair value through other comprehensive income		**36,875**	36,548
Interests in associates		**36,579**	33,111
Interest in a joint venture		**4,539**	5,931
Deferred tax assets	*9*	**18,078**	15,989
Deposit for acquisition of right-of-use assets		**27,975**	27,118
Other receivables		**–**	34,895
		782,245	820,728
Current assets			
Inventories		**2,104,792**	710,880
Trade and other receivables	*10*	**940,055**	859,371
Bank deposits		**307,360**	346,143
Cash and cash equivalents		**801,438**	1,006,882
		4,153,645	2,923,276
Current liabilities			
Trade and other payables	*11*	**2,639,849**	1,544,843
Contract liabilities		**523,264**	475,096
Lease liabilities		**6,687**	3,320
Bank borrowings	*12*	**117,200**	108,370
Provision		**19,577**	14,133
Tax payable		**34,497**	48,777
		3,341,074	2,194,539
Net current assets		**812,571**	728,737
Total assets less current liabilities		**1,594,816**	1,549,465

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	NOTES	**30.6.2026 US$'000 (unaudited)**	**31.12.2025 US$'000 (audited)**
Capital and reserves			
Share capital	*13*	**315,380**	315,380
Reserves		**1,211,480**	1,202,180
Equity attributable to owners of the Company		**1,526,860**	1,517,560
Non-controlling interests		**7,138**	4,387
Total equity		**1,533,998**	1,521,947
Non-current liabilities			
Deferred tax liabilities	*9*	**29,710**	14,526
Deferred income	*14*	**5,976**	6,028
Lease liabilities		**25,132**	6,964
		60,818	27,518
		1,594,816	1,549,465

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company												
	Share capital US$'000	Share premium US$'000	Treasury shares US$'000	Special reserve US$'000	Revaluation reserve US$'000	Other reserve US$'000	Legal reserve US$'000	Translation reserve US$'000	Share compensation reserve US$'000	Retained profits US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
Balance at 1 January 2025 (audited)	315,380	1,172,561	–	15,514	(157,270)	527	181,993	(171,203)	(251)	103,561	1,460,812	2,851	1,463,663
Profit for the period	–	–	–	–	–	–	–	–	–	6,165	6,165	14	6,179
Other comprehensive (expense) income for the period	–	–	–	–	(4,283)	–	–	30,610	–	–	26,327	384	26,711
Total comprehensive (expense) income for the period	–	–	–	–	(4,283)	–	–	30,610	–	6,165	32,492	398	32,890
Repurchase of ordinary shares	–	–	(3,828)	–	–	–	–	–	–	–	(3,828)	–	(3,828)
Disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	1,505	–	–	–	–	(1,505)	–	–	–
Recognition of equity-settled share-based payments *(note 16)*	–	–	–	–	–	–	–	–	322	–	322	–	322
Balance at 30 June 2025 (unaudited)	315,380	1,172,561	(3,828)	15,514	(160,048)	527	181,993	(140,593)	71	108,221	1,489,798	3,249	1,493,047
Balance at 1 January 2026 (audited)	**315,380**	**1,172,855**	**(14,106)**	**15,514**	**(175,958)**	**747**	**181,993**	**(147,036)**	**12,868**	**155,303**	**1,517,560**	**4,387**	**1,521,947**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,306**	**9,306**	**2,870**	**12,176**
Other comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(327)**	**–**	**–**	**23,398**	**–**	**–**	**23,071**	**(119)**	**22,952**
Total comprehensive (expense) income for the period	**–**	**–**	**–**	**–**	**(327)**	**–**	**–**	**23,398**	**–**	**9,306**	**32,377**	**2,751**	**35,128**
Repurchase of ordinary shares *(note 13)*	**–**	**–**	**(4,002)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,002)**	**–**	**(4,002)**
Recognition of equity-settled share-based payments *(note 16)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,899**	**–**	**7,899**	**–**	**7,899**
Shares vested under equity-settled share-based payment plan	**–**	**1,772**	**3,199**	**–**	**–**	**–**	**–**	**–**	**(4,971)**	**–**	**–**	**–**	**–**
Dividends recognised as distribution *(note 6)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(26,974)**	**(26,974)**	**–**	**(26,974)**
Balance at 30 June 2026 (unaudited)	**315,380**	**1,174,627**	**(14,909)**	**15,514**	**(176,285)**	**747**	**181,993**	**(123,638)**	**15,796**	**137,635**	**1,526,860**	**7,138**	**1,533,998**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended	
	30.6.2026	**30.6.2025**
	US$'000	**US$'000**
	(unaudited)	**(unaudited)**
Net cash used in operating activities	**(200,917)**	(375,160)
Investing activities		
Purchase of property, plant and equipment	**(60,319)**	(41,724)
Net cash inflow from (outflow to) bank deposits for investing purpose	**33,161**	(117,010)
Purchase of equity instruments at fair value through other comprehensive income	**(450)**	(300)
Proceeds from disposal of property, plant and equipment	**22,578**	3,702
Net cash used in investing activities	**(5,030)**	(155,332)
Financing activities		
Bank borrowings raised	**1,205,390**	2,219,620
Bank borrowings repaid	**(1,196,560)**	(2,430,840)
Payments on repurchase of ordinary shares	**(4,002)**	(3,828)
Interest on bank borrowings paid	**(5,141)**	(13,609)
Repayment of lease liabilities	**(2,414)**	(38)
Interest on lease liabilities paid	**(650)**	(16)
Net cash used in financing activities	**(3,377)**	(228,711)
Net decrease in cash and cash equivalents	**(209,324)**	(759,203)
Cash and cash equivalents at 1 January	**1,006,882**	1,516,241
Effect of foreign exchange rate changes	**3,880**	17,979
Cash and cash equivalents as at 30 June, representing bank balances and cash	**801,438**	775,017

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

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

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

2. ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards — Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

The Group's revenue is from contracts with customers and mainly arising from the manufacturing services (including sales of goods and processing service) amounting to US$2,270,481,000 (2025: US$2,061,481,000), to its customers in connection with the production of handsets and electronic products.

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

	Six months ended 30.6.2026 US$'000 (unaudited)	30.6.2025 US$'000 (unaudited)
Segment revenue (external sales)		
Asia	**937,428**	853,280
Europe	**791,540**	609,586
America	**541,513**	598,615
Total	**2,270,481**	2,061,481
Segment profit		
Asia	**30,502**	12,018
Europe	**34,595**	28,201
America	**24,071**	28,820
	89,168	69,039
Other income, gains and losses	**5,393**	30,723
Impairment loss recognised for property, plant and equipment	**–**	(545)
General and administrative expenses	**(27,785)**	(31,734)
Research and development expenses	**(43,509)**	(31,157)
Interest expenses	**(5,791)**	(13,136)
Share of profit of associates	**2,426**	2,787
Share of loss of a joint venture	**(1,445)**	(3,857)
Profit before tax	**18,457**	22,120

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

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

4. INCOME TAX EXPENSE

The income tax expense comprises:

	Six months ended	
	30.6.2026	**30.6.2025**
	US$'000	**US$'000**
	(unaudited)	**(unaudited)**
Current tax:		
— Hong Kong	**–**	–
— Other jurisdictions	**7,274**	3,090
— Top-up tax under Pillar Two Rules	**2,500**	9,500
— Withholding tax for distributed profit of investments in the People's Republic of China (the "**PRC**")	**–**	8,137
	9,774	20,727
Overprovision in prior years:		
— Hong Kong	**–**	–
— Other jurisdictions	**(15,921)**	(6,179)
	(15,921)	(6,179)
	(6,147)	14,548
Deferred tax *(note 9)*	**12,428**	1,393
	6,281	15,941

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

Tax charge mainly consists of income tax in Chinese Mainland attributable to the assessable profits of the Company's subsidiaries established in Chinese Mainland. Under the law of Chinese Mainland on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of Chinese Mainland subsidiaries is 25% (2025: 25%). One of the Company's Chinese Mainland subsidiaries was awarded with the Advanced — Technology Enterprise Certificate and entitled for a tax reduction from 25% to 15% for a period of three years, effective from 2024. Except for this subsidiary, other Chinese Mainland subsidiaries are subject to Enterprise Income Tax at 25% (2025: 25%). Besides, another PRC subsidiary of the Company was entitled to a concessionary tax rate of 5% under small and micro-enterprises (小微企業) during the current interim period.

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

4. INCOME TAX EXPENSE *(Continued)*

The Group is subject to global minimum top-up tax under Pillar Two Rules. In respect of fiscal year commencing on or after 1 January 2025, Pillar Two Rules are effective and applicable in Brazil, Finland, Hong Kong, Hungary, the Netherlands, Singapore, the United Kingdom and Vietnam in which the Company and its subsidiaries operate. For jurisdictions where the annual effective income tax rate is estimated to be below 15%, a top-up tax is accrued in the current interim period. The Group has recognised a current tax expense of US$2,500,000 related to the top-up tax for the six months ended 30 June 2026 (six months ended 30 June 2025: US$9,500,000) which is expected to be levied on the Group.

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

5. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2026	**30.6.2025**
	US$'000	**US$'000**
	(unaudited)	**(unaudited)**
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**70,857**	60,340
Depreciation of right-of-use assets	**3,156**	1,337
Depreciation of investment properties	**252**	32
Total depreciation	**74,265**	61,709
Less: Amount capitalised in inventories	**(59,841)**	(46,233)
Less: Amount included in research and development expenses	**(2,596)**	(1,267)
	11,828	14,209
Cost of inventories recognised as expense	**2,161,462**	1,980,608
Provision for warranty	**5,805**	266
Write down of inventories to net realisable value	**9,261**	5,609
Net exchange loss (gain) *(note)*	**6,241**	(5,668)
Net loss on disposal and write-off of property, plant and equipment *(note)*	**7,128**	3,169
Interest income from bank deposits *(note)*	**(16,907)**	(23,134)

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

6. DIVIDENDS

	Six months ended 30.6.2026 US$'000 (unaudited)	Six months ended 30.6.2025 US$'000 (unaudited)
Dividends recognised as distribution during the period		
2025 final — US3.47 cents per share	**26,974**	–

No dividend was declared or proposed during the six months ended 30 June 2026 and 30 June 2025. The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

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

	Six months ended 30.6.2026 US$'000 (unaudited)	Six months ended 30.6.2025 US$'000 (unaudited)
Profit attributable to the owners of the Company		
Profit for the purposes of basic and diluted earnings per share	**9,306**	6,165

	Six months ended 30.6.2026 (unaudited)	Six months ended 30.6.2025 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**783,684,224**	787,821,152
Effect of dilutive potential ordinary shares relating to outstanding share awards issued by the Company	**15,232,078**	436,264
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**798,916,302**	788,257,416

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

During the current period, the Group acquired property, plant and equipment of approximately US$60,319,000 (for the six months ended 30 June 2025: US$41,724,000).

During the current interim period, the Group entered into two new lease agreements (for the six months ended 30 June 2025: Nil) with lease term of five years (for the six months ended 30 June 2025: N/A) and recognised right-of-use assets of approximately US$25,257,000 (for the six months ended 30 June 2025: Nil) and lease liabilities of US$24,127,000 (for the six months ended 30 June 2025: Nil) on lease commencement.

During the current period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of US$29,706,000 (for the six months ended 30 June 2025: US$6,871,000) for proceeds of US$22,578,000 (for the six months ended 30 June 2025: US$3,702,000), resulting in a loss on disposal of US$7,128,000 (for the six months ended 30 June 2025: US$3,169,000).

9. DEFERRED TAXATION

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

	Allowances for inventories US$'000	Accelerated tax (accounting) depreciation US$'000	Tax losses US$'000	Undistributed profits of PRC subsidiaries US$'000	Others US$'000 (Note)	Total US$'000
At 1 January 2025 (audited)	(1,600)	(5,874)	(4,770)	–	206	(12,038)
Charge (credit) to profit or loss for the period	1,068	(2,260)	(741)	–	3,326	1,393
Exchange adjustments	–	(44)	–	–	25	(19)
At 30 June 2025 (unaudited)	(532)	(8,178)	(5,511)	–	3,557	(10,664)
At 1 January 2026 (audited)	**(1,057)**	**(8,025)**	**–**	**5,000**	**2,619**	**(1,463)**
Charge (credit) to profit or loss for the period	**92**	**1,245**	**–**	**15,000**	**(3,909)**	**12,428**
Exchange adjustments	**44**	**336**	**–**	**–**	**287**	**667**
At 30 June 2026 (unaudited)	**(921)**	**(6,444)**	**–**	**20,000**	**(1,003)**	**11,632**

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

9. DEFERRED TAXATION *(Continued)*

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

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Deferred tax assets	**(18,078)**	(15,989)
Deferred tax liabilities	**29,710**	14,526
	11,632	(1,463)

At 30 June 2026, the Group has not recognised deductible temporary differences on allowances for inventories, trade and other receivables, warranty provision, deferred income and other accrued expenses of approximately US$424,652,000 (31.12.2025: US$413,781,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

At 30 June 2026, the Group has unused tax losses of approximately US$619,795,000 (31.12.2025: US$642,999,000) available for offset against future profits. As at 30 June 2026, no deferred tax asset has been recognised in respect of the tax losses of US$619,795,000 (31.12.2025: US$642,999,000) either due to the unpredictability of future profit streams or because it is not probable that the unused tax losses will be available for utilisation before their expiry. Included in unrecognised tax losses are losses of US$219,876,000 (31.12.2025: US$246,544,000) which will expire by five consecutive years. Other losses may be carried forward indefinitely.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by Chinese Mainland subsidiaries from 1 January 2008 onwards. At 30 June 2026, US$20,000,000 (31.12.2025: US$5,000,000) deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries of approximately US$200,000,000 (31.12.2025: US$50,000,000) and no deferred tax liability has been recognised for the remaining undistributed profit of US$316,308,000 (31.12.2025: US$503,197,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

10. TRADE AND OTHER RECEIVABLES

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Trade receivables	**980,038**	958,560
Less: Allowance for credit losses	**(222,790)**	(221,320)
	757,248	737,240
Other taxes recoverable	**66,186**	56,267
Other receivables, deposits and prepayments	**116,621**	65,864
Total trade and other receivables	**940,055**	859,371

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

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

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

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
0–90 days	**722,925**	667,773
91–180 days	**26,788**	65,476
181–360 days	**4,057**	339
Over 360 days	**3,478**	3,652
	757,248	737,240

As at 30 June 2026, the Group provided impairment allowance of US$222,790,000 (31.12.2025: US$221,320,000) based on the Group's expected credit loss assessment on its trade receivables.

11. TRADE AND OTHER PAYABLES

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Trade payables	**2,013,497**	1,017,921
Other tax payables	**53,320**	54,446
Accrued staff costs and employee benefits	**124,502**	111,079
Others	**448,530**	361,397
	2,639,849	1,544,843

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

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
0–90 days	**1,969,983**	950,649
91–180 days	**21,267**	37,778
181–360 days	**12,539**	22,413
Over 360 days	**9,708**	7,081
	2,013,497	1,017,921

12. BANK BORROWINGS

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Bank borrowings	**117,200**	108,370
Analysis of bank borrowings by currency:		
US$	**117,200**	108,370

The bank borrowings as at the end of the reporting period are unsecured, with original maturity of one month (31.12.2025: one to two months), repayable within one year and carry interest at fixed interest rates ranging from 3.95% to 4.03% (31.12.2025: 4.06% to 4.12%) per annum.

13. SHARE CAPITAL

	Par value US$	Number of ordinary shares	Amount US$'000
Authorised:			
Balance at 1 January 2025	0.04	20,000,000,000	800,000
Share consolidation *(note)*		(18,000,000,000)	–
Balance as at 31 December 2025 and 30 June 2026	0.40	2,000,000,000	800,000
Issued and fully paid:			
Balance at 1 January 2025	0.04	7,884,500,000	315,380
Share consolidation *(note)*		(7,096,050,000)	–
Balance at 31 December 2025 and 30 June 2026	0.40	788,450,000	315,380

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

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

Month of repurchases	Number of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
January 2026	508,000	19.24	18.80	9,636
June 2026	1,040,000	24.00	18.44	21,699
	1,548,000			31,335
				US$'000
Equivalent to				4,002

1,548,000 ordinary shares were repurchased by the Company during the six months ended 30 June 2026. These shares were not cancelled and remained as treasury shares (the "**Treasury Shares**", as defined under the Listing Rules) as at 30 June 2026. During the current period, 2,786,200 Treasury Shares were transferred out under equity-settled share-based payment plan and 6,435,614 Treasury Shares were held by the Company as at 30 June 2026.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares) during the current period.

13. SHARE CAPITAL *(Continued)*

During the year ended 31 December 2025, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

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

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

Month of repurchases	Number of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$'000
May 2025 (after Share Consolidation)	1,087,600	9.34	8.18	9,255
June 2025	1,287,000	10.26	8.90	12,182
July 2025	142,000	10.36	10.12	1,460
August 2025	1,314,000	15.44	14.30	19,778
September 2025	864,000	17.34	14.87	14,336
November 2025	1,340,000	19.25	17.37	24,779
December 2025	1,348,000	19.30	18.20	25,607
	7,382,600			107,397
Total				115,803
				US$'000
Equivalent to				14,876

8,408,000 ordinary shares were repurchased by the Company during the year ended 31 December 2025. These shares were not cancelled and remained as Treasury Shares. During the year ended 31 December 2025, 734,186 Treasury Shares were transferred out under equity-settled share-based payment plan and 7,673,814 Treasury Shares were held by the Company as at 31 December 2025.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares) during the year ended 31 December 2025.

14. DEFERRED INCOME

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Government subsidies	**5,976**	6,028

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

15. CAPITAL COMMITMENTS

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Commitments for the acquisition of property, plant and equipment contracted but not provided for	**116,266**	47,409

16. SHARE-BASED PAYMENT TRANSACTIONS

(a) Equity-settled share option scheme

Pursuant to the approval of the board of directors of the Company (the "**Board**") on 10 March 2023 and approval of the Company's shareholders on 19 May 2023, the Company adopted a share option scheme (the "**Share Option Scheme**") for the Company to reward, motivate and retain eligible person, which would comply with the requirements of Chapter 17 of the Listing Rules. Details of the Share Option Scheme are set out in circular dated 14 April 2023, which were subsequently approved by the Company's shareholders on 19 May 2023 and will expire on 18 May 2033. Since the adoption of the Share Option Scheme on 19 May 2023, no share option has been granted under the Share Option Scheme.

No share option expenses were recognised by the Group for the six months ended 30 June 2026 and 30 June 2025.

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

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

(b) Other share-based payment plan

Pursuant to the approval of the Board on 10 March 2023 and approval of the Company's shareholders on 19 May 2023, the Company adopted a share scheme (the "**Share Scheme**") for the Company to reward, motivate and retain eligible persons, which complies with the requirements of Chapter 17 of the Listing Rules. The Share Scheme was subsequently amended by the Board on 7 March 2025 to allow the use of Treasury Shares in the Company to satisfy the awards granted pursuant to the Share Scheme from time to time. Details of the share grants made under the Share Scheme that had an accounting impact during the current period and prior year are disclosed below.

Pursuant to the approval of the Board on 7 March 2024, the Company granted a total of 4,405,978 award shares relating to the ordinary share of a par value of US$0.04 each of the Company ("**Award Old Share(s)**") to two grantees on 8 March 2024 under the Share Scheme. No consideration was payable on acceptance of the Award Old Shares. Such Award Old Shares had been vested on 7 March 2025. The trustee purchased the relevant shares from the market in March 2024.

Pursuant to the approval of the Board on 20 September 2024, the Company granted a total of 2,592,601 Award Old Shares to two grantees on 20 September 2024 under the Share Scheme. No consideration was payable on acceptance of the Award Old Shares. Such Award Old Shares had been vested on 19 September 2025. The trustee purchased the relevant shares from the market in September 2024.

Pursuant to the approval of the Board on 15 May 2025 and the subsequent finalisation by the Board's delegate, the Company granted a total of 7,001,902 Award Old Shares to two grantees under the Share Scheme. The Award Old Shares were granted subject to a service condition over the vesting period from 15 May 2025 to 14 May 2026. No consideration was payable on acceptance of the Award Old Shares. Such Award Old Shares had been vested on 31 October 2025 and 15 May 2026 and had been satisfied by transfer of Treasury Shares of the Company.

Following the Share Consolidation becoming effective on 20 May 2025, a total of 9,594,503 Award Old Shares granted on 20 September 2024 and 15 May 2025 had been consolidated to become 959,449 award shares relating to ordinary shares of a par value of US$0.40 each of the Company ("**Award Share(s)**"). All other terms and conditions of the 959,449 Award Shares remain unchanged.

Pursuant to the approval of the Board and the subsequent finalisation by the Board's delegate on 11 August 2025, the Company granted a total of 27,238,190 Award Shares to grantees under the Share Scheme. The aforesaid share grant comprised (i) 700,190 Award Shares granted to two directors with a vesting period from 11 August 2025 to 11 August 2026 and (ii) 26,538,000 Award Shares granted to certain grantees with vesting periods in tranches over a three-year period between 11 August 2025 and 5 October 2028, both subject to the applicable service conditions. No consideration was payable on acceptance of the Award Shares. Such Award Shares had been/would be satisfied by transfer of Treasury Shares of the Company.

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

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

Pursuant to the approval of the Board on 26 May 2026 and the subsequent finalisation by the Board's delegate, the Company granted a total of 1,365,000 Award Shares to certain grantees pursuant to the Share Scheme with vesting periods in tranches over a two-year period between 26 May 2026 and 5 October 2028, subject to the applicable service conditions. No consideration was payable on acceptance of the Award Shares. Such Award Shares had been/would be satisfied by transfer of Treasury Shares of the Company and/or by any other means as permitted under the Share Scheme.

The fair value of the shares at the date of grant is measured by the quoted market price of the shares at the date of grant. Equity-settled share-based payments of US$7,899,000 were recognised during the six months ended 30 June 2026 (for the six months ended 30 June 2025: US$322,000).

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Financial assets/liabilities	Fair value as at 30.6.2026 US$'000 (unaudited)	Fair value as at 31.12.2025 US$'000 (audited)	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Sensitivity/ relationship of unobservable inputs to fair value
Forward foreign exchange contracts included under other payables (2025: other payables)	**Liabilities – 1,242**	Liabilities – 8	Level 2	Fair value derived from observable forward exchange rates at the end of the reporting period	N/A	N/A
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**Listed equity investments – 676**	Listed equity investments – 1,004	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity instruments at FVTOCI	**Unlisted equity instruments – 2,550**	Unlisted equity instruments – 2,100	Level 2	Fair value derived from market value of the shares of equity instruments in recent investment transactions	N/A	N/A
Equity instruments at FVTOCI	**Unlisted equity instrument – 33,649**	Unlisted equity instruments – 33,444	Level 3	Option-pricing method, with expected volatility, expected life and risk-free rate as the key inputs, to allocate equity value of investees determined using market approach	Trading multiple of comparable companies: enterprise value to earnings before interest taxes, depreciation and amortization multiple	The higher the trading multiple, the higher the fair value

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

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTOCI US$'000
At 1 January 2025 (audited)	49,340
Net fair value loss	(3,400)
Transfer into Level 3 *(note)*	3,954
Exchange adjustments	(79)
At 30 June 2025 (unaudited)	49,815
At 1 January 2026 (audited)	**33,444**
Exchange adjustments	**205**
At 30 June 2026 (unaudited)	**33,649**

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

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

18. RELATED PARTY DISCLOSURES

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

	Six months ended	
	30.6.2026	**30.6.2025**
	US$'000	**US$'000**
	(unaudited)	**(unaudited)**
Hon Hai:		
Sales of goods	**397,494**	334,615
Purchase of goods	**16,868**	21,830
Purchase of property, plant and equipment	**–**	313
Lease expense – real properties *(Note)*	**307**	307
Sub-contracting income	**9,059**	1,843
Consolidated services and sub-contracting expense	**37**	77
Subsidiaries of Hon Hai:		
Sales of goods	**93,939**	82,877
Purchase of goods	**98,825**	121,590
Purchase of property, plant and equipment	**54**	480
Sales of property, plant and equipment	**3,042**	1,162
Lease income – real properties	**2,301**	2,368
Lease income – non-real properties	**–**	22
Lease expense – real properties *(Note)*	**2,523**	2,653
Lease expense – non-real properties *(Note)*	**18**	17
Sub-contracting income	**11,581**	5,497
Consolidated services and sub-contracting expense	**18,952**	16,631
General service income	**2**	–
General service expense	**3,173**	2,245
Associates of Hon Hai:		
Sales of goods	**48,753**	112,323
Purchase of goods	**46,770**	52,791
Purchase of property, plant and equipment	**91**	16
Lease expense – real properties *(Note)*	**25**	27
Sub-contracting income	**4,389**	10,388
Consolidated services and sub-contracting expense	**236**	1,688
General service expense	**12**	9

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

18. RELATED PARTY DISCLOSURES *(Continued)*

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

	30.6.2026 US$'000 (unaudited)	31.12.2025 US$'000 (audited)
Trade receivables:		
Hon Hai	**243,766**	221,962
Subsidiaries of Hon Hai	**60,376**	75,033
Associates of Hon Hai	**9,249**	22,740
	313,391	319,735
Other receivables:		
Subsidiaries of Hon Hai	**772**	156
	314,163	319,891
Trade payables:		
Hon Hai	**7,028**	10,058
Subsidiaries of Hon Hai	**64,140**	55,347
Associates of Hon Hai	**40,632**	23,633
	111,800	89,038
Other payables:		
Hon Hai	**157**	93
Subsidiaries of Hon Hai	**2,190**	3,484
Associates of Hon Hai	**105**	6
	2,452	3,583
	114,252	92,621

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

(c) Compensation of key management personnel

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

	Six months ended 30.6.2026 US$'000 (unaudited)	30.6.2025 US$'000 (unaudited)
Short-term benefits	**1,272**	2,084
Share-based payments	**1,263**	322
	2,535	2,406

18. RELATED PARTY DISCLOSURES *(Continued)*

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

	Six months ended	
	30.6.2026 US$'000 (unaudited)	30.6.2025 US$'000 (unaudited)
Sales of goods	–	131
Other income	**138**	92
Purchase of goods	–	32
Purchase of property, plant and equipment	–	901
Other expenses	**263**	1,738

The amount due to a joint venture was US$405,000 (31.12.2025: amount due from a joint venture US$4,127,000), which were included in trade and other payables (31.12.2025: trade and other receivables), as at 30 June 2026. Balances due from a joint venture are unsecured, interest free and repayable within one year.

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

	Six months ended	
	30.6.2026 US$'000 (unaudited)	30.6.2025 US$'000 (unaudited)
Sales of goods	**461**	121
Other income	**69**	235

The amounts due from associates were US$2,079,000 (31.12.2025: US$4,075,000), which were included in trade and other receivables (31.12.2025: trade and other receivables), as at 30 June 2026. Balances due from associates are unsecured, interest free and repayable within one year.

19. APPROVAL

The condensed consolidated financial statements on pages 4 to 28 were approved and authorised for issue by the board of directors of the Company on 7 August 2026.

BUSINESS REVIEW

IMPORTANT

The consolidated interim results of the Group for the six-month period ended 30 June 2026 (the "**current period**" or the "**reporting period**"), as set out in this report, are unaudited but have been reviewed in accordance with the relevant financial standards. The Group's results of operations have fluctuated in the past and may continue to fluctuate, possibly significantly, from one period or quarter to another. Accordingly, the results for any period or quarter should not be regarded as indicative of the results for future periods or quarters. In particular, the Chinese New Year holiday (especially the extended breaks in Chinese Mainland, Vietnam and Taiwan) in the first quarter generally results in a low season for the industry in which the Group operates. As a result, due to lower production volume scale and reduced factory capacity utilisation, the Group's first-quarter performance is usually weaker and less representative than that of other quarters. In addition, the Company's customers have distinct seasonal demand patterns, which directly affect the timing and volume of production and shipment during the year. Consequently, first-half margins are often compressed by lower production volumes, while second-half results benefit from maximum volume scale and capacity utilisation.

The Company refers to its announcement regarding the update on expected 2026 interim performance dated 8 May 2026, which provided (among other things) certain updates on its expected 2026 interim performance and included information about the various factors that contributed to the Group's consolidated net profit for the current period. The various factors described in the following "Discussion and Analysis" section are expected to continuously impact the Group's performance in the second half of 2026 ("**2H 2026**") and ultimately the full year ending 31 December 2026 ("**FY 2026**"). In this respect, please also refer to "Outlook and Industry Dynamics" below.

This report contains forward-looking statements regarding the Company's expectations and outlook on the Group's order book, cost structure, business policies, operations, performance, financial condition, opportunities, risks, threats, and prospects. Such statements are subject to various uncertainties, including macroeconomic conditions, geo-political tensions, regulatory changes, competitive pressures, cost volatility, component supply, and operational execution risks, and do not constitute guarantees of the Group's future performance or order book. Actual results and order book may differ materially from those expected due to known and unknown risks, uncertainties, and other factors beyond the Group's control.

While the Group believes these forward-looking statements are based on reasonable assumptions, they involve risks and uncertainties relating to operations, markets, and the broader business and macroeconomic environment. If these risks or uncertainties materialise, or if underlying assumptions prove incorrect, actual outcomes may differ materially from those indicated. New and unpredictable risks and challenges may also arise from time to time, and management cannot predict or assess all such factors or their impact. For further details, please refer to "Outlook and Industry Dynamics" below. The Company undertakes no obligation to update or revise any forward-looking statements, except as required under the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") as amended from time to time.

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

BUSINESS REVIEW

DISCUSSION AND ANALYSIS

Introduction

The Company was established in 2003 and listed on the Main Board of the Stock Exchange in 2005 (stock code: 2038.HK). It is a subsidiary of 鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co., Ltd. for identification purposes only) ("**Hon Hai**") (together with its subsidiaries and/or associates as defined in the Listing Rules) (the "**Hon Hai Technology Group**"), the world's largest electronics manufacturer and a leading technological solution provider listed on the Taiwan Stock Exchange (stock code: 2317.TW).

The Group is customer-oriented and provides one-stop solutions covering the entire product lifecycle, from design conceptualisation and product development to high-volume manufacturing. Its services include product development and design, precision casings and components manufacturing, PCBA (Printed Circuit Board Assembly), full-system assembly integration, supply chain services and solutions, and after-market support such as return management and product repair and refurbishment. Driven by these advanced Original Equipment Manufacturing ("**OEM**") and Original Design Manufacturing ("**ODM**") capabilities, the Group continues to meet specific market and customer product lifecycle requirements.

Against a backdrop of persistent economic uncertainties and geopolitical fragmentation, the Group remains focused on diversification, technological advancement and operational resilience. This strategy encompasses exploring new market opportunities, developing new customer relationships and deepening existing partnerships. Key developments during the year include:

(I) Progress in the three main business categories — Reflected a broader diversification of the Group's customer and product portfolios. In smart manufacturing, this was highlighted by securing a new non-mobile customer in the smart mobility sector. In automotive electronics, competitiveness was strengthened through product innovation and the attainment of key safety certifications. The Group also commenced the provision of automation equipment and fixture development services within the Hon Hai Technology Group, while achieving new partnerships to enhance its Artificial Intelligence ("**AI**") recycling robot service offerings to external customers.

(II) Gross margin improvement — Gross margin increased to 4.14% in the current period from 3.64% in the prior-year period, primarily driven by the strategic exit from unprofitable or low-margin businesses, alongside a favourable shift in customer and product mix toward higher-value offerings in all three main business categories. The Group also optimised capacity utilisation, improved production efficiency and yield, and maintained disciplined cost and expense controls. Operational restructuring efforts — including the rightsizing of indirect labour and site consolidation — continued, particularly as part of the strategic optimisation and rightsizing of operations in Chinese Mainland.

(III) Expanding overseas production capacity — Overseas capacity was expanded to support regional customer demand and capture domestic market opportunities. The Group's ability to dynamically reallocate production among its global facilities enabled it to respond effectively to shifting customer preferences while mitigating geopolitical risks.

DISCUSSION AND ANALYSIS *(Continued)*

Introduction *(Continued)*

The Group remains committed to investing in its technological capabilities and deepening long-term customer partnerships by delivering high value-added products and services. Research and Development ("**R&D**") resources are being strategically deployed to align with our medium- to long-term development priorities and the enhancement of our core competencies.

In a complex operating environment marked by geopolitical risks, supply chain disruptions, memory shortages, and rising Environmental, Social, and Governance ("**ESG**") expectations, the Group remains committed to innovation, operational flexibility, disciplined cost control, and customer-centric strategies. We continue to optimise our production footprint, advance our technological capabilities, and drive new business development. By deepening strategic partnerships and expanding operational capabilities, the Group is well-positioned to support product diversification, foster long-term customer collaborations, and capture emerging opportunities for sustainable growth.

Key Relationships with Customers

In the first half of 2026, the Group's top five customers accounted for approximately 81.00% of total revenue. For this ranking, sales to Hon Hai and Sharp Corporation ("**Sharp**") are aggregated and treated as a single customer under the Hon Hai Technology Group. 2025 saw the successful entry of key customers from automotive electronics and smart manufacturing for non-mobile products. This demonstrates the Group's diversification strategy and ability to capture opportunities beyond the mobile market.

(I) In 2026, the Group's diversification strategy continued to gain traction, while our leading smartphone customer remained a solid foundation. However, revenue growth from this anchor customer softened, reflecting a high base effect from the previous period and the compounding impact of rising memory component prices.

(II) In smart manufacturing, a new non-mobile customer — an Asia-based provider of smart mobility devices serving an ultimate U.S. end-customer — has entered the Group's top five revenue contributors. Following the commencement of full-scale mass production and shipments, revenue from this account surged.

(III) Furthermore, revenue from another key non-mobile customer — a leading global provider of electronic shelf labelling ("**ESL**") systems — delivered substantial growth. Because initial shipments only began in the first half of 2025, the subsequent ramp-up to mass production drove a significant year-on-year upside against a low base.

(IV) In automotive electronics, the Group supplies Telematics Control Units ("**TCU**") to a world-class automobile manufacturer. Driven by robust shipments, revenue from this customer achieved double-digit growth compared to the first half of 2025.

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Customers *(Continued)*

(V) Hon Hai Technology Group, including Hon Hai and Sharp, represents another significant smart manufacturing customer, accounting for 24.89% of the Group's total revenue.

(i) The Group has long served as a strategic supplier of consumer electronic products, including eReaders, tablets, and voice interaction products, to Hon Hai. In the first half of 2026, end-market demand remained solid. This was primarily underpinned by the end-customer's structured mid-year promotional events, while continuous efforts to integrate new AI-driven features into the smart speaker ecosystem further enhanced user engagement.

(ii) Sharp, an associate of Hon Hai under the Listing Rules, offers electronic products including smartphones, home appliances, displays, and other Internet of Things ("**IoT**") devices; it is also an ODM customer of the Group. In the first half of 2026, Sharp continued to expand its product portfolio by refreshing its high-end smartphone lineup and strategically entering the smart wearable market.

While these new accounts are being onboarded, a transition period is required before their full impact materialises in our top-line growth. In the meantime, the Group continues to optimise its capabilities to align with shifting customer needs. Our customer-focused manufacturing facilities across various jurisdictions maintain high flexibility and adaptability, allowing them to be rapidly reconfigured to accommodate evolving product requirements and volume fluctuations.

Key Relationships with Suppliers

The Group maintains critical partnerships with 1,175 global suppliers, including Hon Hai Technology Group, to ensure operational resilience. Vendors of chipsets, memory, and display modules are subject to a rigorous evaluation and qualification process, with their performance measured by the TQSCE (Technology, Quality, Supply, Cost, and ESG) framework to ensure supply stability and price competitiveness. Currently, the Group's top five suppliers account for 41.79% of total purchases, providing significant bulk purchasing power and liability mitigation. This strategy is essential as market fluctuations continue to impact material costs and supply in the memory and the semiconductor market.

The smartphone market in the first half of 2026 continued to show a polarised trend. While demand for entry-level devices remained soft amid macroeconomic uncertainties, GenAI-enabled smartphones and premium flagship devices continued to gain traction. Customers increasingly focused on AI computing capability, camera performance, battery efficiency, and user experience differentiation. This trend has driven demand for higher-value components, enhanced manufacturing capabilities, and stronger supply chain integration, creating growth opportunities for the Company in premium smartphone programmes.

The demand for automotive electronics remained supported by the continued adoption of electric vehicles (EVs), intelligent cockpit systems, connectivity solutions, and Advanced Driver Assistance Systems ("**ADAS**") applications. Customers increasingly emphasised supply chain resilience, localisation strategies, cost competitiveness, and ESG compliance. The Group has leveraged its diversified manufacturing footprint across Asia and North America to support customers' localisation and business continuity requirements, while steadily strengthening its position in automotive electronics manufacturing and related business opportunities.

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Suppliers *(Continued)*

Sustained investment in AI-driven automation, smart manufacturing, and industrial digitalisation continues to support growing demand for industrial electronics and intelligent connected devices. Customers remain focused on operational efficiency, product reliability, and supply chain resilience. The Group holds strategic advantages with its manufacturing expertise and global supply chain network, and continues to expand its manufacturing and supply chain capabilities to support long-term growth opportunities in the equipment/robotics business segment.

While global economic and geopolitical uncertainties are expected to persist in 2H 2026–driven by ongoing supply-demand imbalances and cost pressures across parts of the electronics supply chain — the Group remains highly vigilant. Key areas of focus include memory, key ICs, PCB materials, passive components, and selected electronic materials. In these specific categories, pricing and lead-time volatility may continue due to surging AI-driven demand and capacity allocation shifts across the semiconductor ecosystem.

At the same time, customers continue to prioritise supply chain resilience, manufacturing flexibility, cost competitiveness, and regional diversification. These factors are accelerating industry-wide localisation strategies and driving a greater emphasis on risk management throughout the supply chain ecosystem.

The Group remains committed to strengthening its core manufacturing expertise, supply chain management, and operational excellence capabilities. Supported by its diversified global footprint and long-standing customer relationships, the Group is well positioned to capture emerging opportunities in premium consumer electronics, automotive electronics, and intelligent manufacturing and robotics.

Key Relationships with Employees

The Group regards its workforce as fundamental to sustainable value creation. Our human capital strategy combines internal talent development with targeted external recruitment to strengthen institutional capabilities. Given the technical complexity of our products and manufacturing processes, we continue to optimise both the quality and scale of our professional workforce to sustain market leadership and competitiveness.

Operating across multiple geographies, the Group is committed to attracting and retaining top-tier talent. We provide fair employment practices, competitive remuneration, and a high-performance work environment, supported by comprehensive training, job rotation, and work enrichment initiatives. Our diversified business portfolio offers employees broad career development and promotion opportunities.

The Group emphasises career planning and continuous learning through internal and external training programmes, supported by a digitised learning platform. Knowledge sharing and internal-led technical training promote skills transfer and a culture of continuous improvement. Strategic workforce planning integrates recruitment, development, and localised retention initiatives, with full regulatory compliance and strong labour relations. Transparent multi-channel communication and a robust Code of Conduct underpin integrity, accountability, and long-term sustainability.

During the year, the Group implemented operational restructuring to align capacity with evolving product portfolios and demand. Measures included rationalising underperforming operations, divesting idle assets, streamlining headcount, and reorganising management structures. Throughout this transition, the Group maintained transparent communication to preserve employee confidence, engagement, and organisational stability.

DISCUSSION AND ANALYSIS *(Continued)*

Key Relationships with Employees *(Continued)*

China: Post-restructuring, Human Resources ("**HR**") focused on lean workforce management, optimising operational efficiency while executing targeted retention strategies for business-critical talent.

Taiwan: To incentivise cutting-edge innovation in a highly competitive market, the Group deployed a 3-Year Performance-Based Share Grant Programme. By linking equity value directly to technological breakthroughs and business growth, this initiative encourages employee ownership, boosts morale, and secures long-term retention of core R&D and executive talent.

Vietnam: To support an agile 130% workforce hyper-growth (scaling from 9,000 to over 21,000 employees within six months) across a multi-site footprint, HR executed a comprehensive organisational readiness strategy. Key initiatives included expedited onboarding frameworks, standardised cross-site governance, and localised leadership development. This successful expansion of operations while maintaining organisational culture and operational excellence culminated in winning the prestigious HR Asia — Best Companies to Work for in Asia 2026 (Vietnam) award.

Republic of India ("**India**"): HR drove Bharat FIH Limited's ("**BFIH**"'s) evolution into high-value segments like Fixture Manufacturing and On-Site Support service through targeted talent acquisition and workforce realignment. To mitigate competitive market risks, the function reinforced an ethical, non-discriminatory culture backed by transparent local and international grievance channels. Moving into H2, HR will optimise organisational design — aligning roles, skills, and spans of control — to stabilise the structure and sustain innovation-driven growth.

As of 30 June 2026, the Group employed 48,016 staff (31 December 2025: 32,142). Total staff costs amounted to approximately US$123 million (US$111 million for the first half of 2025 and US$145 million for the second half of 2025). The Group operates a holistic, merit-based Total Rewards framework designed to drive productivity and align individual performance with shareholder value. Remuneration packages are regularly benchmarked against industry peers to maintain market competitiveness. Governance of promotions, wage increments, and incentives is executed through an objective, competency-based appraisal system. To optimise talent retention and reward high-impact contributions, our compensation structure strategically integrates annual performance bonuses with time-based and performance-conditioned long-term incentives.

Retirement Benefits Plans

The Company would like to provide the following updates and supplemental information relating to Note 35 to the consolidated financial statements of the Group as set out on page 141 of the Company's 2025 annual report. The Company would like to clarify that certain subsidiaries of the Company operate defined benefit plans in Taiwan only. The Company would also like to further clarify that under the schemes, the employees are entitled to retirement benefits on attainment of a retirement age from 55 subject to prescribed years-of-service requirements or upon completion of at least 25 years of service. The most recent formal independent actuarial valuations of the plan assets and the present value of the defined benefit obligations were performed as at 31 December 2025 by independent valuer, Mr. Hsu Mao-Chin (who is an Actuary of the Actuarial Institute of the Republic of China (Taiwan)) of Greatfine Wealth Management Consulting Inc.. The present values of the defined benefit obligations, the related current service cost and past service cost were measured using the projected unit credit method.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations

Financial Performance

Financial KPIs — including year-on-year changes in sales, gross margin, net margin, and return on equity ("**ROE**") — serve as key performance indicators. Peer analysis is complex due to differences in corporate history, strategies, business models, customer mix and bases, market dynamics, organisational culture, leadership, risk appetite, shareholder structures, and revenue streams. Additional factors such as product offerings, operational scale, market positioning, geographical presence, ESG compliance, tax incentives, degree of vertical integration, core competencies, strategic investment in R&D, asset utilisation, cash flow, and regulatory environments further complicate direct comparisons, making consolidated group-level analysis challenging. The Group remains attentive to and compliant with the latest financial reporting standards, ensuring transparency and accuracy of financial information.

Profit and Loss Account — During the period, the Group navigated a mature global smartphone market, persistent supply chain cost pressures, and heightened FX volatility. In response, the Group continued to implement margin improvement initiatives and strict General and Administrative ("**G&A**") expense controls, while sustaining vital long-term investments in R&D to support future growth.

The Group reported consolidated revenue of US$2,270.5 million in the current period, up US$209.0 million or 10.1% from US$2,061.5 million in the prior-year period. In response to a competitive environment, despite the increase in memory price affected some of the Group's customers and the exit from its certain underperforming or legacy businesses, the revenue was compensated above and beyond by the acquisition of a new customer of our smart manufacturing business alongside the steady development of the existing automotive and smart manufacturing businesses.

Net profit for the period and net profit attributable to owners of the Company were US$12.2 million and US$9.3 million respectively, compared to profit of US$6.2 million and US$6.2 million respectively last year. Improvement was driven by higher gross margin of 4.14%, enhanced operational efficiency, and effective cost and G&A management. To navigate a highly competitive and dynamic environment, the Group promoted its ESG initiatives, optimised capital expenditures, managed both operating expenses and income tax while mitigating operational risks. Furthermore, to enhance customer service and sustain long-term competitiveness, the Group maintained its commitment to strategic R&D investments. Concurrently, it remained asset-light and prioritised a lean operational structure, aligning its workforce and resources with prevailing and future business needs.

Contributing factors include:

(I) Gross Profit — The Group reported gross profit of US$94.0 million in the current period, up US$19.0 million from US$75.0 million in the prior-year period. Gross margin increased to 4.14% from 3.64% last year. This improvement was driven by a strategic shift toward higher-margin sectors — including automotive electronics, smart mobility devices, smart manufacturing, and robotics — strengthened engagement with existing customers, and the proactive exit from unprofitable or low-margin businesses. Strategic diversification into these higher-value areas, combined with leveraging the Group's core technological and operational capabilities, has begun to drive margin expansion. Furthermore, operational efficiency measures — encompassing supply chain and productivity enhancements, site consolidation, automation initiatives, effective risk management, and workforce optimisation — provided additional support. Nonetheless, the Group recognises that scaling the volume and growth of these higher-margin businesses will require more time.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Financial Performance *(Continued)*

(II) Operating Expenses — Operating expenses amounted to US$74.6 million, up US$8.8 million from US$65.8 million last year. This was primarily driven by year-on-year growth in R&D expenses as the Group continued to invest in automation, robotics, Edge AI-related technologies, and advanced manufacturing capabilities. This increase was partially offset by a reduction in G&A expenses, as rightsizing and restructuring efforts streamlined operations, generating recurring annual savings and maintaining a lean cost structure. The Group continues to align resources with business needs by prioritising spending on strategic initiatives, reducing indirect labour, consolidating sites, and strictly controlling G&A expenses. Furthermore, while the Group has been proactively working to divest idle assets in some locations over the past few years, the remaining idle resources are difficult to liquidate and will require an extended period to fully resolve.

(III) Other Income, Gains and Losses — Other income, gains and losses were US$5.4 million, down US$25.3 million from US$30.7 million in the prior-year period, primarily due to a combination of factors affecting non-operating items.

(i) There was a decrease in foreign exchange gain by US$11.9 million, amounting to a loss of US$6.2 million for the current period, compared to a gain of US$5.7 million for the same period last year. This is primarily due to the strong appreciation of Renminbi against the United States dollar during the current period.

(ii) There was a decrease in interest income by US$6.2 million, totalling US$16.9 million for the current period, compared to US$23.1 million for the same period last year. This is primarily due to the decline in both Renminbi and United States dollar deposit interest rates during the current period.

(iii) The Group recorded net loss on disposal and write-off of property, plant and equipment of US$7.1 million in the current period, increased by US$4.0 million, compared to US$3.1 million for the same period last year. This was primarily attributable to the Group's ongoing operational restructuring and rightsizing initiatives aimed at optimising capacity utilisation, improving cost efficiency, and enhancing overall financial health.

(iv) An increase in government subsidies and incentives of US$2.2 million, primarily granted by local authorities in the Chinese Mainland and India during the current period.

(IV) The "Expected Credit Loss" allowance decreased by US$1.6 million, resulting in a provision of US$1.5 million for the current period, compared to US$3.1 million for the corresponding period last year. The reduction is primarily driven by effective receivables management, which successfully minimised overdue balances. The Group will continue to rigorously monitor customers' financial conditions and cash flows, systematically assessing credit risk to ensure that adequate expected credit loss allowances are recognised to reflect both actual and potential collection risks.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Financial Performance *(Continued)*

(V) Interest expenses decreased by US$7.3 million to US$5.8 million for the current period, compared to US$13.1 million for the same period last year. The decrease is mainly driven by lower bank borrowings and a reduction in market interest rates. Concurrently, net interest income increased slightly to approximately US$11.1 million from approximately US$10.0 million for the same period last year.

(VI) There was a year-on-year decrease in the share of profit from the Group's associates, alongside a decrease in the share of loss from the Group's joint venture, both of which were accounted for using the equity method. In the current period, the Group recorded a share of profit of US$2.4 million from associates and a share of loss of US$1.4 million from the joint venture, compared to US$2.8 million profit and US$3.9 million loss for the same period last year. The performance of one associate deteriorated amid a downturn in the South Korean consumer electronics market, leading to a full write-off of the investment and an impairment loss of US$1.3 million was recorded in the last quarter of 2025. Meanwhile, another associate, positioned upstream in the smartphone industry, experienced dynamic financial performance, primarily driven by rising memory prices in the global supply chain. The joint venture, which provides digital cockpit solutions, associated software products, and engineering and development services to its customers, recorded a loss primarily due to severe margin compression imposed by customers, alongside volatile technology transitions that demanded continuous new investment.

(VII) Income tax expense during the current period was US$6.3 million, compared to US$15.9 million for the same period last year. During the current period, the Group recognised US$12 million in deferred tax including US$15 million for withholding tax on dividends declared in Chinese Mainland, partially offset by deferred tax credits of approximately US$3 million arising from other temporary differences, US$7 million for tax of current profit, US$3 million for top-up tax under Pillar Two Rules, and over-provision of US$16 million in previous years.

Looking ahead, the Group continues to navigate persistent headwinds, including margin compression pressures, intense market competition, and memory component volatility. These operational challenges are further compounded by broader geopolitical complexities — notably the military conflict in the Middle East — which has fueled energy-driven inflationary pressures. Consequently, historical financial performance may not serve as a reliable indicator of future results. In response, the Group remains dedicated to a lean, asset-light operational model, actively pursuing higher-margin sectors and cultivating strategic international partnerships. We are taking decisive action to wind down unprofitable operations and restructure underperforming segments. Concurrently, the Group maintains strict control over operating expenses, net borrowings, and non-essential capital expenditures, while diligently optimising headcount to preserve long-term financial resilience. Based on preliminary review of unaudited management accounts, the Group expects that: (a) financial resources and working capital remain sufficient for ongoing operations and capital commitments; (b) funds are adequate for working capital and capital expenditure requirements over the next 18 months; and (c) no significant events are expected to materially affect its ability to meet financial obligations or debt covenants.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Equity and Other Comprehensive Income

Equity increased by US$12 million to US$1,534 million as at 30 June 2026, from US$1,522 million as at 31 December 2025. This growth was primarily driven by a net profit after tax of US$12 million, other comprehensive income of US$23 million and the recognition of equity-settled share-based payments of US$8 million, which were partially offset by the 2025 final dividend declaration of US$27 million and the repurchase of ordinary shares of US$4 million. Other comprehensive income included a US$23.3 million gain from foreign currency translation (mainly from TWD, RMB, INR and Mexican Peso), offset by US$0.3 million fair value losses on equity instruments measured at Fair Value Through Other Comprehensive Income ("**FVTOCI**").

ROE increased to 0.8% from 0.4% for the same period last year, reflecting the improvement in profitability. Basic profit per share was US1.19 cents.

Dividends

The Company has adopted the dividend policy to enhance transparency and support shareholders and potential investors in making informed decisions. For more details, please refer to the "Dividend Policy" section of the Company's 2025 corporate governance report, which forms part of the Company's 2025 annual report incorporating report of directors.

On 7 August 2026, the Board resolved not to recommend the payment of an interim dividend for the current period.

6,849,614 Treasury Shares held by the Company as at the date of this report are not entitled to receive any dividends or distributions. As at the date of this report, there is no repurchased shares pending cancellation held by the Company.

For any Treasury Shares of the Company deposited with Central Clearing and Settlement System ("**CCASS**") pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

(i) procuring its broker not to give any instructions to Hong Kong Securities Clearing Company Limited (HKSCC) to vote at general meetings for the Treasury Shares deposited with CCASS;

(ii) in the case of dividends or distributions (if any and where applicable), withdrawing the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the relevant record date for the dividend or distributions; and

(iii) taking any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

For the avoidance of doubt, as at the date of this report, all of the 6,849,614 Treasury Shares are held in the Company's own name and none are deposited with CCASS.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Diversification

Over the past few years, the Group has actively diversified its business beyond smartphones to broaden its customer base and product portfolio. By leveraging its core competencies in communication technology and proven engineering capabilities, the Group has directed its strategic focus toward higher-margin segments, namely non-phone products within the smart manufacturing business (smart mobility devices and ESL), automotive electronics, and semi-automatic inspection equipment and fixtures in automation equipment. This strategy has proven highly effective, evidenced by revenue growth, improved financial results, successful client acquisition, and the continuous delivery of innovative solutions.

To reinforce its supply chain resilience, the Group is simultaneously diversifying its global footprint. By maintaining strategically located facilities across Chinese Mainland, India, Vietnam, Taiwan, Mexico, and the U.S., the Group leverages specific geographical advantages to maximise operational efficiency and production value for its global clients.

Geographical Segments

The Group determines its operating segments based on management-reviewed reports for resource allocation and performance assessment. The Group operates through three geographical segments — Asia, Europe, and the Americas — reflecting regional customer distribution, market dynamics, and demand patterns, alongside localised cost structures, supply chain ecosystems, and internal resource allocation strategies. Segment profit represents gross profit plus service income and certain gains/losses, after deducting selling expenses and expected credit loss impairments. While our financial reporting segments are organised by direct billing location, our products are ultimately integrated into global supply chains serving end-consumers across North America, Europe, and Asia. To insulate the Group against regional macroeconomic fluctuations, we have continued to diversify our geographical segments, thereby reducing customer and geographic concentration risks while optimising our overall operational performance.

In 2026, while the smartphone market is supported by replacement demand, rising production and component costs, alongside pricing constraints, continue to squeeze profit margins. To mitigate risks, the Group has diversified its manufacturing footprint across Taiwan, China, India, Vietnam, Mexico and the United States. In recent years, the Group has directed its strategic focus toward higher-margin segments, namely non-phone products within the smart manufacturing business, smart mobility devices and ESL tags, automotive electronics in the European market, and semi-automatic inspection equipment and fixtures in automation equipment. For the first half of 2026, revenue in the Asia segment grew, supported by the initiation of shipments to a customer specialising in smart mobility devices serving an ultimate U.S. end-customer, which simultaneously yielded improved margins. Revenue from the Europe segment also demonstrated an upward trajectory, reflecting deliberate resource allocation to higher-margin automotive electronics and the development of new customer relationships across broader electronic product portfolios in European regions. Sales in the Americas segment declined over the same period, primarily driven by a high base effect; in the second quarter of 2025, anticipation of potential U.S. tariffs prompted customers to accelerate shipments and pull forward rush orders. This decline was further compounded by memory components pricing hike that led to order adjustments.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

Asia Segment

The Group's Asia segment comprises its principal regional markets — Chinese Mainland, Taiwan, and India. During the first half of 2026, the Asia smartphone market shifted from volume to margin preservation due to component inflation. Revenue for the Asia segment in the current period amounted to US$937.4 million, representing an increase of US$84.1 million, or 9.9%, from US$853.3 million in the same period last year. The increase was mainly driven by growth within the Taiwan and Chinese Mainland segments, which was partially offset by revenue declines in the India and Japan segments. During the period, sales to Hon Hai and its subsidiaries increased, though this growth was tempered by a decrease in sales to Sharp in the Japan segment and certain other customers within the Asia segment. The segment reported a profit of US$30.5 million in the current period, compared with a profit of US$12.0 million in the same period last year. The increase in both sales growth and margin was driven by the commencement of shipments to a smart mobility specialist serving an ultimate U.S. end-customer. The termination of low-margin domestic businesses in China and India, also helped alleviate margin erosion pressure.

China

China's smartphone shipments fell in early 2026 amid severe memory cost inflation. Mass-market demand softened from price increases, but resilient premium flagship sales sustained overall segment value. In response, the Group continued to rationalise its business portfolio by scaling back low-margin operations and prioritising a higher-quality mix of products, customers, and revenue streams. Consequently, revenue derived from Chinese domestic customers experienced a further planned decline.

Concurrently, the Group continued to provide premium consumer electronics manufacturing services to Hon Hai. Serving Hon Hai's U.S.-based customers — primarily within the e-reader and smart speaker categories — has successfully positioned the Group in a high-end segment characterised by heightened product complexity and advanced engineering requirements. Total shipment volumes for this segment increased during the current period, despite intensified industry competition, localised component constraints for certain core products, and reduced promotional support. However, the segment continued to face ongoing margin pressure driven by escalating operational costs and a competitive pricing environment.

Japan

As a strategic partner, the Group continues to support Sharp through competitive ODM manufacturing, robust New Product Introduction ("**NPI**") services, and advanced automation capabilities. However, due to persistent component shortages and significant memory cost inflation, sales to this business line recorded a year-on-year decline despite notable operational efficiencies. This margin compression pressure was primarily driven by the fact that the Group's ODM models predominantly target Sharp's entry-level segment, where end-market price sensitivity remains exceptionally high.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

Asia Segment *(Continued)*

India

India continues to see a decline in sales as the Group has decided to exit poor-margin businesses. The operating environment in India remains highly competitive and heavily influenced by localised regulatory policies. The government's Production Linked Incentive (PLI) scheme primarily favours domestic champions and local enterprises through tailored subsidy structures and aggressive localisation mandates. For foreign-invested EMS providers like the Group, meeting the escalating investment and incremental sales thresholds required under the scheme poses significant challenges amidst supply chain realignments. Consequently, the inability to qualify for these incentives diminishes the Group's cost competitiveness, forcing it to forgo these domestic customers.

Despite achieving sales growth and improved performance in the Asia segment during the current period, the Group maintained a proactive approach toward operational efficiency, the Group continued to drive operational excellence by continuously assessing opportunities to streamline indirect labour, consolidate sites, liquidate underutilized assets, and improve asset ROI (Return on Investment). To maximise structural efficiency, the Group continues to review and evaluate which jurisdictions offer the most strategic advantages for future operations. Concurrently, we remain committed to investing in research and development to build deep core competencies and enhance our overall competitiveness. Moving forward, the Group will continue to monitor broader market conditions that may affect the future performance and cash flow of the Asia segment.

Europe Segment

The Europe segment recorded revenue of US$791.5 million in the current period, up US$181.9 million, or 29.8%, from US$609.6 million last year, with profit rising to US$34.6 million from US$28.2 million. Growth was driven by higher demand from automotive electronics clients, ESL tags, data modules, and smart peripherals.

During the current period, the Group advanced its footprint in the automotive electronics sector through strong programme execution, sustained customer recognition, and a growing global business pipeline. Notably, cumulative TCU shipments for a major automotive client reached a multi-million-unit milestone, validating the Group's capability to manage large-scale automotive programmes with premium delivery and quality performance. Leveraging this proven track record, the Group is expanding its automated, automotive-grade manufacturing capabilities at its Mexico facility to capture broader international demand. Close engagement with leading global automotive OEMs continues, with several Requests for Quotation (RFQs) in the final stages of evaluation across telematics, connectivity, and integrated hardware/software solutions. Moving forward, the Group will leverage its core competencies in telecommunications, antenna design, thermal engineering, and software integration to maximise long-term growth in the global automotive market.

High-volume orders for ESL tags and concentrated procurement from a major data module customer were effectively executed through the Group's advanced NPI framework and automated production capabilities, enabling rapid operational scaling without compromising quality standards. This growth momentum carried into the first half of 2026, driven by expanded project scopes and sustained order volume from key data module and ESL clients. In particular, the ESL segment — which began commercial shipments last year — generated significant incremental revenue via high-volume deliveries to its primary US end-customer.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Geographical Segments *(Continued)*

Europe Segment *(Continued)*

Due to the abovementioned favourable factors, the performance of the Europe segment had a positive impact on the Group's sales and result performance during current period. The Group will closely monitor the future development of this segment and assess the impact of this segment on the Group's overall performance and cash flow.

America Segment

For the America segment, core businesses include selling phones manufactured in China, Vietnam, and India to a major U.S.-based Internet customer, alongside after-market services. This Internet customer's expansion strategy and enhanced smartphone product line drove stronger shipments across multiple markets despite industry headwinds. However, revenue from this customer has declined due to a high base effect from previous period and further compounded by memory component price hikes. The Group maintains a long-term partnership, providing engineering and manufacturing support for premium smartphones. To mitigate regional concentration risks, it leverages geographic advantages and operational excellence. Regarding the service business, these services encompass reverse logistics, repair, and refurbishment for OEMs and carriers, along with manufacturing services in the North American region. These offerings deliver integrated solutions, providing American customers with end-to-end value-added manufacturing services and after-market services that cover the entire product life cycle through the Group's entities in the U.S. and Mexico.

The America segment recorded revenue of US$541.5 million in the current period, down US$57.1 million, or 9.5%, from US$598.6 million last year, with profit reducing to US$24.1 million from US$28.8 million.

To hedge against geopolitical friction and tariff risks, the Group has upgraded its Mexico facilities, leveraging macro tailwinds — such as the USMCA framework and Western Hemisphere supply chain shifts — that are accelerating demand for North American nearshoring solutions. To capitalise on these trends, the Group is expanding capacity, floor space, and advanced manufacturing capabilities across its Texas and Mexico sites while diversifying into higher-margin sectors, including consumer electronics, medical devices, and automotive electronics. Transitioning beyond traditional EMS, the Dallas-Fort Worth facility achieved ISO 13485 medical certification in the first quarter of 2025, while the Mexico plant is actively pursuing IATF 16949 automotive certification, positioning the Group to deliver high-barrier, end-to-end solutions in regulated industries.

Since the performance of the America segment experienced a downturn, it has impacted the Group's overall sales performance during the current period. The Group will closely monitor the future development of this segment and assess the impact of this segment on the Group's overall performance and cash flow.

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

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Investments

The Company has formulated and adopted the Delegation of Authority of the Board on 13 December 2012 as amended and supplemented from time to time by the Board (the "**Board's Delegation**"), among which, the Board has delegated any two executive directors of the Company to approve any transactions which do not constitute notifiable and/or connected transactions of the Company or are otherwise required to be disclosed under the Listing Rules.

The investments mentioned below had been duly reviewed, confirmed and approved by the executive directors of the Company pursuant to the Board's Delegation.

On the basis that the value of each of the investments mentioned below as of 30 June 2026 was less than 5% of the Group's total assets as at 30 June 2026, the Company does not consider any such investment as a significant investment for the purposes of the Listing Rules.

The Group has no plan for material investments or additions of capital assets as at the date of this report.

Investments in Business relating to Nokia-branded Products

On 18 May 2016, the Group entered into an agreement with Microsoft Corporation (as seller) and HMD Global Oy ("**HMD**") (as other purchaser) to acquire certain assets of the Nokia-branded feature phone business then operated by Microsoft Corporation, comprising a manufacturing facility in Vietnam and certain other assets utilised in the conduct of such feature phone business, at a total consideration of US$350 million (US$20 million of which was payable by HMD).

In 2018, the Group made a cash investment of US$61.9 million in HMD and purchased US$38.3 million worth of HMD's convertible bonds in August 2020 which was deemed to be settled through outstanding receivables of an equivalent amount. The convertible bonds were subsequently fully converted and, together the Group holds approximately 14.38% of HMD's total issued shares.

Based on the latest financial performance and position, the management assessed the fair value of the Group's investment in HMD as at 30 June 2026 and recognised a revaluation adjustment and impairment loss if applicable.

Other Investments

For exploring more opportunity and business, the Group has made significant development. On 31 December 2021, the Group closed the deal and introduced Stellantis N.V. ("**Stellantis**"), the world's number four leading automakers and mobility provider, to invest US$40 million in Mobile Drive Group, which was focused on automotive technology and wholly-owned by the Group. After closing, Mobile Drive Group has become a joint venture which is equally owned by the Group and Stellantis. The investment in Mobile Drive Group and the subsequent share of profits/losses of Mobile Drive Group will be accounted for by equity method in the Group's consolidated financial statements.

Leveraging the combined resources and industry experience, Mobile Drive Group focuses on the integration of software and hardware for smart cockpit and in-vehicle infotainment systems. The company possesses capabilities in vehicle-grade system development, mobile device ecosystem integration, and multimedia platform integration, supported by the application of AI in software-defined vehicle architectures, enabling it to deliver comprehensive in-vehicle solutions that meet the evolving requirements of global automotive OEMs. The Group continues to serve as a key strategic partner, providing support in hardware manufacturing and system integration.

DISCUSSION AND ANALYSIS *(Continued)*

Review of Results and Operations *(Continued)*

Investments *(Continued)*

Other Investments *(Continued)*

Gengde Electronics Co., Ltd. ("**Gengde**"), founded in 2009 in Chinese Mainland, specialises in design and processing of components and moulds for smartphones, laptops, and wearable devices. Backed by exceptional design capabilities and advanced processing techniques, Gengde has served as a key supplier for leading smartphone brands in Chinese Mainland. In 2015, the Group invested approximately US$4 million in Gengde through equipment valuation. As of 30 June 2026, the Group holds a 23.87% stake on a fully diluted basis.

Kai Hong Energy Co. ("**Kai Hong**") is a green energy investment platform established in Taiwan in 2024 by CDIB Capital Group and Hon Hai. The primary investment targets are in the fields of solar energy, wind energy, and energy storage, aiming to assist enterprises in achieving net-zero carbon emission goals. The Group committed to investing US$3.85 million in Kai Hong and completed the third capital injection in the third quarter of 2025. By investing in the green energy industry, the Group aims to secure a stable supply of green electricity to achieve the RE100 (100% renewable electricity) goal in the coming years.

The Group also made certain investments in other companies designated as FVTOCI mainly in Chinese Mainland, India and U.S. in the past few years, aiming to enhance the Group's long-term competitiveness and technological capabilities.

Xiaoqu Technology ("**Xiaoqu**") is a service provider specialising in intelligent control solutions for commercial building spaces backed by artificial intelligence technologies. It delivers integrated hardware and Software-as-a-Service (SaaS) systems to realise the digital management of building environments. During the first half of 2026, the Company expanded its footprint into the Chongqing, Chengdu, and Jiangsu markets. The Company's solutions have been deployed in more than 500 large commercial complexes nationwide, with its commercial client base growing from 3,000 to over 10,000. As of 30 June 2026, the Group holds a 9.50% stake on a fully diluted basis.

AceVector Limited ("**AceVector**", formerly known as Snapdeal) is a digital commerce company. The Group invested approximately US$200 million in AceVector in 2015. AceVector progressed its public listing preparation by filing a confidential Draft Red Herring Prospectus with the Securities and Exchange Board of India in July 2025, followed by the submission of an Updated Draft Red Herring Prospectus in December 2025. As of 30 June 2026, the Group held an approximately 3.80% equity interest in AceVector on a fully diluted basis.

Among the characteristics that the Group looks for in determining the attractiveness of investment candidates are complementary technology ancillary to and in support of the Group's business operations and new business; favourable long-term growth prospects; and cultural fit with the Group.

As at 30 June 2026, the fair value of the Group's equity investments designated as FVTOCI was US$36.9 million, which represented 0.7% of the Group's total assets.

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

DISCUSSION AND ANALYSIS *(Continued)*

Compliance with Relevant Laws and Regulations

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

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

The Group takes into account relevant laws and regulations on global transfer pricing to ensure the efficiency and sustainability of its operating models and global tax footprint, as well as to maintain adequate tax risk management. During the current period, apart from the following, there were no major changes in applicable tax laws and regulations which have a significant impact on the Group's tax expenses, and the Group will continue to monitor possible impacts and implications arising from applicable new and/or revised tax laws and regulations. Also, the Group has been closely following the global and local level developments following the Base Erosion and Profit Shifting ("**BEPS**") Action Plans of the Organisation for Economic Cooperation and Development ("**OECD**"). The Group is committed to duly comply with applicable laws and regulations introduced or updated in relation to the BEPS Action Plans, as well as fulfilling the relevant documentation requirements stipulated by the local transfer pricing rules, global minimum taxation rules under Pillar Two, and Country-by-Country Reporting ("**CbCR**") obligations in the jurisdictions where the Group operates. The Group falls within the CbCR scope and the Pillar Two scope of the Company's ultimate controlling shareholder, Hon Hai, for such purposes. Pillar Two, in particular, aims to ensure that multinational enterprises are subject to a minimum effective tax rate of 15% on a jurisdictional basis. From 1 January 2025 and onwards, Pillar Two legislation (including Income Inclusion Rule and Minimum Top-up Tax) became effective in certain jurisdictions in which the Group operates, such as Vietnam, Hong Kong, and Finland. The Group's top-up tax exposure in respect of the interim period ended 30 June 2026 was considered to be immaterial by the management of the Group.

During the current period, as advised by the relevant local legal and tax departments of the Group, the newly promulgated local laws and regulations applicable to the Group's operations in Chinese Mainland, India and Vietnam are highlighted and summarised below. These jurisdictions are considered, having regard to the scale of business and operations as well as the number of employees, factory units and office units, to have comparatively significant impacts on the Group's overall business and operations. The Group will also consider including Mexico and the relevant states within Mexico in future periods.

DISCUSSION AND ANALYSIS *(Continued)*

Compliance with Relevant Laws and Regulations *(Continued)*

Taiwan

Taiwan amended Article 10-1 of the Statute for Industrial Innovation, adding AI products/services and green energy equipment to existing smart machinery and cybersecurity tax credits. The annual eligible investment ceiling per enterprise doubled from NT$1 billion to NT$2 billion, with incentives extended through 2029.

Aligning with the Group's focus on automotive electronics, smart cockpits, robotics, and AI manufacturing, these amendments offer further tax incentives for qualifying R&D and CAPEX. The Group is currently evaluating eligible projects and tax planning opportunities to maximise these benefits and optimise future tax efficiency.

Taiwan also amended Article 22 of the Statute to tighten oversight on outbound investments and critical technology transfers. Cross-border capital, licensing, or joint development involving specified technologies or exceeding certain thresholds now require prior approval rather than post-investment filing.

This revised regime may impact future capital deployment and technology transfers from Taiwan supporting the Group's global expansion in Vietnam and Mexico. Accordingly, the Group has updated its internal review procedures for cross-border projects to ensure full regulatory compliance.

China

The PRC Law on the Safety of Hazardous Chemicals, enacted on 27 December 2025 and effective 1 May 2026, establishes China's first comprehensive legislative framework for hazardous chemical management. The Law mandates enhanced requirements, including major hazard source registration, graded risk controls, process safety management, automated monitoring, and stricter controls over highly hazardous substances.

This significantly raises compliance expectations for enterprises handling hazardous chemicals. For the Group's Chinese Mainland entities, we are reviewing internal safety management systems, reporting procedures, and record retention practises to ensure ongoing compliance.

The revised PRC Foreign Trade Law, enacted on 27 December 2025 and effective 1 March 2026, represents a major overhaul of China's trade regulatory framework. It expands legislative objectives to encompass national interests and supply chain security, while introducing a cross-border services negative list, stronger trade countermeasures, digital/green trade recognition, and stricter enforcement for trade control violations.

Consequently, compliance obligations for international trade and supply chain activities have increased. The Group continues to strengthen its internal trade compliance procedures, export control reviews, and supply chain due diligence to mitigate these evolving regulatory risks in Chinese Mainland.

DISCUSSION AND ANALYSIS *(Continued)*

Compliance with Relevant Laws and Regulations *(Continued)*

India

India has introduced the Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026), representing a significant update to its corporate regulatory framework. The Bill introduces a tiered enforcement model that shifts routine procedural defaults from criminal prosecution to an electronic civil administrative mechanism, while also expanding the thresholds for small companies and corporate social responsibility requirements and facilitating digital corporate governance through virtual and hybrid shareholder meetings.

At the same time, the Bill strengthens corporate governance requirements by enhancing director accountability, expanding regulatory oversight of audit committees and auditors, and introducing more stringent valuation requirements for corporate transactions.

While the Bill is expected to enhance operational flexibility, it also increases governance and compliance expectations for companies operating in India. As the implementing rules remain under development, the Group will continue to monitor legislative progress and assess any operational and compliance implications for its Indian entities.

Vietnam

Following Resolution No. 107/2023/QH15 on the Global Minimum Tax, the Vietnamese Government issued Decree No. 236/2025/ND-CP. This regime applies to multinational groups with annual consolidated revenues of at least EUR750 million in two of the past four fiscal years, requiring a domestic top-up tax if the effective tax rate falls below 15%. The Group's Vietnamese entities are assessing the impact and preparing reporting processes to support compliance.

Vietnam extended its temporary VAT reduction from 10% to 8% through 31 December 2026 under Resolutions No. 174/2024/QH15 and No. 204/2025/QH15, continuing to provide cost savings for the Group's local subsidiaries and customers.

Decree No. 293/2025/ND-CP raised regional minimum wages by roughly 7.2%, effective 1 January 2026. Financial impact on the Group is expected to be limited, as current entry-level salaries already exceed the revised thresholds.

Decision No. 23/2026/QĐ-TTg lists 100 high-tech product categories eligible for preferential investment support, including AI and smart manufacturing. The Group is evaluating if its existing or planned local activities qualify for these new incentives.

Additionally, recent government resolutions simplify administrative and approval procedures for environmental protection and fire safety, reducing burdens and speeding up project implementation.

The Group will continue to monitor regulatory developments across its principal jurisdictions and implement appropriate compliance measures to address evolving legal and regulatory requirements.

DISCUSSION AND ANALYSIS *(Continued)*

Share Consolidation

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 16 May 2025, the Share Consolidation on the basis of every ten (10) issued and unissued shares of a par value of US$0.04 each in the then share capital of the Company be consolidated into one (1) consolidated share of a par value of US$0.40 each in the share capital of the Company became effective on 20 May 2025. For details, please refer to the Company's announcements dated 10 April 2025 and 16 May 2025 and the Company's circular dated 17 April 2025.

Liquidity and Financial Resources

The Group centrally manages its funding and treasury activities in accordance with corporate policies. The primary objectives are to ensure appropriate levels of liquidity, maintain adequate funds available for working capital or other investments at reasonable costs required for business growth, balance exposures to market risks, uncertainties, and volatilities. Additionally, to mitigate the impact of foreign exchange fluctuations on operating results, the Group implements appropriate hedging measures to effectively manage foreign exchange risk. At the same time, it actively reduces external borrowings to lower interest expenses and enhance capital efficiency.

As at 30 June 2026, the Group had a cash balance of US$801 million (31 December 2025: US$1,007 million) and bank deposits of US$307 million (31 December 2025: US$346 million). Free cash flow, representing the net cash used in operating activities of US$201 million (31 December 2025: net cash from operating activities of US$108 million) minus capital expenditure of US$60 million (31 December 2025: US$187 million), was US$261 million outflows (31 December 2025: US$79 million outflows). The Group possesses ample cash to finance its operations and investments. The Group's gearing ratio, calculated as a percentage of interest-bearing external borrowings of US$117 million (31 December 2025: US$108 million) over total assets of US$4,936 million (31 December 2025: US$3,744 million), stood at 2.4% (31 December 2025: 2.9%). All external borrowings were denominated in USD (31 December 2025: USD). The Group borrowed as per actual demand, with no committed bank borrowing facilities and no seasonality of borrowing requirements. To reduce our bank loans and thereby lower interest expenses, we will increase engagement in global cash management. This involves repatriating funds from subsidiaries without new investment plans back to the parent company. Before repatriating profits from Chinese or overseas subsidiaries, the Group will comply with the applicable local laws and pay the required taxes. The outstanding interest-bearing external borrowings were all at a fixed rate ranging from 3.95% to 4.03% (31 December 2025: fixed rate ranging from 4.06% to 4.12%) per annum, with an original maturity of one month (31 December 2025: one to two months). As at 30 June 2026, the Group's cash and cash equivalents were predominantly held in USD, RMB and INR (31 December 2025: USD, RMB and INR).

DISCUSSION AND ANALYSIS *(Continued)*

Liquidity and Financial Resources *(Continued)*

Net cash used in operating activities during the current period totalled US$201 million. Net cash used in investing activities during the current period was US$5 million, of which, mainly comprising, US$60 million in the expenditures on property, plant and equipment related to the facilities at the Group's major sites in Vietnam and Chinese Mainland; US$33 million in net cash inflow from bank deposits; US$0.5 million for the purchase of equity instruments at FVTOCI, and US$23 million in proceeds from the disposal of property, plant and equipment. Net cash used in financing activities during the current period was US$3 million, primarily due to a net increase in bank borrowings of US$9 million, payments for the repurchase of ordinary shares amounting to US$4 million, interest paid on bank borrowings of US$5 million, and repayment of lease liabilities and interest on lease liabilities totalling US$3 million.

Exposures to Currency Risks and Related Hedges

To mitigate foreign exchange risks, the Group actively employs both natural hedging technique and financial methods to manage its foreign currency exposures. This includes entering into short-term forward foreign exchange contracts (usually with tenors of less than three months) from time to time to hedge against the currency risks arising from its operations and investments denominated in foreign currencies.

At the first FOMC meeting of 2026, the Federal Reserve decided to keep the federal funds rate target range unchanged at 3.5% to 3.75%. Since the Fed initiated the rate-cutting cycle, strong domestic consumption in the U.S. and capital expenditures driven by AI infrastructure have shown resilience beyond expectations, providing robust support to the real economy. The market had originally held highly optimistic expectations for accommodative policy in 2026, but geopolitical conflicts in the Middle East have pushed up energy prices, and tariff policies continue to take effect, introducing uncertainty into the cooling of inflation. This has added variables to monetary easing in the second half of 2026. In the short term, the Fed has shifted from "systematic rate cuts" to a "strategic wait-and-see" approach. The dual flexibility of policy implies that in the coming months, non-farm payroll data, the trajectory of core PCE, and the actions of the Fed Chair will be the most critical indicators determining global capital flows.

Capital Commitments

As at 30 June 2026, the capital commitments of the Group were US$116 million (31 December 2025: US$47 million). Typically, the capital commitments were funded by cash generated from operations.

Pledge/Charge of Assets

There was no pledge nor charge on the Group's assets as at 30 June 2026 and 31 December 2025.

Contingent Liability

There was no material contingent liability for the Group as at 30 June 2026 and 31 December 2025.

Donations

For the six months ended 30 June 2026, the Group made donations for charitable or other purposes to a total amount of approximately US$13,000 (For the six months ended 30 June 2025: approximately US$2,000).

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics

Industry Dynamics

Macroeconomic Headwinds

Looking back at the first half of 2026, the global economic landscape exhibited a multi-track, moderate recovery amid macroeconomic uncertainties. As global core inflation continued to recede, central banks gradually normalised their monetary policies, and the decline in borrowing costs partially stimulated domestic demand in major economies. According to the latest projections from the International Monetary Fund (IMF), the global economic growth forecast for 2026 has been slightly revised downward to 3.0%, while growth in 2027 is projected to rebound to 3.4%. The downward revision reflected the pressures from Middle East conflicts and elevated energy prices. The IMF also noted that the ongoing AI investment boom continues to drive technology demand, keeping the global economy more resilient than expected. For the U.S. market, supported by this AI-driven momentum and a device replacement cycle in consumer electronics, domestic demand remained robust; meanwhile, the Chinese market also demonstrated strong resilience, against the backdrop of sustained policy initiatives to stabilise domestic demand and drive manufacturing upgrades, high-tech manufacturing and high-end exports in the Chinese market also demonstrated structural resilience. However, geopolitical tensions, the normalisation of trade barriers, and policy volatility continued to test the adaptability of global supply chains. In particular, the Electronic Manufacturing Services (EMS) sector is undergoing a structural realignment. According to the International Data Corporation ("**IDC**") data, the massive demand for memory chips driven by AI has triggered severe shortages in storage components. Consequently, global smartphone and PC shipments in 2026 are projected to face structural corrections of 12.9% and 11.3%, respectively. This market reorganisation is forcing industry players to accelerate the abandonment of margin-sensitive low-to-mid-end markets and pivot comprehensively toward high-value, high-technology product portfolios.

Simultaneously, the industry continues its digital transformation processes. Smart manufacturing, powered by AI, robotics, and IoT, has revolutionised operational efficiency and flexibility. However, high implementation costs, talent shortages, and cybersecurity risks remain persistent obstacles. Furthermore, the push for sustainability and green manufacturing requires the industry to adopt renewable energy and circular practises, though adoption is often tempered by regulatory pressures and supply chain complexities.

In response, the Group has implemented a comprehensive strategy to maintain its competitive edge. By accelerating AI integration and developing advanced industrial robotics, the Group continues to enhance production efficiency and factory intelligence. Its strategic global footprint effectively mitigates geopolitical risks, while stringent cost management and real-time economic monitoring ensure operational resilience. Committed to sustainability, the Group continues to expand investments in green technologies, delivering energy-efficient solutions that reduce both operational costs and carbon emissions for its customers.

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Business Related Market Outlook

Smartphone Market Outlook

According to the IDC report published in May 2026, global smartphone shipments are now expected to drop by 13.9% year-over-year to 1.09 billion units. This marks the fourth downward revision from the 12.9% decline forecast issued in February 2026, this represents the steepest annual contraction in smartphone history while escalating component costs within the memory supply chain remain the primary driver, the U.S.-Iran war has added another layer of cost pressure by driving up oil prices and transportation expenses. As these mounting pressures compel vendors to reduce shipments, raise prices, and concentrate on higher price tiers, 2026 is poised to be a defining year for the industry as a new reality of structurally higher costs takes hold. Vendors equipped with scale, supply leverage, and pricing power are well-positioned to gain market share. Conversely, smaller Android brands focused on entry-level price bands and emerging markets will face severe contractions, with some likely to exit the market entirely. To mitigate these impacts, the Group has proactively strengthened the resilience of its supply chain by implementing strategic inventory buffering and enhancing demand forecasting. By fostering close collaborations with key upstream suppliers, we ensure a continual supply of critical components to meet customer delivery schedules.

Automotive Electronics Market Outlook

The automotive industry is rapidly pivoting toward electrification, software-defined vehicles ("**SDV**"s), and broader AI adoption. According to the latest report from Global Market Insights, the global SDV market size is projected to grow from USD239.5 billion in 2026 to a staggering USD1.864 trillion by 2035, representing a robust Compound Annual Growth Rate (CAGR) of 25.6%.

Leveraging the Group's core competencies in independent design and system integration, it has expanded its portfolio to include TCUs, IVI systems, and AI-enabled ADAS, etc. Notably, the Group's High-Performance Computing ("**HPC**") solutions integrate flagship SoCs for both Smart Cockpit and ADAS into a single robust unit, playing a vital role in advancing automakers' SDV strategy. This centralised approach significantly reduces system complexity while enhancing data processing efficiency.

Despite the above-mentioned highly favourable trends, the industry still faces headwinds from policy shifts and supply chain volatility including EU's eased 2035 combustion engine ban and DRAM shortages driven by AI prioritisation are expected to continue impacting global automakers through 2026.

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Business Related Market Outlook *(Continued)*

Robotics Market Outlook

According to the International Federation of Robotics, annual industrial robot installations have doubled over the past decade, reaching 565,000 units in 2025. Driven by industrial digitalisation and automation, deployments are projected to reach 698,000 units by 2028. The market remains highly concentrated, with China currently accounting for 54% of global installations.

Against this backdrop, the Group achieved two key milestones in AI robotic recycling business, including securing a critical long-term master agreement with one of the largest waste management companies in the U.S. and partnering with a prominent Japanese company who has commercialised Post-Consumer Recycled (PCR) materials to build a circular economy. These achievements form a solid foundation for not only entering the waste management industry but also capturing leading market shares in both regions.

On the technology front, we advanced the patenting and commercialisation of our vacuum nozzle to enhance durability and reduce downtime for manual maintenance. We also upgraded our AI sorting algorithms to broaden the material recognition capabilities. Furthermore, we have introduced a new member to our AI robotic recycling solution, which is the air ejection system, to accommodate diverse client requirements.

Risk and opportunities in 2026

Macroeconomic Risk Factors

(I) While the Group's long-term success remains closely tied to its core customer base, client outsourcing strategies continue to shift dynamically in response to macroeconomic fluctuations, shifting government policies, and changing end-consumer demand. Concurrently, the combination of persistent component shortages and product lifecycle adjustments has dampened global consumer spending, softening demand for consumer electronic goods — particularly within the heavily saturated smartphone market.

(II) The global geopolitical landscape remains fraught with heightened tensions that continue to impact international trade channels. Escalating regional conflicts — notably the ongoing military confrontations in the Middle East — alongside protracted U.S.-China trade and technology frictions, continue to destabilise global markets, strain energy supplies, and dampen investor confidence. Concurrently, the imposition of broad statutory sanctions, localised trade barriers, and shifting geopolitical alliances have intensified structural supply chain realignments. Collectively, these macroeconomic headwinds are weighing heavily on consumer purchasing power, suppressing global terminal demand, and introducing a profound layer of operational uncertainty to the Group's primary market dynamics.

Industry-Specific Risk Factors

(I) Mobile phones have become increasingly commoditised and specifications more standardised. Lower technological and operational entry barriers have led to a growing number of global and regional ODM/OEM players entering the contract manufacturing market. At the same time, the number of major brand customers has continued to consolidate. These structural changes have intensified market competition, resulted in surplus production capacity across the industry, and weakened manufacturers' bargaining power with customers. Consequently, persistent pricing pressure has been sustained, leading to significant gross margin erosion for the Group.

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Risk and opportunities in 2026 *(Continued)*

Industry-Specific Risk Factors *(Continued)*

(II) The sales recovery of the Group has been constrained by already challenging smartphone market conditions, which have been exacerbated by memory supply constraints arising from a combination of component shortages and product cycle adjustments, as well as extended phone replacement cycles, and the incremental upgrades in hardware and features that make differentiation harder, thereby intensifying competition. As a result, competitive pressure has intensified further, limiting both volume growth and pricing flexibility.

(III) Coupled with these challenges, the automotive industry segment is encountering significant headwinds, driven by the aggressive price competition and advancement in EV from Chinese brands. Chinese government support and cost-effective production have led to market oversupply and intense pricing pressure and this dynamic has not only constrained the Group's potential for growth and profitability but also presents a considerable risk of margin compression.

Customer Related Risk Factors

(I) Certain clients may choose to insource previously outsourced production or reallocate future orders to optimise their own internal capacity utilisation and cost structures. The increasing frequency of these shifts — whether driven by insourcing, volume diversion to competitors, or aggressive pricing renegotiations — can reduce the Group's sales volumes and necessitate further structural or organisational realignments. In an environment characterised by industry-wide overcapacity, subdued terminal demand, and hyper-competition, maintaining strong bargaining leverage with key customers remains inherently challenging. Moreover, intense pricing competition from regional peers, particularly within the Chinese Mainland and India, continues to compress margins and restrict revenue upside, posing ongoing risks to profitability, market share, and operational stability.

(II) While the Group actively works to optimise its client portfolio, high customer concentration exposes it to near-term volatility, as the transition or rationalisation of certain client relationships has led to localised factory underutilisation and subsequent manufacturing site consolidations.

To mitigate this exposure, the Group is aggressively cultivating new corporate clients and diversifying its product matrix into high-growth, non-handset sectors. However, expanding into nascent technology fields and onboarding new partners carries inherent operational risks; untested customer products may fail to achieve broad market acceptance, which can complicate demand forecasting and inventory management. Furthermore, many emerging sectors are pioneered by early-stage companies whose unproven liquidity positions introduce heightened credit risk. The Group strictly monitors credit exposures, ageing receivables, and counterparty default risks to mitigate these financial vulnerabilities.

(III) Driven by its own dynamic capacity planning and operational mandates, Hon Hai may periodically adjust its broader outsourcing strategy, increase insourcing, or reduce or terminate specific business allocations with the Group, directly impacting segment volumes.

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Risk and opportunities in 2026 *(Continued)*

Other Risk Factors

(I) Regarding cyber security risk management, the Group has established comprehensive information security and cyber security policies to safeguard financial data, business information, and critical digital assets. Employees are required to comply with IT security standards and operational guidelines to effectively manage cyber risks and maintain appropriate network controls. To strengthen cyber resilience, the IT department has implemented formal incident response procedures that enable rapid detection, containment, and recovery from cyber security incidents. The Group's server infrastructure operates within a secure intranet environment protected by a redundant firewall architecture, providing enhanced availability and defence against external threats. In addition, a Global Security Operations Centre (GSOC) continuously monitors network activities and security events, while the IT department provides regular reporting on cyber security incidents and risk trends. The Group also maintains a comprehensive Disaster Recovery (DR) and Business Continuity Plan (BCP) to ensure timely response, minimise operational disruption, and support the continuity of critical business operations in the event of a cyber incident or system failure.

(II) The Group continues to face financial impacts from underutilised and unutilised assets. As part of ongoing rightsizing and restructuring, it is implementing site consolidation and potential asset disposals to improve utilisation, cost efficiency, and overall financial health.

(III) Market, legal, regulatory, and tax changes, including dividend withholding requirements, may affect the Group. Dividends are remitted to parent companies in compliance with applicable tax regulations, with relevant withholding taxes settled accordingly. A significant amount of dividend withholding tax will be incurred when a substantial dividend is distributed from a tax jurisdiction.

(IV) Pillar Two is part of the OECD's BEPS 2.0 project, which aims to ensure that multinational enterprises are subject to a minimum tax rate of 15% per jurisdiction regardless of where they operate. In respect of the year ended 31 December 2024, Pillar Two legislation was effective in certain jurisdictions in which the Group operates, such as Vietnam, and the current income tax exposure was assessed to be immaterial.

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

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

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

Risk and opportunities in 2026 *(Continued)*

Opportunities

With all the efforts implemented in recent years, in the first half of 2026, the Group witnessed promising business progress in smart manufacturing, automotive electronics, and manufacturing equipment/robotics business categories. Beyond the successful mass production and shipment of the TCU, the Group has expanded its portfolio of automotive solutions to include cutting-edge products such as smart cockpit, ZCU, HPC, and has been in discussion with existing and new automotive brand customers.

The AI expertise and automation technology the Group has developed over decades of manufacturing experience will provide a competitive advantage as it expands into other industries. Furthermore, the Group continued to advance its LEO (Low Earth Orbit) User Terminal ("**UT**") efforts by expanding into Ka-band UT development based on its existing Ku-band UT capabilities and conducting field trials to validate product reliability and stability. Besides, in the first half of 2026, Edge Artificial Intelligence ("**Edge AI**") witnessed a rapid expansion. The hardware specification upgrades for AI smartphones and new, innovative devices equipped with AI chips will bring more business opportunities for the Group to pursue. Building on the recent significant achievements across its three business categories, the Group is committed to further leveraging manufacturing expertise, hardware/software integration, automation, AI and communication technology to enhance its customer base and expand our market share.

2H 2026 Outlook

In the dynamic and competitive consumer electronic business environment of 2026, the Group, supported by the Board and management, has fundamentally re-evaluated its core strengths and strategic trajectory. Recognising the profound paradigm shift brought by the AI era, the Group is actively steering its focus away from highly competitive, low-margin segments. Utilising our deep-rooted capabilities in engineering services, hardware-software integration and precision manufacturing, we are strategically accelerating our transformation into a comprehensive provider of industrial-grade smart devices and system solutions. To execute this vision, we have proactively optimised our customer portfolio to focus on long-term, strategic partnerships, while deepening our strategic focus and continuous R&D investments into three business categories: smart manufacturing, automotive electronics, and equipment & robotics.

The Group has continued to battle specific operational headwinds and observed improvements in gross margin parameters following the proactive exit from unprofitable or low-margin businesses and the optimisation of its customer portfolio, ongoing operating expense control, site consolidation and efficiency improvements, though the exit from low-margin activities and site consolidation may involve non-recurring costs and operational transition risks that could partially offset near-term benefits. The magnitude and materiality of such improvements remain under assessment. Management currently expects to make steady progress in 2026, subject to market demand, component supply, geopolitical risk, and other risk factors described below.

DISCUSSION AND ANALYSIS *(Continued)*

Outlook and Industry Dynamics *(Continued)*

2H 2026 Outlook *(Continued)*

To reinforce the business development trajectory, the Group is strategically focusing on the Edge AI and development of industrial and physical AI devices, leveraging its extensive expertise and deep understanding of mobile devices and automotive electronics. Concurrently, we continue to invest in automated capacity and expand our overseas production footprint to build global supply chain resilience and mitigate U.S. tariff risks. Combined with active efforts to acquire new clients across multiple industries to further diversify our commercial base, these operational initiatives are expected to yield compounding operational fruit and positive outcomes, ensuring sustainable improvements in the Group's long-term financial performance and resilience and earnings quality.

In the meantime, pursuant to applicable disclosure requirements laid down by the Taiwan Stock Exchange Corporation, Hon Hai is required to disclose in due course (which is currently expected to be in or about November 2026) certain unaudited consolidated financial information of the Group for the first nine months ending September 2026, and upon such disclosure in Taiwan, the Company will timely announce the same financial information in Hong Kong to ensure equal and timely dissemination of information to investors and potential investors in both markets, in accordance with Part XIVA of the SFO and Chapter 13 of the Listing Rules.

The Company wishes to take this opportunity to reiterate that the Group's quarterly performance may vary (possibly significantly) depending on various factors, including without limitation the following, individually and collectively, and some of which are beyond the Company's control. Although the second half of the year is historically the peak season for the Group's operations, the macroeconomic environment in the 2H 2026 will likely remain uncertain and challenging, characterised by persistent memory supply shortages, handset demand, inflationary pressure, intensifying geo-political tensions, tax payment, competition, market dynamics, and global economy. In addition, new and unpredictable risks, challenges and threats may emerge from time to time, and it is not possible for the Company's management to predict all such factors or to assess their impact on the Group's business. Additional risks and uncertainties that are not presently known to the Company or not currently viewed as material might also adversely affect the Group's business, cash flows, results of operations and financial condition. Forward looking statements in this section are based on current assumptions regarding customer mix, cost environment, and execution of site consolidation and efficiency programmes. Actual outcomes may differ materially due to macroeconomic and industry factors. The Company does not undertake to update these statements except as required by law.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS

Re-election and Remuneration of Directors

Pursuant to articles 95 and 112 of the articles of association of the Company (the "**Articles**") and the approval of the Board on 13 March 2026 and the approval of the Company's shareholders on 22 May 2026 (the "**2026 AGM**"), Mr. HUANG Ying Shih ("**Mr. Huang**"), Mr. LIN Chia-Yi ("**Mr. Lin**") and Ms. CHEN Shu Chuan ("**Ms. Chen**"), directors of the Company, were re-elected in their capacity for a term commencing from 22 May 2026 and ending upon the conclusion of the relevant annual general meeting of the Company at which (among other things) their next re-elections are considered in accordance with the Articles.

Mr. Huang is entitled to an annual remuneration of HK$624,000, payable on a 12-month basis, as determined by the Board from time to time in accordance with the directors' remuneration policy (the "**Directors Remuneration Policy**") of the Company.

Mr. Lin is entitled to an annual remuneration of US$168,000 and a discretionary bonus to be determined by the Board from time to time in accordance with the Directors Remuneration Policy.

Ms. Chen is entitled to an annual director's fee of HK$312,000 (less any necessary statutory deductions) for her services as an independent non-executive director of the Company.

The remuneration of all other directors of the Company remains unchanged. The remuneration of all the directors is determined by the Board from time to time with reference to the Company's performance, the directors' duties and responsibilities with the Company, their contribution to the Company and prevailing market practice. For details, please refer to note 8 to the consolidated financial statements in the 2025 annual report.

Disclosure of Changes in Directors' Information

Changes in the directors' information which are required to be disclosed under Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Huang (the Chairman of the Board and a non-executive director of the Company) has been appointed as chairman of the board of PowerX Semiconductor Corporation (a subsidiary of Hon Hai incorporated in Taiwan) with effect from 21 April 2026 and a director of Transluck Holding Limited (a subsidiary of the Company incorporated in Samoa) with effect from 12 May 2026.

The biographical details of the directors of the Company are available on the Company's website.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DISCLOSURE OF INTERESTS

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

As at 30 June 2026, the interests and short positions, if any, of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") adopted by the Company were as follows:

Name of director	Name of corporation	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company/ associated corporation
HUANG Ying Shih *(Chairman of the Board)*	Hon Hai	Beneficiary of a trust (other than a discretionary interest)	304	0.000002%
LIN Chia-Yi *(Chief Executive Officer)*	The Company	Beneficial owner	1,230,321 *(Note 1)*	0.1560%
KUO Wen-Yi	The Company	Beneficial owner	240,000 *(Note 2)*	0.0304%
	The Company	Interest of spouse	70,000	0.0089%
	Hon Hai	Beneficial owner	1,848	0.00001%
	Hon Hai	Interest of spouse	13	0.0000001%
CHANG Chuan-Wang	Hon Hai	Beneficial owner	17,000	0.0001%
	Hon Hai	Beneficiary of a trust (other than a discretionary interest)	304	0.000002%

Notes:

1. This relevant interest includes Mr. Lin's interest in 333,097 Award Shares which were remained unvested under the Share Scheme as at 30 June 2026. Details of Mr. Lin's share interest in award shares of the Company are set out in the below section headed "Movements of Share Grants" in this report.

2. This relevant interest includes Dr. Kuo's interest in an aggregate amount of 212,500 Award Shares which were remained unvested under the Share Scheme as at 30 June 2026. Details of Dr. Kuo's share interest in award shares of the Company are set out in the below section headed "Movements of Share Grants" in this report.

Save as disclosed above, none of the directors or chief executive of the Company had, as at 30 June 2026, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS *(Continued)*

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

So far as is known to any director of the Company, as at 30 June 2026, shareholders (other than the directors or chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company
Foxconn (Far East) Limited	Beneficial owner	508,103,452	64.443%
	Other *(Note 1)*	6,435,614 *(Note 1)*	0.816% *(Note 1)*
		514,539,066	65.259%
Hon Hai *(Note 3)*	Interest of a controlled corporation	508,103,452 *(Note 2)*	64.443%
	Other *(Note 1)*	6,435,614 *(Note 1)*	0.816% *(Note 1)*
		514,539,066	65.259%

Notes:

1. As at 30 June 2026, the total number of issued shares of the Company was 788,450,000 shares, including 6,435,614 Treasury Shares of the Company. As at 30 June 2026, Foxconn and Hon Hai were interested in more than one-third of the voting power at general meetings of the Company, they would be taken to have an interest in the 6,435,614 Treasury Shares held by the Company which shall be added to their interests in shares when determining their reporting obligations under the SFO.

2. Foxconn (Far East) Limited ("**Foxconn**") is a direct wholly-owned subsidiary of Hon Hai, and therefore, Hon Hai is deemed or taken to be interested in the 508,103,452 shares which are beneficially owned by Foxconn for the purposes of the SFO.

3. Mr. HUANG Ying Shih and Mr. CHANG Chuan-Wang, both being non-executive directors of the Company, are employees of the Hon Hai Technology Group, and in particular, they act as directors and/or chairmen of certain subsidiaries of the Hon Hai Technology Group.

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any persons (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY

In order to ensure the continuity of a share option scheme and a share scheme for the Group to attract, reward, motivate and retain the eligible participants which would comply with the requirements under Chapter 17 of the Listing Rules (which took effect on 1 January 2023), pursuant to the approval of the Board on 10 March 2023 and the approval of the Company's shareholders at its annual general meeting held on 19 May 2023, the Company adopted the Share Option Scheme and the Share Scheme of the Company. In light of the amendments to the Listing Rules which took effect on 11 June 2024, the Board had passed a resolution on 7 March 2025 to amend the rules relating to the Share Scheme. The amendments allow the use of the shares in the Company repurchased and held by the Company in treasury (as authorised by the laws of the Cayman Islands and the articles of association of the Company), to satisfy the awards (including references to "**award share(s)**", "**share award(s)**", "**Award Old Share(s)**" or "**Award Share(s)**" (as the case may be)) granted under the Share Scheme from time to time. Such amendments to the rules relating to the Share Scheme are not of a material nature and are therefore not subject to shareholders' approval under Rule 17.03(18) of the Listing Rules.

A summary of the Share Option Scheme and the Share Scheme as required to be disclosed under Chapter 17 of the Listing Rules is set out on pages 63 to 69 of the 2025 annual report and in note 36 to the consolidated financial statements of the 2025 annual report.

Since its adoption, no share option has been granted under the Share Option Scheme, and accordingly, no share option was exercisable under the Share Option Scheme as at 30 June 2026.

2026 Share Grants

During the current period under review, the Company granted a total of 1,365,000 Award Shares (the "**2026 Employees Grants**") under the Share Scheme of the Company to eligible employees of the Company on 26 May 2026. No consideration nor purchase price was payable on acceptance of the offer of the shares. The 1,365,000 Award Shares granted will be satisfied by transfer of Treasury Shares and/or by any other means as permitted under the Share Scheme to the grantees. For details, please refer to the Company's announcement published on 26 May 2026.

In relation to the 2026 Employees Grants, the remuneration committee of the Company (the "**Remuneration Committee**") had considered the report from the Company's human resources department on the achievements and contributions made by the proposed grantees and took into account that the aforesaid share grants aim to align the interests of the grantees with those of the Group through ownership of shares and incentivize the grantees to remain with the Group, and to motivate and encourage them to make contributions to the long-term growth and success of the Group.

For the avoidance of doubt, under the 2026 Employees Grants, none of the grantees is a director, chief executive or substantial shareholder of the Company or an associate (as defined under the Listing Rules) of any of them. None of the grantees is a related entity participant (as defined under Rule 17.03A(1) of the Listing Rules) or a service provider.

As at the date of grant on 26 May 2026, one of the grantees is a director of the subsidiaries of the Company and is therefore a connected person (as defined under Rule 14A.07 of the Listing Rules) of the Company. Such grant of Award Shares to the connected person is under the 2026 Employees Grants fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY *(Continued)*

2026 Share Grants *(Continued)*

The vesting period, performance targets and clawback mechanisms of the 2026 Employees Grants during the current period under review are set out below.

<table>
<tr><th colspan="2">In respect of the 1,365,000 Award Shares granted on 26 May 2026:</th></tr>
<tr><td>Grant Date:</td><td>26 May 2026</td></tr>
<tr><td>Grantees:</td><td>Employees of the Group</td></tr>
<tr><td>Number of Award Shares granted:</td><td>1,365,000</td></tr>
<tr><td>Vesting Period:</td><td>Subject to the fulfilment of the vesting conditions applicable to the 1,365,000 Award Shares, and in accordance with the terms of the 2026 Employees Grants, all Award Shares under the 2026 Employees Grants will vest in tranches over a period between the Grant Date and 5 October 2028. Vesting will occur on the following dates:
• 2026: 455,000 Award Shares, representing approximately 33% of the Award Shares under the 2026 Employees Grants, will vest in two tranches on 28 May 2026 and 5 October 2026, conditional upon the fulfilment of the vesting conditions.
• 2027: 455,000 Award Shares, representing approximately 33% of the Award Shares under the 2026 Employees Grants, will vest in two tranches on 2 April 2027 and 5 October 2027, conditional upon the fulfilment of the vesting conditions.
• 2028: 455,000 Award Shares, representing approximately 33% of the Award Shares under the 2026 Employees Grants, will vest in two tranches on 3 April 2028 and 5 October 2028, conditional upon the fulfilment of the vesting conditions.
For each calendar year, the total number of Award Shares to be vested to each grantee under the 2026 Employees Grants will be distributed in two equal installments, with 50% vesting in April/May (as the case may be) and 50% vesting in October. The number of Award Shares vested annually under the 2026 Employees Grants is based on a combination of time-based and performance-based conditions, which vary across business units.
Grants of certain Award Shares under the 2026 Employees Grants are subject to a vesting period of less than 12 months, but each of the overall grants under the 2026 Employees Grants has a mixed schedule where the weighted average of the vesting period of the Award Shares shall be over a period of more than 12 months and is attached with performance-based vesting conditions. In this regard, pursuant to Clause 9.8 of the Share Scheme, the vesting period of the Award Shares may be less than 12 months under the specifically circumstance set out therein. The Board and the Remuneration Committee consider that this is appropriate as part of the competitive terms and conditions to reward exceptional performers with accelerated vesting and to motivate exceptional performers based on performance metrics.</td></tr>
</table>

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY *(Continued)*

2026 Share Grants *(Continued)*

In respect of the 1,365,000 Award Shares granted on 26 May 2026 (Continued):

Performance Targets:

The vesting of certain Award Shares under the 2026 Employees Grants is subject to the fulfilment of the performance targets and/or other requirements specified in the grant letter to be entered into between the Company and the relevant grantees.

The performance targets are related to (i) financial parameters of the Group (such as profits after tax of the Group); and (ii) individual performance indicators relevant to the grantee's roles and responsibilities. Vesting is subject to continued service of the relevant grantees.

Meanwhile, the vesting of certain Award Shares under the 2026 Employees Grants is not subject to the fulfilment of the performance targets. The Board and the Remuneration Committee, having considered the purpose of the Share Scheme (as aforementioned) and the following factors, are of the view that performance targets are not necessary for the grant of those Award Shares to the grantees under the 2026 Employees Grants and such grant of Award Shares without performance target is in line with the purpose of the Share Scheme: (i) those grantees' roles and experiences in the Group's business, and past contribution and dedication to the promotion of the Group's business; (ii) those grantees have directly contributed to the overall business performance; and (iii) such grant of Award Shares being subject to the vesting schedules as stated above which reinforces the grantees' commitment to long-term services to the Group.

2026 Employees Grants

	Number of Award Shares Granted	Number of Award Shares with performance targets	Number of Award Shares without performance targets	Vesting Period
	227,500	160,000	67,500	26 May 2026 to 28 May 2026
	227,500	160,000	67,500	26 May 2026 to 5 October 2026
	227,500	160,000	67,500	26 May 2026 to 2 April 2027
	227,500	160,000	67,500	26 May 2026 to 5 October 2027
	227,500	160,000	67,500	26 May 2026 to 3 April 2028
	227,500	160,000	67,500	26 May 2026 to 5 October 2028
Total	**1,365,000**	**960,000**	**405,000**	

Clawback Mechanism:

With respect to the 2026 Employees Grants, the relevant Award Shares granted are not subject to any clawback mechanism but shall lapse (to the extent not already vested) on the date when the grantee(s) ceases to be an eligible participant under the Share Scheme. The Board and the Remuneration Committee consider that a specific clawback mechanism is not necessary for the 2026 Employees Grants, having considered that the lapse of the Award Shares upon the grantee(s) ceases to be an eligible participant under the Share Scheme, which is in line with the purpose of the Share Scheme and in the interests of the Company.

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY *(Continued)*

Movements of Share Grants

Movements of share grants under the Share Scheme during the current period under review (i.e. 1 January 2026 to 30 June 2026) were as follows:

				Number of Shares granted under the Share Scheme					
Name of grantee	Date of grant (dd.mm.yyyy)	Vesting period (dd.mm.yyyy)	Date of vesting (dd.mm.yyyy)	Unvested Award Shares as of 1 January 2026	Award Shares granted during the current period	Award Shares lapsed during the current period	Award Shares vested during the current period	Unvested Award Shares as of 30 June 2026	Closing price of the Shares immediately before the date of grant (HK$)
LIN Chia-Yi (executive director and Chief Executive Officer)	15.05.2025	15.05.2025 to 14.05.2026	15.05.2026	333,097	0	0	(333,097)	**0**	8.30
	11.08.2025	11.08.2025 to 11.08.2026	12.08.2026	333,097	0	0	0	**333,097**	14.67
				666,194	0	0	(333,097)	**333,097**	
KUO Wen -Yi (executive director)	11.08.2025	11.08.2025 to 28.05.2026*	28.05.2026*	42,500	0	(15,000)▲	(27,500)	**0**	14.67
	11.08.2025	11.08.2025 to 05.10.2026	05.10.2026	42,500	0	0	0	**42,500**	14.67
	11.08.2025	11.08.2025 to 02.04.2027	02.04.2027	42,500	0	0	0	**42,500**	14.67
	11.08.2025	11.08.2025 to 05.10.2027	05.10.2027	42,500	0	0	0	**42,500**	14.67
	11.08.2025	11.08.2025 to 03.04.2028	03.04.2028	42,500	0	0	0	**42,500**	14.67
	11.08.2025	11.08.2025 to 05.10.2028	05.10.2028	42,500	0	0	0	**42,500**	14.67
				255,000	0	(15,000)▲	(27,500)	**212,500**	
Senior manager	11.08.2025	11.08.2025 to 28.05.2026*	28.05.2026*	35,000	0	(9,600)▲	(25,400)	**0**	14.67
	11.08.2025	11.08.2025 to 05.10.2026	05.10.2026	35,000	0	0	0	**35,000**	14.67
	11.08.2025	11.08.2025 to 02.04.2027	02.04.2027	35,000	0	0	0	**35,000**	14.67
	11.08.2025	11.08.2025 to 05.10.2027	05.10.2027	35,000	0	0	0	**35,000**	14.67
	11.08.2025	11.08.2025 to 03.04.2028	03.04.2028	35,000	0	0	0	**35,000**	14.67
	11.08.2025	11.08.2025 to 05.10.2028	05.10.2028	35,000	0	0	0	**35,000**	14.67
				210,000	0	(9,600)▲	(25,400)	**175,000**	
Employees	11.08.2025	11.08.2025 to 28.05.2026*	28.05.2026*	3,845,500	0	(1,570,975)▲	(2,274,525)	**0**	14.67
	11.08.2025	11.08.2025 to 05.10.2026	05.10.2026	3,845,500	0	(400,500)▲	0	**3,445,000**	14.67
	11.08.2025	11.08.2025 to 02.04.2027	02.04.2027	4,345,500	0	(900,500)▲	0	**3,445,000**	14.67
	11.08.2025	11.08.2025 to 05.10.2027	05.10.2027	4,345,500	0	(900,500)▲	0	**3,445,000**	14.67
	11.08.2025	11.08.2025 to 03.04.2028	03.04.2028	4,845,500	0	(1,400,500)▲	0	**3,445,000**	14.67
	11.08.2025	11.08.2025 to 05.10.2028	05.10.2028	4,845,500	0	(1,400,500)▲	0	**3,445,000**	14.67
				26,073,000	0	(6,573,475)▲	(2,274,525)	**17,225,000**	
	26.05.2026	26.05.2026 to 28.05.2026	28.05.2026	0	227,500	(115,000)▲	(112,500)	**0**	28.30
	26.05.2026	26.05.2026 to 05.10.2026	05.10.2026	0	227,500	0	0	**227,500**	28.30
	26.05.2026	26.05.2026 to 02.04.2027	02.04.2027	0	227,500	0	0	**227,500**	28.30
	26.05.2026	26.05.2026 to 05.10.2027	05.10.2027	0	227,500	0	0	**227,500**	28.30
	26.05.2026	26.05.2026 to 03.04.2028	03.04.2028	0	227,500	0	0	**227,500**	28.30
	26.05.2026	26.05.2026 to 05.10.2028	05.10.2028	0	227,500	0	0	**227,500**	28.30
				0	1,365,000	(115,000)▲	(112,500)	**1,137,500**	
Total				**27,204,194**	**1,365,000**	**(6,713,075)▲**	**(2,773,022)**	**19,083,097**	

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY *(Continued)*

Movements of Share Grants *(Continued)*

Notes:

1. No consideration nor purchase price was payable on acceptance of offer of any of the Award Shares.

2. No Award Shares were cancelled nor forfeited during the current period under review.

3. The fair value of the Award Shares at the date of grant on 15 May 2025, 11 August 2025 and 26 May 2026 were HK$8.50 (adjusted after Share Consolidation), HK$14.03 and HK$28.80 respectively.

4. The weighted average closing prices of the shares immediately before the vesting dates on 15 May 2026 and 28 May 2026 were HK$29.88 and HK$28.16 respectively.

5. The fair value of the shares at the date of grant is measured by the quoted market price of the shares at the date of grant. In relation to equity-settled share-based payment transactions:

   – Equity-settled share-based payments to employees who provide similar services are measured at the fair value of the equity instruments at the grant date.

   – The fair value of services received determined by reference to the fair value of share options or ordinary shares granted at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period or recognised as an expense in full at the grant date when the share options or ordinary shares granted vest immediately, with a corresponding increase in equity (share compensation reserve). The fair value of the ordinary shares granted shall be measured at the market price of the shares, and the fair value of the share options granted shall be estimated by applying an option-pricing model.

   – At the end of the current period under review, the Group revised its estimates of the number of share options or ordinary shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share compensation reserve.

   – When the share options are exercised, the amount previously recognised in share compensation reserve will be transferred to share premium. When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share compensation reserve will be transferred to retained profits.

   – When new ordinary shares are issued pursuant to the share scheme, the fair value of the ordinary shares granted that vest immediately or without lock-up period is recognised as an expense in full at the grant date with corresponding increase in equity (share compensation reserve). When the ordinary share awards are granted with lock-up period, which has same meaning as vesting period, the fair value of such amounts granted at the grant date is expensed on a straight-line basis over the lock-up period.

   – The cancellation of share options granted or ordinary shares granted is accounted for as an acceleration of vesting. The amount that would otherwise have been recognised for services received over the remainder of the vesting period is, therefore, recognised immediately.

* The expiry date of the vesting period (i.e. vesting date) of the first tranche of the Award Shares granted on 11 August 2025 had been adjusted and rescheduled from 2 April 2026 to 28 May 2026. For details, please refer to the Company's announcement published on 2 April 2026.

▲ A total of 6,713,075 Award Shares (out of a total of 27,204,194 Award Shares) lapsed on 28 May 2026 due to not being taken up by the eligible employees and/or the non-fulfilment of the performance targets and/or resignation of the relevant grantees.

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

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY *(Continued)*

Scheme Mandate Limit

At the beginning of the current period (i.e. 1 January 2026), the total number of shares that may be issued in respect of all share options and share awards available for grant under the Share Option Scheme and the Share Scheme (the "**Scheme Mandate Limit**") was 51,231,619 shares (representing approximately 6.57% of the total number of shares in issue (excluding Treasury Shares) of the Company).

In determining the Scheme Mandate Limit as at 30 June 2026, the following matters were taken into account:

(1) the Company offered a total of 26,073,000 Award Shares to eligible employees on 11 August 2025, among which a total of 20,670,000 Award Shares were accepted by the eligible employees, while 5,403,000 Award Shares were not taken up by the eligible employees which shall be deemed lapsed in accordance with Clause 5.5 of the Share Scheme. Such lapsed awards (i.e. 5,403,000 Award Shares) shall not be counted for the purpose of calculating the 10% Scheme Mandate Limit pursuant to Clause 7.1 of the Share Scheme.

(2) pursuant to the approval of the Board on 26 May 2026, the Company granted a total of 1,365,000 Award Shares under the Share Scheme to eligible employees of the Company. Such Award Shares will be satisfied by transfer of Treasury Shares of the Company and/or by any other means as permitted under the Share Scheme. For details, please refer to the Company's announcement published on 26 May 2026.

(3) based on the comprehensive performance appraisals and the employee retention results provided by the human resources department, an aggregate total of 2,439,925 Award Shares (out of a total of 3,750,000 Award Shares) have successfully achieved the satisfactory performance target(s) achievement rating and hence vested on 28 May 2026 accordingly. The remaining unvested portion, amounting to a total of 1,310,075 Award Shares were therefore lapsed and be treated as returned shares in accordance with Clause 5.2(a)(iv) and Clause 5.4(a) of the Share Scheme of the Company. For the avoidance of doubt, pursuant to Clause 7.1 of the Share Scheme and the applicable Listing Rules, such lapsed Award Shares shall not be counted for the purpose of calculating the 10% Scheme Mandate Limit.

After taking into account the above changes, as at the end of the current period (i.e. 30 June 2026), the Share Scheme Mandate Limit (i.e. the total number of shares available for issue under all share schemes of the Company including the Share Option Scheme and the Share Scheme) was 56,579,694 shares (representing approximately 7.24% of the total number of shares in issue (excluding Treasury Shares) of the Company).

The total number of shares that may be issued in respect of share options and share awards granted under all schemes (i.e. the Share Option Scheme and the Share Scheme) of the Company during the current period under review divided by the weighted average number of shares in issue (excluding Treasury Shares) of the Company for the current period under review was approximately 0.17%.

SHARE OPTION SCHEME AND SHARE SCHEME OF THE COMPANY *(Continued)*

BFIH Share Option Scheme

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

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

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

DIVIDEND

On 7 August 2026, the Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2026.

SHARE CAPITAL

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

As at 30 June 2026, the total issued share capital of the Company was US$315,380,000, comprising 788,450,000 shares (including 6,435,614 Treasury Shares) of a par value of US$0.40 each.

RESERVES

Movements in reserves of the Group during the current period are set out on page 8 of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the current period, the Company bought back on the Stock Exchange in multiple batches a total of 1,548,000 shares (and a further 414,000 shares during the period from 1 July 2026 to 7 July 2026, bringing the total to 1,962,000 shares as at the date of this report) which were held as Treasury Shares of the Company pursuant to the buy-back mandates as defined in the Company's circulars dated 17 April 2025 and 17 April 2026 respectively. All these 1,962,000 Treasury Shares had been withdrawn from the CCASS and re-registered in the Company's name during the current period and on 14 July 2026 respectively.

The above share buy-backs during the current period and up to the date of this report are summarised as follows:

Month of buy-back	Number of Shares Repurchased	Price per Share		Aggregate consideration paid (before expenses)
		Highest HK$	Lowest HK$	HK$
January 2026	508,000	19.24	18.80	9,636,410
June 2026	1,040,000	24.00	18.44	21,698,500
Total as at 30 June 2026	**1,548,000**			**31,334,910**
July (up to 7 July 2026)	414,000	18.99	17.50	7,510,220
Total as at the date of this report	**1,962,000**			**38,845,130**

During the current period, a total of 2,786,200 Treasury Shares were transferred as award shares to certain grantees pursuant to the Share Scheme of the Company. As at 30 June 2026 and the date of this report, the Company held 6,435,614 Treasury Shares and 6,849,614 Treasury Shares, respectively.

Movement of Treasury Shares during the current period and up to the date of this report are summarised below:

Movement of Treasury Shares	Number of Treasury Shares
Opening balance as at 1 January 2026	**7,673,814**
Buy-back of shares during the current period	1,548,000
Transfer of Treasury Shares as award shares	(2,786,200)
Closing balance as at 30 June 2026	**6,435,614**
Buy-back of shares subsequent to 30 June 2026 (up to 7 July 2026)	414,000
Closing balance as at the date of this report	**6,849,614**

For more details, please refer to the Company's announcements published on 15 May 2025,11 August 2025, 2 April 2026 and 26 May 2026, and the next day disclosure returns and monthly returns as published by the Company during the period from 5 January 2026 to 5 August 2026 (both dates inclusive).

As at 30 June 2026 and the date of this report, the total number of issued shares of the Company was 788,450,000 shares (including 6,435,614 Treasury Shares and 6,849,614 Treasury Shares, respectively). The Company intends to use the Treasury Shares for: (i) satisfying the grant of share awards under the Share Scheme of the Company, and/or (ii) future re-sale for capital management.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of Treasury Shares) during the current period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company has established and maintained an audit committee in accordance with the requirements of the Listing Rules, particularly the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**"). Its primary duties are to review the Group's financial reporting process and internal control and enterprise risk management systems, nominate and monitor external auditor and provide advice and comments to the Board. The audit committee comprises three independent non-executive directors (among whom one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules).

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

COMPLIANCE WITH MODEL CODE

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

COMPLIANCE WITH CG CODE

During the current period under review, the Company has applied and complied with all the code provisions as set out in Part 2 of the CG Code.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

On behalf of the Board
HUANG Ying Shih
Chairman of the Board

Hong Kong, 7 August 2026