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芯智控股有限公司
Smart-Core Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2166)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- The total revenue of the Group for the year ended 31 December 2024 amounted to HK\$4,647.9 million (2023: HK\$5,665.9 million), representing a decrease of 18.0% as compared with the year ended 31 December 2023.
- The gross profit of the Group amounted to HK\$311.7 million for the year ended 31 December 2024 (2023: HK\$441.5 million), representing a decrease of 29.4% as compared with the year ended 31 December 2023.
- The net profit attributable to the owners of the Company for the year ended 31 December 2024 amounted to HK\$100.3 million (2023: HK\$71.1 million), representing an increase of 41.1% as compared with the year ended 31 December 2023.
- Basic and diluted earnings per share of the Company for the year ended 31 December 2024 were HK21.41 cents (2023: HK15.08 cents) and HK21.39 cents (2023: HK15.05 cents) respectively.
- The Board resolved to recommend a final dividend of HK10 cents per share of the Company for the year ended 31 December 2024 (2023: HK5 cents per share).

FINAL RESULTS

The board (“**Board**”) of directors (the “**Directors**”) of Smart-Core Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the financial year ended 31 December 2024 (the “**Reporting Period**”) with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	3	4,647,896	5,665,885
Cost of sales		<u>(4,336,214)</u>	<u>(5,224,423)</u>
Gross profit		311,682	441,462
Other income		21,276	43,679
Other gains or losses, net		2,739	(1,936)
Reversals of impairment losses on trade receivables		8,335	4,951
Research and development expenses		(31,456)	(32,514)
Administrative expenses		(72,990)	(116,007)
Selling and distribution expenses		(105,142)	(176,622)
Share of results of associates		7,065	3,260
Finance costs		<u>(26,619)</u>	<u>(57,032)</u>
Profit before tax		114,890	109,241
Income tax expenses	5	<u>(13,837)</u>	<u>(16,736)</u>
Profit for the year	6	<u>101,053</u>	<u>92,505</u>
Attributable to:			
Owners of the Company		100,342	71,130
Non-controlling interests		<u>711</u>	<u>21,375</u>
		<u>101,053</u>	<u>92,505</u>
Earnings per share	8	HK	HK
Basic		<u>21.41 cents</u>	<u>15.08 cents</u>
Diluted		<u>21.39 cents</u>	<u>15.05 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	101,053	92,505
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(6,319)	(2,857)
Share of other comprehensive income of an associate	–	(694)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on financial asset through other comprehensive income (FVTOCI)	–	(546)
Other comprehensive income for the year, net of tax	(6,319)	(4,097)
Total comprehensive income for the year	94,734	88,408
Attributable to:		
Owners of the Company	94,077	67,200
Non-controlling interests	657	21,208
	94,734	88,408

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6,083	7,289
Right-of-use assets		9,368	8,143
Goodwill		20,159	20,159
Intangible asset		4,737	6,316
Club debentures		5,856	6,019
Financial assets at FVTOCI		40,085	41,378
Financial assets at fair value through profit or loss (FVTPL)		144,213	131,439
Investment in associates		121,011	113,881
Deposits		2,025	2,315
Deferred tax assets		1,304	3,033
		354,841	339,972
Current assets			
Inventories		190,118	220,564
Trade and bills receivables	9	658,354	656,543
Amount due from an associate		–	39,090
Deposits, prepayments and other receivables		58,267	86,531
Current tax assets		–	2,320
Pledged bank deposits		192,881	227,472
Bank and cash balances		239,455	167,805
		1,339,075	1,400,325
Current liabilities			
Trade and bills payables	10	341,874	265,560
Contract liabilities		18,627	18,978
Loan from an associate		–	78,039
Amounts due to an associate		5,265	3,514
Other payables and accrued charges		41,768	63,368
Lease liabilities		6,822	6,817
Bank and other borrowings	11	303,659	394,141
Current tax liabilities		10,926	–
		728,941	830,417
Net current assets		610,134	569,908
Total assets less current liabilities		964,975	909,880

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities		2,669	1,872
Bank and other borrowings	<i>11</i>	2,530	3,595
		<u>5,199</u>	<u>5,467</u>
NET ASSETS		<u>959,776</u>	<u>904,413</u>
Capital and reserves			
Share capital		38	38
Reserves		959,294	904,700
		<u>959,332</u>	<u>904,738</u>
Equity attributable to owners of the Company		444	(325)
Non-controlling interests		<u>959,776</u>	<u>904,413</u>
TOTAL EQUITY		<u>959,776</u>	<u>904,413</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its parent is Smart IC Limited, a private company incorporated in the British Virgin Islands and its ultimate controlling party is Mr. Tian Weidong (“**Mr. Tian**”). The addresses of registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the trading of electronic components.

The functional currency of the Company is United States Dollars (“**US\$**”) and the presentation currency of the Group’s consolidated financial statements is Hong Kong Dollars (“**HK\$**”). For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$, as the Company’s shares are listed on the Stock Exchange.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (“ HK Int 5 ”) (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

Adoption of Amendments to HKAS 7 and HKFRS 7 “Supplier Finance Arrangements”:

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The Group provided the new disclosures in the Group’s consolidated financial statements for the year ended 31 December 2024.

Except for the above, other amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. REVENUE

(a) Disaggregation of revenue from contracts with customers

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Types of goods or service		
Sales of electronic components	<u>4,647,896</u>	<u>5,665,885</u>
Timing of revenue recognition		
A point in time	<u>4,647,896</u>	<u>5,665,885</u>
Sales channel/product lines		
Authorised distribution		
— Optoelectronic displays	653,213	794,525
— Memory products	763,428	98,139
— Communication products	596,484	426,960
— Smart vision	1,012,398	923,459
— Smart display	825,752	1,859,460
— Integrated products	68,892	343,143
— Optical communication	358,289	167,496
— Others	<u>316,092</u>	<u>221,868</u>
	4,594,548	4,835,050
Mixed distribution	<u>53,348</u>	<u>830,835</u>
	<u>4,647,896</u>	<u>5,665,885</u>

(b) Performance obligations for contracts with customers

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

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

As at 31 December 2024 and 2023, all outstanding sales contracts are expected to be fulfilled within 12 months after the end of the reporting period.

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

All sale of electronic components are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. SEGMENT INFORMATION

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

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

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

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of unallocated expenses, share of result of associates, fair value gain on financial assets at FVTPL and gain on deconsolidation of a subsidiary. This is the measure reported to the directors for the purposes of resource allocation and performance assessment.

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

Information about reportable segment profit or loss:

	Authorised distribution <i>HK\$'000</i>	Mixed distribution <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Year ended 31 December 2024					
Revenue from external customers	4,594,548	53,348	4,647,896	–	4,647,896
Inter-segment sales*	<u>3,064</u>	<u>3,104</u>	<u>6,168</u>	<u>(6,168)</u>	<u>–</u>
	<u><u>4,597,612</u></u>	<u><u>56,452</u></u>	<u><u>4,654,064</u></u>	<u><u>(6,168)</u></u>	<u><u>4,647,896</u></u>
Segment profit	<u><u>83,225</u></u>	<u><u>11,006</u></u>	<u><u>94,231</u></u>	<u><u>–</u></u>	<u><u>94,231</u></u>
Year ended 31 December 2023					
Revenue from external customers	4,835,050	830,835	5,665,885	–	5,665,885
Inter-segment sales*	<u>2,704</u>	<u>10,936</u>	<u>13,640</u>	<u>(13,640)</u>	<u>–</u>
	<u><u>4,837,754</u></u>	<u><u>841,771</u></u>	<u><u>5,679,525</u></u>	<u><u>(13,640)</u></u>	<u><u>5,665,885</u></u>
Segment profit	<u><u>58,696</u></u>	<u><u>27,982</u></u>	<u><u>86,678</u></u>	<u><u>–</u></u>	<u><u>86,678</u></u>

* Inter-segment sales are charged at cost

Reconciliations of reportable segment profit or loss:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit or loss		
Total profit of reportable segments	94,231	86,678
Unallocated amounts:		
Unallocated expenses	(3,321)	(3,298)
Fair value gain on financial assets at FVTPL	3,078	3,006
Share of results of associates	7,065	3,260
Gain on deconsolidation of a subsidiary	<u>–</u>	<u>2,859</u>
Consolidated profit for the year	<u><u>101,053</u></u>	<u><u>92,505</u></u>

Geographical information:

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

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	2,564,489	4,242,407
The PRC	1,604,987	1,264,470
Singapore	468,903	127,859
Japan	248	7,139
Others	9,269	24,010
	<u>4,647,896</u>	<u>5,665,885</u>
Consolidated total	<u>4,647,896</u>	<u>5,665,885</u>

Information about major customers:

Revenue from customers in respect of sales of goods of the year contributing over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Authorised distribution segment		
Customer 1	N/A	698,120
Customer 2	N/A	714,141
	<u>N/A</u>	<u>714,141</u>

Note: No individual customer accounted for more than 10% of the Group's total revenue for the year ended 31 December 2024.

5. INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	6,968	12,297
PRC Enterprise Income Tax	4,467	1,630
Singapore Corporate Tax	712	560
Others	9	173
	<u>12,156</u>	<u>14,660</u>
Deferred tax	<u>1,681</u>	<u>2,076</u>
	<u>13,837</u>	<u>16,736</u>

6. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' emoluments	11,526	7,549
Staff costs (excluding directors' emoluments):		
Salaries, wages and other allowances	72,129	137,596
Discretionary bonuses	23,865	20,921
Retirement benefit scheme contributions	12,357	24,058
Total staff costs	<u>119,877</u>	<u>190,124</u>
Amortisation of an intangible asset (included in selling and distribution expenses)	1,579	3,572
Depreciation on property, plant and equipment	2,102	4,222
Depreciation on right-of-use assets	8,760	15,236
Share-based payment expense	304	472
Auditor's remuneration		
— Annual audit services	1,330	1,680
— Other audit services	203	363
— Non-audit services	53	645
Cost of inventories recognised as an expense (excluding allowance for inventories)	4,349,197	5,254,628
Reversal of allowance for inventories (included in cost of sales)	<u>(12,983)</u>	<u>(30,205)</u>

7. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
2024 interim dividend of HK\$0.02 per ordinary share	9,234	—
2023 final dividend of HK\$0.05 per ordinary share (2023: 2022 final dividend of HK\$0.06 per ordinary share)	<u>23,469</u>	<u>28,262</u>
	<u>32,703</u>	<u>28,262</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK10 cents (2023: final dividend in respect of the year ended 31 December 2023 of HK5 cents) per ordinary share, in an aggregate amount of approximately HK\$48,868,000 (2023: HK\$23,469,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>100,342</u>	<u>71,130</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	468,664,074	471,543,222
Effect of dilutive potential ordinary shares arising from restricted share units (“RSU”)	<u>505,464</u>	<u>1,000,000</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>469,169,538</u>	<u>472,543,222</u>

For the years ended 31 December 2024 and 2023, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has taken into account the ordinary shares purchased by the Trustee from the market pursuant to the share award scheme of the Company for those unvested awarded shares and ungranted shares, adjusted by the ordinary shares vested under the share award scheme of the Company.

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

9. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	650,700	660,030
Allowance for credit losses	<u>(5,763)</u>	<u>(14,255)</u>
	644,937	645,775
Bills receivables	13,481	10,858
Allowance for credit losses	<u>(64)</u>	<u>(90)</u>
	<u>658,354</u>	<u>656,543</u>

The Group’s trading terms with customers are mainly on credit. The credit terms generally range from 0 to 120 days (2023: 0 to 120 days). The bills receivables have a general maturity period ranging from 30 to 180 days (2023: 30 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the directors.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
Not past due	599,910	589,012
0 to 60 days	44,189	46,344
61 to 120 days	836	6,169
Over 120 days	2	4,250
	<u>644,937</u>	<u>645,775</u>
 Bills receivables		
0 to 60 days	<u>13,417</u>	<u>10,768</u>

10. TRADE AND BILLS PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	337,204	265,560
Bills payable	4,670	–
	<u>341,874</u>	<u>265,560</u>

The credit period for trade payables ranging from 0 to 60 days (2023: 0 to 60 days).

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	274,623	214,819
31 to 60 days	48,047	22,240
61 to 90 days	11,980	11,566
Over 90 days	7,224	16,935
	<u>341,874</u>	<u>265,560</u>

11. BANK AND OTHER BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Secured bank loans	95,540	262,054
Secured bank loans — supplier finance arrangements	<u>205,305</u>	<u>119,133</u>
	300,845	381,187
Other borrowings (secured)	<u>5,344</u>	<u>16,549</u>
	<u><u>306,189</u></u>	<u><u>397,736</u></u>

The bank and other borrowings are repayable as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	50,121	25,837
More than one year, but not exceeding two years	1,126	1,049
More than two years, but not more than five years	<u>1,404</u>	<u>2,546</u>
	52,651	29,432
Portion of bank and other borrowings that contain a repayment on demand clause (shown under current liabilities)	<u>253,538</u>	<u>368,304</u>
	306,189	397,736
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(303,659)</u>	<u>(394,141)</u>
Amount due for settlement after 12 months	<u><u>2,530</u></u>	<u><u>3,595</u></u>

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

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK10 cents per share of the Company for the year ended 31 December 2024 (2023: HK5 cents per share) to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Tuesday, 3 June 2025. The Board declared interim dividend of HK2 cents per share this year. Hence, the total dividend for the year is HK12 cents (2023: total dividend of HK5 cents, comprising interim dividend of HK Nil cents and final dividend of HK5 cents) per share. Subject to the approval by the Shareholders at the forthcoming Annual General Meeting (as defined below) to be held on Friday, 23 May 2025, the proposed final dividend is expected to be paid on or about Friday, 27 June 2025.

MANAGEMENT’S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Statistics from market research firms indicate that global shipments of major electronic products have rebounded in 2024. For example, full-year TV shipments are expected to grow by 1.4% year-on-year to 217 million units (Sigmaintell). Meanwhile, in 2024, AI technology in areas such as language macromodeling, video macromodeling, autonomous driving, robotics, and smart wearables experienced an explosive growth, driving a new round of technological innovation and industrial transformation to reshape the global economic structure. The semiconductor industry also benefited from those developments. According to the forecast data from World Semiconductor Trade Statistics (WSTS), the global semiconductor market is expected to grow by 19% year-on-year to US\$627 billion in 2024. The growth of the industry is mainly driven by highly AI-related memory (HBM) and logic (GPUs, etc.) chips, which have increased by 81% and 16.9%, respectively. Other types of chips, including discrete devices, optoelectronics, sensors, and analog semiconductor chips, are expected to see a year-on-year decline in market size.

In the face of a highly fragmented market, the Group made targeted adjustments and deployments by actively expanding into highly AI-related business areas, such as storage, optical communication, end-to-end AI SoCs and algorithmic applications, while also optimizing the consumer electronics business unit, so as to improve key business indicators such as gross margin and inventory turnover and achieve a more balanced and rational business distribution. In 2024, we achieved accumulated sales of HK\$4,647.9 million, representing a slight decrease of 18.0% year-on-year, and gross profit of HK\$311.7 million, representing a decrease of 29.4% year-on-year. A business review for each of the Group’s major business units is set out below:

Smart Vision

This business unit focuses on areas including smart vision, automotive electronics and smart home, providing semiconductor chips, algorithms and technical solutions for video signal collection, transmission, storage, display, and control to downstream manufacturers and solution companies. The statistics released by RUNTO, a market research agency, showed that China's overall market size of security cameras in 2024 was expected to increase by 5% year-on-year to 56 million units. According to the IDC's report, in the first half of 2024, the global shipment of smart cameras (including consumer indoor and outdoor cameras, carrier channels inclusive) had increased by 11% year-on-year to 63.21 million units. In conclusion, the overall business in relation to video security has been experiencing growth in 2024. The market demand for smart home devices, including smart locks, smart doorbells, pet monitors and robot vacuums, remained strong, leading to the rapid growth in demand for smart vision in the smart home sector. The TechInsights report showed that the world's overall market size of smart home devices in 2024 had increased by 7% year-on-year to US\$125 billion. In terms of automotive electronics, the shipment of Advanced Driver Assistance Systems (ADAS) cameras also presented a rapid growth along with the increase in the popularity of assisted driving and autonomous driving functions. Benefiting from the sustained growth in market demand at a faster pace, in 2024, this business unit achieved aggregate sales of HK\$1,012.4 million, representing a year-on-year increase of 9.6%.

Memory Products

This business unit mainly sells memory chips, such as NorFlash, NandFlash, and DRAM, and wafer products widely used in memory cards, mobile phones, PCs, tablets, audio-visual equipment, smart hardware and other products. Benefiting from the surge in demand for computing power in AI market, the demand for high-performance and high-capacity storage chips grew, and the overall storage chip market showed an upward in both volume and price in the first half of 2024. However, since the second half of 2024, the memory chip market also has begun to diverge. Specifically, the demand for high-performance memory chips, such as HBM, DDR5, applied in AI data centers, has stayed strong, while the demand for ordinary memory chips applied in consumer electronics has been insufficient and the capacity of which has been excessive, leading to a significant drop in both contract and spot market prices. This business unit deeply cooperated with upstream storage chip original manufacturers and developed a high-quality customer base through consolidation of the Group's resources, driving the significant growth in this business unit in 2024. In 2024, this business unit achieved aggregate sales of HK\$763.4 million, representing a significant year-on-year increase of 677.9%.

Smart Displays

This business unit mainly provides SoC master chips and technical solutions for flat-panel TVs and commercial display equipment. Various worldwide sports events in 2024 have driven the consumption of large-screen TVs globally, and a national “trade-in” subsidy from September has boosted the domestic sales of TVs from October to December, achieving a consecutive year-on-year increase for 3 months. According to TrendForce’s report, the global shipment of TVs in 2024 stopped declining, which was expected to increase by 0.6% year-on-year to 196.7 million units, representing an end of continuous drop in shipment for 5 consecutive years. In terms of the Chinese market, the shipment of home appliances has been adversely affected due to the prolonged downtrend in the real estate market. The statistics released by RUNTO show that the shipment of Chinese TV brands in 2024 was approximately 35.96 million units, representing a slight decrease of 1.6% as compared with that of 2023. The downturn in market demand and changes on the customer side have led to a failure in the achievement of the pre-determined annual result target for this business unit. In 2024, this business unit achieved aggregate sales of HK\$825.8 million, representing a significant year-on-year decline of 55.6%.

Optoelectronic Displays

The business unit mainly sells chips for the fields such as display, commercial display, TV LCD modules, laptop screen driver and TDDI chips for mobile phones. According to the report from AVC Revo, display shipments have seen a slight rebound to 128 million units in 2024, driven by commercial display and gaming monitors, with the overall market remaining relatively stable. The statistics released by RUNTO show that the global shipments of TV LCD panels are projected to reach 227 million panels, representing a slight year-on-year increase of 0.8%. The statistics released by TrendForce show that the global shipments of laptops reached 174 million units, representing a slight year-on-year increase of 3.9%. Overall, the market within the scope of this business unit remained stable in 2024. However, this business unit proactively phased out certain low-margin product lines and high-risk operations, with the power supply product line being transferred to other business units of the Company in order to comply with the Company’s business layout and departmental requirements to enhance business quality. As a result of this, coupled with the fluctuation of market side, this business unit recorded aggregate sales of HK\$653.2 million in 2024, representing a year-on-year decrease of 17.8%.

Communication Products

This business unit mainly provides small-capacity MCP memory chips and 4G/5G radio frequency PA chips to cellular Internet of Things (IoT) module manufacturers and also sells cellular IoT modules. According to the report released by IoT Analytics, a market research agency, following a market downturn in 2023 and benefiting from renewed demand in sectors such as wireless data acquisition, smart retail devices and intelligent

security, which accelerated the growth of 4G LTE Cat1 bis connections, as well as robust demand for 5G cellular IoT modules from the FWA (fixed wireless access) and auto market, the global shipments of cellular IoT modules increased by 20% year-on-year in the first half of 2024, with aggregate connections of 3.9 billion. It also indicates that the shipments of cellular IoT modules will continue to maintain a substantial growth in the third quarter of 2024, with cumulative growth of 181% over the past five years. With demand recovery in the cellular IoT market as the backdrop, this business unit achieved aggregate sales of HK\$596.5 million in 2024, representing a significant increase of 39.7% year-on-year through grasping market opportunities, actively expanding new product lines as well as obtaining new clients.

Optical Communication

This business unit mainly sells optoelectronic devices applied in optical communication modules, including transmitter chips such as 10G-28G DFB, 10G-50G VCSEL and 10G-50G EML, receiver chips such as 10G-200G InGaAs PD GaAs PD InGaAs APD, etc. These chip products are mainly applied in 200G/400G/800G/1.6T optical modules in data centers. According to a report released by the market research firm Cignal AI, shipments of 400G and 800G optical modules, which serve as key bridge of data links in the intelligent computing center networks, have nearly quadrupled in the past 12 months. It is expected that the shipments will exceed 20 million units in 2024 with a market revenue of over US\$9 billion, making optical modules one of the most lucrative segments apart from the GPU cards. The business unit thus benefited and achieved significant year-on-year growth in revenue and profit in 2024, with aggregate sales of HK\$358.3 million, representing a significant year-on-year increase of 113.9%.

Mixed Distribution

In 2024, the global semiconductor market has witnessed a significant divergence. The market scale of AI-related memory and logic chips has experienced substantial growth, though the demand for electronic components in traditional fields such as consumer electronics and industrial control remains sluggish. These sectors are still in the de-stocking stage dominated by buyers, characterized by the low demand for spot goods and urgent orders from downstream end customers, and their relatively high requirements for prices and delivery schedules. Based on this situation, the orders of this business unit mainly come from the stable repeat purchases of the established customer groups and the order demands from certain overseas OEM customers. According to a market research report from ESM China, in 2024, 51% of the distributor interviewees believed that there would be a decline in order volume, while only 27% of the interviewees expected market growth, and the “weak demand in downstream markets” and the “decrease in overseas orders” were the two most negative factors for the electronics industry development in 2024. Meanwhile, the sales of Quiksol International HK Pte Limited together with its wholly-owned subsidiaries (the “**Quiksol Group**”) were no longer consolidated into the overall sales of the Group in 2024. Overall, in 2024, the business unit experienced a significant decline in both the number of trading customers and the order amount, with aggregate sales of HK\$53.3 million, representing a significant year-on-year decrease of 93.6%.

OUTLOOK FOR 2025

In the Economic Prospects, the United Nations maintains the global economic growth at 2.8% for 2025, unchanged from 2024. The report forecasts that U.S. economic growth will slow down to 1.9%, China's economic growth is expected to reach 4.8%, and Europe's economic growth will edge up to 1.3%. According to data, global trade rebounded by 3.4% in 2024 and is expected to continue growing by 3.2% in 2025, despite trade tensions and a rise in protectionist policies.

The 2025 Central Economic Work Conference has explicitly identified consumption and investment as the engines of economic growth to enhance endogenous momentum for high-quality development in China. Consequently, it is expected that China will actively reduce its reliance on exports to mitigate the impact of additional tariffs. Some market analysts believe that China's GDP growth target for 2025 is projected to remain around 5%.

In 2025, AI Agent is expected to begin driving the widespread adoption of AI applications. The growth impetus for AI computing power is anticipated to shift from training-based computing to inference-based computing and the investment in computing power infrastructure is expected to continue strengthening, benefiting markets for high-end storage chips, computing chips, optical module chips, and switch chips. As AI applications become more prevalent, the upgrade and replacement market for edge and endpoint electronic products is anticipated to thrive, driving rapid growth in the AI SoC chip market. The widespread adoption of AI products and applications is expected to be a prolonged iterative process, involving a diverse range of terminal products, a multitude of applications, a vast user base, and extensive information exchange, leading to huge incremental demand for chip computing power and storage. This process may drive growth in the semiconductor industry over the next five to ten years.

Overall, the Group as a leading all-round distributor of electronic components in China, has kept close cooperative relationships with up-stream and down-stream partners of the industry chain over the years, adhered to promoting business diversification, aggressively expanded overseas markets, and put much effort into the AI-related software and hardware sectors. We are positive about our business growth in 2025. Specifically, for each business unit of the Group, the outlook is as follows:

Smart Vision

The report of ABI Research shows that, with the rapid development, application and popularisation of AI technology, the number of smart cameras with AI computing chips used worldwide will increase to 350 million, and is expected to keep growing in the next few years, becoming a new trend of smart city applications. For instance, the technology of AI-ISP, one of the typical applications, allows the camera to shoot full-color videos and photos clearly without auxiliary light sources in the environment of a low illumination level of 0.0005Lux, which significantly enhances the imaging quality of cameras in dark conditions. As regards the smart home device market, the report of TechInsights, a research institution, revealed that the scale of the global smart home device market will increase from US\$125 billion in 2024 to US\$195 billion in 2030, with an average compound annual growth rate of approximately 7.7%. With the support of AI algorithms and large models, the application scenarios of smart vision are rapidly penetrating into new sectors such as smart wearable devices, 3D industrial vision and robots. In addition, intelligent vehicles, humanoid robots and 3D industrial vision devices typically also need to be equipped with high-performance cameras, featuring corresponding AI computing power and algorithms to realize AI empowerment, all of which are the new business directions that we are expanding. In summary, we are optimistic about the growth of this business unit in 2025.

Memory Products

In the general memory chip market, there will also be some turning points in 2025. For instance, the domestic market will continue to boost domestic demand and consumption. The intensified subsidy efforts will drive the increase in sales volume of mid/high-end smart electronic products. The market penetration rates of AI PCs and AI smartphones are also expected to see a significant boost in 2025. Currently, aside from requiring a computing power of 40/30 TOPS, AI PCs and AI smartphones have a recommended minimum memory configuration of 16GB LPDDR memory and 512GB flash memory. The report from the consulting agency TechInsights predicts that the sales of DRAM and Nand flash memory will continue to grow rapidly in 2025, though the growth rate will slow down compared to that in 2024. Therefore, we are optimistic about the business growth in 2025.

Smart Displays

TV shipments are affected by a wide range of factors, including macroeconomic conditions, housing market trends, product technological innovations, consumer willingness and sports events. Despite the unfavorable market expectations, in 2025, we will actively seek new opportunities in the market. In terms of technological applications, we will actively promote the market penetration of MiniLED backlight technology. The MiniLED backlighting can significantly enhance the peak brightness and contrast of TV pictures through precise local dimming. This technology enables a wider color gamut and more accurate color reproduction, significantly improving the picture quality of TVs and displays while reducing energy consumption. On the market side, we will keep an eye on the demand brought about by domestic consumption-boosting measures and explore incremental business opportunities overseas. Data shows that in 2024, China's TV exports increased by 10.5% to 110 million units, and the overseas market remains highly anticipated in 2025. In conclusion, we are cautious about the business growth in 2025.

Optoelectronic Displays

Omdia reports a potential surge in the global display market, especially for high-refresh-rate gaming monitors and smart displays. Shipments of gaming monitors with over 120Hz are forecasted to grow by 6% year-on-year, reaching 26.1 million units in 2025. As prices for these monitors decline, gaming monitors with enhanced display performance will gradually penetrate markets such as office use and professional design, boosting sales. Meanwhile, the trend of vehicle intelligence has made multi-screen in-car displays a crucial interface for information display, human-machine interaction, and in-car entertainment. Sigmaintell's data indicates that the global automotive display panel market continues to expand, with shipments reaching 110 million units in the first half of 2024, representing an 11% year-on-year increase. Overall, display panels remain a key medium for human-machine interaction, with positive long-term growth prospects. In 2025, we will adjust our market strategies in response to market hot spots and trends, actively explore new markets such as gaming and smart displays, and drive business growth.

Communication Products

In a policy document released in September 2024, the Ministry of Industry and Information Technology (MIIT) set a target for mobile IoT terminal connections in China to exceed 3.6 billion by 2027, up from 2.565 billion as of August 2024, indicating significant growth potential. The document also requires that high-performance 4G/5G cellular IoT terminals account for 95% of total connections. Globally, research organisation IoT Analytics projects that total cellular IoT connections will reach 4.2 billion by early 2025, with a CAGR of 15% from 2024 to 2030. Industry reports suggest that as AI applications become more widespread, the penetration of AI-powered cellular modules will rise rapidly. According to research organisation Counterpoint, RedCap (lightweight 5G), based on 5G NR technology, offers the inherent advantages of 5G bandwidth, capacity, coverage, low latency, and network isolation, while balancing cost and power efficiency. It is well-suited for applications in wearables, data collection, video surveillance, and smart manufacturing. The industry remains optimistic about the large-scale adoption of 5G and 5G RedCap, which is expected to drive substantial expansion in the global IoT module market. In 2025, this business unit will increase sales of cellular IoT module SoC chips, which is expected to contribute significantly to revenue growth. Given these favorable market trends, we maintain an optimistic outlook for business expansion in 2025.

Optical Communication

The industry expects that the market demand for AI computing power will keep growing significantly in 2025; however, the demand will shift from large model training in 2024 to large model application. According to public available information, the investment in global AI computing infrastructure in 2024 mainly concentrated in several cloud computing giants in the United States. The information available to the public shows that the capital investment in AI computing power by such giants will remain relatively high in 2025. The industry estimates that the demand for 800G optical modules in the U.S. market alone will grow to about 18 million units in 2025, while the next generation of 1.6T optical modules with higher performance will also be deployed in large quantities, and the demand is expected to exceed 3 million units. In addition, China ranks second in the field of AI in the world, and its intelligent computing infrastructure construction is expected to accelerate in 2025. For example, Shanghai and Henan have proposed to increase the scale of intelligent computing power to over 100EFLOPS in the next 1-2 years, and Guangdong Province has proposed that its goal in intelligent computing power construction in 2025 is to be the first domestically and the leading globally. Besides, Europe, Japan, South Korea, India and other countries have also begun to deploy in the field of AI, which will inevitably require investment in computing infrastructure. Therefore, we expect that the high-end data communication optical module market is expected to maintain a positive growth trend in 2025, which is conducive for us to achieve the growth target of this business sector.

Mixed Distribution

In the fourth quarter of 2024, the Group combined its independent distribution and e-commerce businesses as a new hybrid distribution center. This new business unit includes independent distribution, authorized distribution, board sales, etc., and uses online promotion and customer acquisition methods to expand the customer resources of the authorized product line. It also increased the promotion and sales of boards/modules in terms of business forms with a view to introducing more valuable terminal customers. At the same time, this business unit is carrying out deeper business cooperation with a number of overseas branches of the Group, with a view to promoting the mixed distribution business model to overseas markets in a more flexible way. According to the market research report of the Electronics Supply and Manufacturing-China, only 14% of respondents are pessimistic about the distribution market in 2025, while the remaining 86% believe that the industry will remain stable or see positive changes. In summary, after two years of continuous decline, the current customer base of this business unit and the existing business tend to be stable, and the results are expected to bottom out with the optimization of business forms and the development of new businesses. We are optimistic about achieving the business goals this year.

Summary

In summary, in the past year of 2024, the proportion of the Group's traditional consumer electronics business declined, while the proportion of AI-related storage chips and optical communication chips increased significantly. Also, the intelligent vision and communication business units related to end-side and edge AI applications maintained relatively rapid growth. On the one hand, these changes make the Group's business distribution more balanced and reasonable. On the other hand, AI-related businesses usually have better profitability, which can drive the improvement of the Group's business quality.

Looking forward to the upcoming year, we will focus on industry hotspots and market trends. We will operate the authorized distribution business from a global perspective, while paying attention to the incremental growth in the domestic demand market brought about by domestic consumption-boosting policies, aiming to seize the new opportunities presented by the rise of domestic chips. Moreover, we aim to capitalize on the dividends reaped from the development of the AI industry, proactively explore overseas markets, and drive the growth of our mixed distribution and technology-value-added businesses. Relying on the Group's business network and digital operation foundation, we will achieve the integration and coordinated development of our businesses. In 2025, while ensuring compliant operations, we will pursue stable development and actively engage in innovation, in an effort to continuously improve the Group's operating quality and profitability, and cultivate our core competitiveness, therefore bringing better returns and long-term value to the shareholders of the Company (“**Shareholders**”).

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue amounted to HK\$4,647.9 million (2023: HK\$5,665.9 million), representing a decrease of HK\$1,018.0 million (or 18.0%) as compared with the revenue for the year ended 31 December 2023.

The decrease in revenue was mainly caused by the deconsolidation of the Quiksol Group since 31 December 2023 and resulted in the decrease in the sales from mixed distribution of approximately HK\$777.5 million.

Gross profit

Our gross profit for the year ended 31 December 2024 decreased by HK\$129.8 million to HK\$311.7 million as compared with the prior year (2023: HK\$441.5 million). Our gross profit margin decreased by 1.1% to 6.7% for the year ended 31 December 2024 (2023: 7.8%). The decrease in gross profit margin was mainly due to the deconsolidation of the Quiksol Group since 31 December 2023 and resulted in a sharp decrease in the sales from the mixed distribution which has a higher gross profit margin.

Research and development expenses

Research and development expenses mainly comprise of staff costs incurred for our research and development department. For the year ended 31 December 2024, research and development expenses amounted to HK\$31.5 million, decreased by 3.1% as compared with the year ended 31 December 2023 (2023: HK\$32.5 million).

Administrative and selling and distribution expenses

Administrative and selling and distribution expenses aggregated to HK\$178.1 million for the year ended 31 December 2024 (2023: HK\$292.6 million), which accounted for 3.8% of the revenue for the year ended 31 December 2024 as compared with 5.2% over the corresponding year in 2023. The net decrease of HK\$114.5 million was mainly attributable to the deconsolidation of the Quiksol Group since 31 December 2023.

Finance costs

The Group's interest expense on bank and other borrowings for the year ended 31 December 2024 amounted to HK\$26.6 million, a decrease of HK\$30.4 million as compared with that in 2023 (2023: HK\$57.0 million). Interest expenses mainly represent the borrowing costs from entering into various factoring agreements with some of the principal bankers and import loans from our principal bankers. The decrease was due to the decrease in bank borrowings during the year.

Share of results of associates

The Group had recorded a profit on share of results of associates for the year ended 31 December 2024 of approximately HK\$7.1 million (2023: HK\$3.3 million). The profit was mainly due to the amount of sharing of result of an associate, namely Galasemi (Shanghai) Co. Ltd. (GSCL). The increase in share of results of associates is mainly due to the improvement in business operation of GSCL.

Profit for the year

For the year ended 31 December 2024, the Group's profits amounted to HK\$101.1 million, representing an increase of HK\$8.6 million as compared to HK\$92.5 million in 2023, representing an increase of 9.3%. The net profit margin for the year ended 31 December 2024 was 2.2%, compared to 1.6% for the year ended 31 December 2023. The increase in the profit for the year was mainly contributed by the decrease in administrative and selling and distribution expenses and decrease in finance costs.

Net profit attributable to the owners of the Company

The net profit attributable to the owners of the Company for the year ended 31 December 2024 amounted to HK\$100.3 million, representing an increase of 41.1% as compared with the year ended 31 December 2023 (2023: HK\$71.1 million).

Use of proceeds from the global offering

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

For the year ended 31 December 2024, the Group had utilised HK\$0.5 million of the net proceeds from the Listing. The Group has cumulatively utilised approximately HK\$181.8 million of the net proceeds as at 31 December 2024 according to the intentions set out in the prospectus of the Company dated 27 September 2016 (the “**Prospectus**”). The unutilised net proceeds in the amount of HK\$24.0 million have been placed as deposits with licensed banks and are expected to be utilised as set out on the Prospectus.

Use of Proceeds	Net proceeds (in HK\$ million)	Utilised during 31 December 2024 (in HK\$ million)	Cumulative utilised as at 31 December 2024 (in HK\$ million)	Amount remaining (in HK\$ million)	Expected timeline for utilising the remaining net proceeds (Notes 1 and 2) (in HK\$ million)
1. Hiring additional staff for sales and marketing and business development and improvement of warehouse facilities	20.6	0.0	(20.6)	0.0	–
2. Advertising and organising marketing activities for the promotion of our e-commerce platform, Smart Core Planet and our new products	41.2	0.0	(41.2)	0.0	–
3. Enhancing, further developing and maintain our e-commerce platform and improving our technology infrastructure	41.2	(0.5)	(17.2)	24.0	Expected to be fully utilised on or before 31 December 2025
4. For research and development	20.6	0.0	(20.6)	0.0	–
5. Funding potential acquisition of, or investment in business or companies in the e-commerce industry or electronics industry	61.7	0.0	(61.7)	0.0	–
6. General working capital	20.5	0.0	(20.5)	0.0	–
	<u>205.8</u>	<u>(0.5)</u>	<u>(181.8)</u>	<u>24.0</u>	

Notes:

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

Liquidity and financial resources

The Group's primary source of funding included cash generated from operating activities and the credit facilities provided by banks.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. As at 31 December 2024, the Group maintained aggregate restricted and unrestricted bank balances and cash of HK\$432.3 million (31 December 2023: HK\$395.3 million).

As at 31 December 2024, the outstanding bank borrowings of the Group were HK\$306.2 million (31 December 2023: HK\$397.7 million). The Group's gearing ratio, which is calculated by the interest-bearing borrowings divided by total equity, decreased from 44.0% as at 31 December 2023 to 31.9% as at 31 December 2024 as a result of the decrease in bank borrowings.

As at 31 December 2024, the total and unutilised amount of the Group's banking facilities (excluding standby letter of credit) were HK\$2,323.6 million and HK\$2,017.4 million (31 December 2023: HK\$3,189.8 million and HK\$2,792.0 million) respectively.

As at 31 December 2024, the Group had current assets of HK\$1,339.1 million (31 December 2023: HK\$1,400.3 million) and current liabilities of HK\$728.9 million (31 December 2023: HK\$830.4 million). The current ratio was 1.84 times as at 31 December 2024 (31 December 2023: 1.69 times). The decrease in current assets is primarily due to the decrease in inventories and amount due from an associate as compared with 31 December 2023.

The Group's debtors' turnover period was 52 days for the year ended 31 December 2024 as compared to 60 days for the year ended 31 December 2023. The overall debtors' turnover period was within the credit period. The decrease in debtors' turnover period was mainly caused by improvement of credit control management.

The creditors' turnover period was 26 days for the year ended 31 December 2024 as compared with 22 days for the year ended 31 December 2023. Creditors' turnover period has been maintained at a stable level.

The inventories' turnover period was 17 days for the year ended 31 December 2024 as compared with 18 days for the year ended 31 December 2023. Inventory control was always one of the primary tasks of the Group's management team to maintain the liquidity and healthy financial position of the Group. Inventories' turnover period remained relatively stable in both years.

Foreign currency exposure

The Group's transactions are principally denominated in US dollars and Renminbi. The Group had not experienced any material difficulties or material adverse impacts on its operation despite the fluctuations in currency exchange rates and the net foreign exchange loss of approximately HK\$0.3 million for the year ended 31 December 2024 (31 December 2023: net foreign exchange loss of HK\$7.9 million). As at the date of this announcement, the Group has not adopted any foreign currency hedging policy. However, the Group will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the exposures become significant.

Pledge of assets

As at 31 December 2024, the financial assets at fair value through profit or loss (the "FVTPL") amounted to approximately HK\$130.1 million (31 December 2023: HK\$127.0 million), trade receivable factored amounted to approximately HK\$99.0 million (31 December 2023: HK\$230.7 million) and bank deposits amounted to approximately HK\$192.9 million (31 December 2023: HK\$227.5 million) had been charged as security for the bank borrowings and financing arrangement of the Group.

Capital commitment and contingent liabilities

The Group had no material capital commitment and contingent liabilities as at 31 December 2024 and 2023.

Significant investments held

Save for the financial assets at FVTPL, FVTOCI and investment in associates, the Group did not hold any significant investments during the years ended 31 December 2024 and 2023.

Material acquisition and disposal of subsidiaries and associated companies

During the year ended 31 December 2024, there was no major acquisition or disposal of subsidiaries and associated companies by the Group.

Employees

As at 31 December 2024, the Group had 312 employees (31 December 2023: 353 employees), with a majority based in Shenzhen and Hong Kong. Total employee costs for the year ended 31 December 2024, excluding the remuneration of the Directors were approximately HK\$108.4 million (31 December 2023: HK\$182.6 million). There have been no material changes to the information disclosed in the prospectus dated 27 September 2016 in respect of the remuneration of employees, remuneration policies, share award scheme, share option scheme and staff development.

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

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

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

EMPLOYEE INCENTIVE SCHEMES

On 19 September 2016, the Company adopted a Share Award Scheme and conditionally approved and adopted a Share Option Scheme.

During the year ended 31 December 2024, no new shares had been subscribed by the Trustee and a total of 5,100,000 shares of the Company were acquired by the Trustee pursuant to the rules and trust deed of the Share Award Scheme and no Restricted Stock Units were granted to the employees by the Company pursuant to the Share Award Scheme. The Group recognised a total of HK\$0.3 million of share-based payment expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 (2023: HK\$0.5 million). No share option had been granted or agreed to be granted by the Company pursuant to the Share Option Scheme as at 31 December 2024. Further details of the Share Award Scheme and Share Option Scheme will be set out in the section headed “Employee Incentive Schemes” in the Company’s 2024 annual report to be issued in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, save for the purchase of 5,100,000 ordinary shares by the Trustee under the Share Award Scheme of the Company, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Up to the date of announcement, the Group has no significant subsequent event after 31 December 2024 which required disclosure.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. Except for code provision C.2.1 as disclosed below in this announcement, the Company has complied with the applicable code provisions of the CG Code during the year ended 31 December 2024. The Company’s corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of the Directors, and all Directors confirmed that they had fully complied with the Model Code during the year ended 31 December 2024.

SUFFICIENCY IN PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, were held by the public during the year ended 31 December 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, namely Dr. Tang Ming Je, Ms. Xu Wei and Dr. Xue Chun. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide comment and advice to the Board. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and discussed with the management the accounting policies adopted by the Group and financial reporting matters of the Group.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement of results have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 21 March 2025. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on this preliminary announcement of results.

PUBLICATION OF FINAL RESULTS

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.smart-core.com.hk). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules and other applicable laws and regulations will be published on the websites of the Stock Exchange and the Company and physical copies of the annual report will be despatched to the Shareholders upon request in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on Friday, 23 May 2025. A notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 19 May 2025.

For ascertaining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 4 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 3 June 2025.

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

Hong Kong, 21 March 2025

As at the date of this announcement, the Board comprises Mr. Tian Weidong (Chairman), Mr. Liu Hongbing, Mr. Mak Hon Kai Stanly and Mr. Zheng Gang as executive Directors, Mr. Wong Tsz Leung as non-executive Director, Dr. Tang Ming Je, Ms. Xu Wei and Dr. Xue Chun as independent non-executive Directors.