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Contel Technology Company Limited
康特隆科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1912)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE FIFTEEN MONTHS ENDED 31 MARCH 2025

The Board of Directors (the "Board") of Contel Technology Company Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the fifteen months ended 31 March 2025 (the "Period") together with selected explanatory notes and the relevant comparative figures for the year ended 31 December 2023 which have been prepared in accordance with the HKFRS Accounting Standards as below.

FINANCIAL HIGHLIGHTS

	Fifteen months ended 31 March 2025 *US$'000*	Year ended 31 December 2023 *US$'000*
Revenue	**76,963**	66,316
Gross profit	**2,072**	2,934
Loss for the period	**(12,134)**	(9,749)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the fifteen months ended 31 March 2025

	Notes	**Fifteen months ended 31 March 2025**	Year ended 31 December 2023
		US$'000	*US$'000*
Revenue	*4*	**76,963**	66,316
Cost of sales		**(74,891)**	(63,382)
Gross profit		**2,072**	2,934
Other income and other gains or losses	*4*	**201**	193
Selling and distribution expenses		**(3,918)**	(2,959)
General and administrative expenses		**(6,297)**	(5,834)
Impairment loss on property, plant and equipment		**-**	(102)
Impairment loss on intangible and other assets		**(32)**	(98)
Impairment loss on goodwill		**-**	(257)
Provision for allowance for expected credit loss on trade receivables		**(521)**	(242)
Finance costs	*5*	**(3,553)**	(2,284)
Loss before income tax	*6*	**(12,048)**	(8,649)
Income tax expense	*7*	**(86)**	(1,100)
Loss for the period/year attributable to the owners of the Company		**(12,134)**	(9,749)

	Notes	**Fifteen months ended 31 March 2025**	Year ended 31 December 2023
		US$'000	*US$'000*
Other comprehensive (loss)/income			
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on investment in equity instruments at fair value through other comprehensive income		**(532)**	(2,038)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating of financial statements of foreign operations		**144**	(94)
Other comprehensive loss for the period/year attributable to the owners of the Company		**(388)**	(2,132)
Total comprehensive loss for the period/year attributable to the owners of the Company		**(12,522)**	(11,881)
Loss per share attributable to the owners of the Company		***US cents***	***US cents***
Basic and diluted	*9*	**(1.10)**	(0.89)
		HK cents	***HK cents***
Equivalent to		**(8.56)**	(6.88)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

		As at	
		31 March	31 December
		2025	2023
	Notes	***US$'000***	*US$'000*
			(Re-presented)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**930**	566
Intangible and other assets		**2,863**	3,491
Goodwill		**—**	—
Life insurance policy deposits		**2,543**	2,734
Financial assets at fair value through other comprehensive income	*10*	**3,723**	4,255
		10,059	11,046
Current assets			
Inventories		**6,662**	14,007
Trade and bills receivables	*11*	**13,860**	19,047
Prepayments, deposits and other receivables		**7,388**	7,148
Amounts due from related parties		**26**	26
Pledged bank deposits		**379**	379
Cash and cash equivalents		**3,682**	2,536
		31,997	43,143
Current liabilities			
Trade payables	*12*	**6,097**	7,641
Accruals, contract liabilities and other payables		**3,318**	2,791
Lease liabilities		**86**	180
Bank and other borrowings		**18,273**	20,565
		27,774	31,177
Net current assets		**4,223**	11,966
Total assets less current liabilities		**14,282**	23,012

		As at	
		31 March	31 December
		2025	2023
	Notes	***US$'000***	*US$'000*
			(Re-presented)
Non-current liabilities			
Lease liabilities		**22**	—
Shareholder's loan		**2,459**	—
Deferred tax liabilities		**495**	415
		2,976	415
NET ASSETS		**11,306**	22,597
EQUITY			
Share capital	*13*	**1,417**	1,417
Reserves		**9,889**	21,180
TOTAL EQUITY		**11,306**	22,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Contel Technology Company Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 16 August 2016 under the Companies Law of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1- 1111, Cayman Islands. The Company's principal place of business is Unit No. A, 13th Floor, Block 1, Leader Industrial Centre, Nos. 188–202 Texaco Road, Tsuen Wan, New Territories, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2019.

The Company is an investment holding company while its principal subsidiaries (together with the Company, collectively referred to as the "**Group**") are mainly engaged in the provision of customised reference designs which are bundled together with the sale of integrated circuits ("**ICs**") and other electronic components as a package to customers in both Hong Kong and the People's Republic of China (the "**PRC**").

The immediate and the ultimate holding company of the Company is P. Grand (BVI) Ltd. ("**P. Grand**"), a company incorporated in the British Virgin Islands (the "**BVI**"). The ultimate controlling parties of the Group are Ms. Feng Tao, Mr. Lam Keung ("**Mr. Lam**"), and Mr. Qing Haodong ("**Mr. Qing**").

Pursuant to a resolution of the Board dated 8 November 2024, the financial year end date of the Company has been changed from 31 December to 31 March commencing from the financial period ended 31 March 2025 in order to avoid competition of resources with other listed companies with regard to results announcement and reports-related external services under the peak reporting season in the market; and remove the uncertainty from the variation in the dates of the Chinese New Year Holiday which put pressure on the workflow. Accordingly, the accompanying consolidated financial statements for the current financial period covers a period of fifteen months from 1 January 2024 to 31 March 2025. The corresponding comparative figures presented for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the audited figures of the financial year from 1 January 2023 to 31 December 2023 and therefore are not comparable with those shown for the current period.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and HK (IFRIC) Interpretations, HK Interpretations and HK (SIC) Interpretations (collectively referred to as "Interpretations") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The functional currency of the Company is Hong Kong dollars ("HK$") and the investment holding subsidiary incorporated in the BVI and subsidiaries incorporated in Hong Kong have their functional currency in United States dollar ("US$"), and subsidiaries established in the PRC have their functional currency in Renminbi ("RMB"). The consolidated financial statements have been presented in US$ as the directors of the Company consider that it is more appropriate to adopt US$ as the Group's and the Company's presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income, which are measured at fair value.

(a) Application of amendments to HKFRS Accounting Standards

In the preparation of the consolidated financial statements for the fifteen months ended 31 March 2025, the Group has applied the following amendments to HKFRS Accounting Standards, for the first time, which are mandatorily effective for the Group's accounting period beginning on or after 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except for the below, the application of the above amendments to HKFRS Accounting Standards has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in current period.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

(i) What is meant by a right to defer settlement;

(ii) That a right to defer must exist at the end of the reporting period;

(iii) That classification is unaffected by the likelihood that an entity will exercise its deferral right; and

(iv) That only if an option at the discretion of the counterparty included in the terms of a convertible liability is itself an equity instrument in accordance with HKAS 32 *Financial Instrument: Presentation* would not affect the current or non-current classification of the liability.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. Covenants with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current at the reporting date.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current period had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in current period.

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7.44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The comparative figures of bills payable have been reclassified as bank borrowings under supplier finance arrangements to conform with current year's presentation.

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature - dependent Electricity	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company expect that the application of these new and amendments to HKFRS Accounting Standards above will have no material impact on the consolidated financial statements in the year of initial application.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the primary financial statements and the notes. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is still currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

3. Segment Information

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by executive directors of the Company in order to allocate resources and assess performance of the segment. During the period, executive directors received and reviewed information on the performance of the Group as a whole. Accordingly, it is determined that the Group has only one single operating segment, which is determined as sale of ICs products and electronic components including bundled services, for the purpose of allocating resources and assessing performance.

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong and the PRC. For the purpose of geographical segment information disclosures under HKFRS 8 *Operating Segments* , the Group regarded Hong Kong as its place of domicile. All the Group's revenue from external customers is presented based on the location of the operating subsidiaries and the Group's non-current assets (excluding life insurance policy deposits and financial assets at fair value through other comprehensive income) is presented based on the location of assets as follows:

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	*US$'000*
Revenue from external customers		
Hong Kong	**65,565**	46,505
The PRC	**11,398**	19,811
	76,963	66,316

	As at 31 March 2025	31 December 2023
	US$'000	*US$'000*
Non-current assets		
Hong Kong	**2,637**	2,246
The PRC	**1,156**	1,811
	3,793	4,057

Revenue from customers which individually contributed over 10% of the total revenue of the Group during the period/year is as follows:

	Fifteen months ended 31 March 2025 *US$'000*	Year ended 31 December 2023 *US$'000*
Customer A	**23,217**	15,203
Customer B	**N/A***	7,500

* Less than 10% of the Group's total revenue

During the current period, the Group generated revenue primarily from the sale of five categories of ICs products and electronic components, comprising for: (i) mobile devices and smart charging; (ii) motor control; (iii) sensor and automation; (iv) light-emitting diode ("LED") lighting; and (v) radio frequency ("RF") power. The following table sets out the breakdown of the revenue recognised at a point in time by product category:

	Fifteen months ended 31 March 2025 *US$'000*	Year ended 31 December 2023 *US$'000*
Sales of IC products and electronic components:—		
Mobile devices and smart charging	**44,231**	32,271
Motor control	**29,253**	26,612
Sensor and automation	**1,334**	5,110
LED lighting	**810**	1,146
RF power	**1,335**	1,177
	76,963	66,316

4. Revenue and Other Income and Other Gains or Losses

Revenue from the Group's principal activities, which is also the Group's turnover, represents the income from sale of ICs products and electronic components including the bundled services delivered to the customers and recognised at a point in time. Revenue and other income and other gains or losses recognised during the period/year are as follows:

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	*US$'000*
Revenue from contract with customers within the scope of HKFRS 15, types of goods or services		
Sales of ICs products and electronic products	**76,963**	66,316

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sale of ICs products and electronic components including the bundled services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations that had an original expected duration of one year or less.

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	*US$'000*
Other income		
Bank interest income	**30**	16
Government grants *(note)*	**9**	52
Imputed interest income on life insurance policy deposits	**123**	104
Others	**32**	21
	194	193
Other gains or losses		
Gain on early termination of lease	**1**	-
Gain on disposal of property, plant and equipment	**16**	-
Loss on early termination of life insurance policy	**(5)**	-
Written-off of property, plant and equipment	**(5)**	-
	7	-
	201	193

Note:

For the fifteen months ended 31 March 2025 and year ended 31 December 2023, government grants included the subsidy granted by the PRC government for encouragement to local business activities.

5. Finance Costs

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	*US$'000*
Interest on discounted bills	**185**	70
Interest on lease liabilities	**8**	16
Interest on bank borrowings	**1,653**	1,396
Interest on other borrowings	**1,611**	802
Imputed interest on shareholder's loans	**96**	-
	3,553	2,284

6. Loss Before Income Tax

Loss before income tax is arrived at after charging:

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	US$'000
Auditor's remuneration		
- Audit services	**70**	114
- Non-audit services	**-**	23
Amortisation of intangible and other assets	**1,122**	146
Amortisation of life insurance policy deposits	**42**	34
Cost of inventories recognised as expenses	**73,783**	62,148
Depreciation of property, plant and equipment	**315**	656
Employee benefit expenses (including directors' remuneration)		
Salaries and allowances	**4,509**	3,707
Pension scheme contributions — Defined contribution plan (Note)	**527**	441
Expenses relating to the short-term leases	**269**	36
Exchange loss, net	**272**	620
Written-down of inventories included in cost of sales	**668**	860

Note: As at 31 March 2025, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (31 December 2023: Nil).

7. Income Tax Expense

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	*US$'000*
The PRC Corporate Income Tax		
- Under-provision in prior periods	**—**	3
Deferred tax		
- Current year	**(122)**	1,097
- Write-down of previously recognised deferred tax assets	**208**	-
	86	1,097
	86	1,100

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the fifteen months ended 31 March 2025 (year ended 31 December 2023: Nil).

Under the two-tiered profits tax rates regime in Hong Kong Profits Tax, the first HK$2,000,000 (equivalent to approximately US$258,000) of profits of the qualifying group entity will be taxed at 8.25% (year ended 31 December 2023: 8.25%), and profits above HK$2,000,000 (equivalent to approximately US$258,000) will be taxed at 16.5% (year ended 31 December 2023: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (year ended 31 December 2023: 16.5%) during the fifteen months ended 31 March 2025.

No provision for current Hong Kong Profits Tax has been made for the fifteen months ended 31 March 2025 and the year ended 31 December 2023, as the Group did not have assessable profits subject to Hong Kong Profits Tax during the period/year.

The provision for the PRC Corporate Income Tax was based on the statutory rate of 25% (year ended 31 December 2023: 25%) of the assessable profits of subsidiaries which carried on businesses in the PRC during the period/year. No provision for the PRC Corporate Income Tax has been made for the fifteen months ended 31 March 2025 and the year ended 31 December 2023, as the Group did not have assessable profits subject to the PRC Corporate Income Tax during the period/year.

8. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during the fifteen months ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2023: Nil).

9. Loss Per Share

The calculation of the basic loss per share attributable the owners of the Company is based on the following data:

	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	US$'000	*US$'000*
Loss for the period attributable to the owners of the Company for the purpose of basic loss per share	**(12,134)**	(9,749)

	Number of shares	
	Fifteen months ended 31 March 2025	Year ended 31 December 2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,098,122**	1,098,122

Diluted loss per share were same as the basic loss per share as there were no dilutive potential shares outstanding during the fifteen months ended 31 March 2025 and the year ended 31 December 2023.

10. Financial Assets at Fair Value Through Other Comprehensive Income

	As at	
	31 March 2025	31 December 2023
	US$'000	*US$'000*
Financial assets at fair value through other comprehensive income		
— Unlisted equity securities in the BVI company, Cosmic Paramount Limited ("**Cosmic**")	**3,723**	4,255

The movements of unlisted equity securities are as follows:

	US$'000
At 1 January 2023	6,293
Change in fair value through other comprehensive income	(2,038)
At 31 December 2023 and 1 January 2024	4,255
Change in fair value through other comprehensive income	(532)
At 31 March 2025	**3,723**

In 2020, the Group entered into (i) the conditional sale and purchase agreement together with the supplemental agreement with the independent vendor in relation to the acquisition of 781 shares of Cosmic (the "**Acquisition**") and (ii) conditional Subscription Agreement together with the supplemental agreement to subscribe 148 shares of Cosmic (the "**Subscription**"). After the completion of the Acquisition and the Subscription on 31 December 2020, the Group held in aggregate 9.07% equity interest in Cosmic.

The above unlisted equity securities are designated as financial assets at fair value through other comprehensive income (non-recycling) as the investment is held for long-term strategic purposes. Cosmic, through its operating subsidiary which is incorporated in Hong Kong, is principally engaged in one-stop supply chain financial platform, which provide global supply chain services, booking online by clicking one button.

No dividends were received from this investment during the fifteen months ended 31 March 2025 (year ended 31 December 2023: Nil).

11. Trade and Bills Receivables

	As at 31 March 2025 US$'000	31 December 2023 US$'000
Trade receivables, gross	**14,880**	17,457
Less: allowance for expected credit loss on trade receivables	**(1,660)**	(1,180)
Trade receivables, net	**13,220**	16,277
Bills receivables	**640**	2,770
	13,860	19,047

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period granted is based on the historical trading and payment records of each customer, generally not more than four months (31 December 2023: not more than four months). Extended credit terms may be granted for some major long-term customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing and the Group does not hold any collateral in relation to these receivables.

The ageing analysis of the trade receivables, net of expected credit loss allowance, based on the past due dates, is as follows:

	As at	
	31 March	31 December
	2025	2023
	US$'000	*US$'000*
Not past due	**12,113**	14,547
1 to 30 days past due	**938**	497
31 to 90 days past due	**99**	584
91 to 120 days past due	**46**	585
More than 121 days past due	**24**	64
	13,220	16,277

The ageing analysis of the Group's trade receivables, net of expected credit loss allowance, based on invoice dates, is as follows:

	As at	
	31 March	31 December
	2025	2023
	US$'000	*US$'000*
1 to 30 days	**11,054**	5,078
31 to 90 days	**1,809**	9,326
91 to 120 days	**196**	780
Over 121 days	**161**	1,093
	13,220	16,277

Ageing analysis of the Group's bills receivables, based on the bills receipt dates as at each reporting date is as follows:

	As at	
	31 March	31 December
	2025	2023
	US$'000	*US$'000*
1 to 30 days	**1**	196
31 to 90 days	**102**	1,804
91 to 120 days	**7**	407
121 to 180 days	**530**	363
	640	2,770

12. Trade Payables

	As at	
	31 March	31 December
	2025	2023
	US$'000	*US$'000*
		(Re-presented)
Trade payables	**6,097**	7,641

Ageing analysis of trade payables, based on invoice dates, as at the end of reporting period is shown as follow:

	As at	
	31 March	31 December
	2025	2023
	US$'000	*US$'000*
		(Re-presented)
1 to 30 days	**3,021**	2,081
31 to 90 days	**960**	3,966
91 to 120 days	**481**	1,585
Over 121 days	**1,635**	9
	6,097	7,641

13. Share Capital

	Number of ordinary shares	Share capital *US$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 March 2025	**2,000,000,000**	**2,579**
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 March 2025	**1,098,122,380**	**1,417**

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group primarily engage in the sourcing and sale of Integrated circuit ("**ICs**") products and the provisions of ICs application solutions and value-added services to suit the needs of our customers. Our business is focused on fast-growing and emerging market categories, with an emphasis on providing environmentally-friendly and energy-saving solutions.

The post-pandemic recovery of the domestic economy has also been slower than expected. The uncertainties brought about a challenging business environment. Since the second half of 2022, as progressive innovation in the consumer electronics and other markets have entered the decline stage, the weak demand in the consumer market has caused chip suppliers to cut back on orders. The pressure on chip manufacturers to reduce inventory has risen sharply, and the semiconductor industry has entered a downward cycle. However, the demand for chips in the realm of high-power renewable energy, energy storage, industrial automation and artificial intelligence remains high under the systematic destocking cycle, bringing new development opportunities for semiconductor enterprises.

CHANGE OF FINANCIAL YEAR END DATE

As the Company's announcement dated 8 November 2024, the Board resolved to change the financial year end date of the Company from 31 December to 31 March. Accordingly, the next financial year end date of the Company would be 31 March 2025 and the next audited consolidated financial statements of the Group to be published would cover the period of 15 months commencing on 1 January 2024 and ended on 31 March 2025.

Please refer to the above-mentioned announcement for details.

BUSINESS REVIEW

As a stable supplier of sourcing and sale of integrated circuit ("**ICs**") products and the provisions of ICs application, the Group's results were challenged by the contraction in industry demand in 2024 and 1st quarter 2025. However, the Group has been proactive in addressing market challenges and continues to explore new growth areas to build up strength for future development.

The Group focuses on the consumer and industrial product sectors, we source and sell ICs products. We also provide ICs application solutions and value-added services to suit the needs of our customers. While our application solutions can be utilised in a wide range of electronic products, we specialise in the following five major product categories: (i) mobile devices and smart charging; (ii) motor control; (iii) sensors and automation; (iv) LED lighting; and (v) RF power.

Breakdown of our revenue generated by product category for the fifteen months ended 31 March 2025 and year ended 31 December 2023 is set forth below:

	Fifteen months ended 31 March 2025	**%**	Year ended 31 December 2023	%
	USD'000		*USD'000*	
Mobile devices and smart charging	**44,231**	**57.5**	32,271	48.7
Motor control	**29,253**	**38.0**	26,612	40.1
Sensors and automation	**1,334**	**1.7**	5,110	7.7
LED lighting	**810**	**1.1**	1,146	1.7
RF power	**1,335**	**1.7**	1,177	1.8
Total	**76,963**	**100**	66,316	100

FINANCIAL REVIEW

Revenue

For the Period, total revenue increased by 16.1% to US$77.0 million, as compared to year 2023 being less than with pro-rata 25% increase in length terms.

Gross profit and gross profit margin

Gross profit for the Period decreased by 29.4% to US$2.1 million, which was mainly due to the decrease in selling price and impairment loss on inventories, notwithstanding that production on cost remained at similar level, resulting in decrease in gross profit. Gross profit margin decrease from 4.4% to 2.7%, which was mainly driven by the lower margin of mobile devices and smart charging.

Other Income

The Group's other income amounted to US$0.2 million for the Period, which mainly included imputed interest income on life insurance policy deposits.

Selling and distribution expenses

Selling and distribution expenses mainly consist of salaries and benefits for staff, transportation costs, travelling expenses, office utility expenses, business entertainment. marketing expenses and amortisation of development costs. During the Period, the Group's selling and distribution expenses amounted to US$3.9 million which increased by US$0.9 million which was mainly attributable to the effect of amortisation of development costs by approximately US$0.8 million.

General and administration expenses

General and administrative expenses mainly consist of salaries and benefits for the management, administrative, operation support and financial personnel, administrative costs and depreciation expenses relating to property, plant and equipment used for administrative purposes.

During the Period, general and administrative expenses amounted to US$6.3 million, as compared to year 2023, being less than pro-rata 25% increase in length terms.

Finance costs

During the Period, finance costs amounted to US$3.6 million, when compared with 2023, an increase of US$1.3 million is noted. The increase in finance cost was in line with the increase in interest rate of bank and other borrowings during the period and increase in year 2023 with pro-rata 25% increase in length terms.

Income tax expenses

During the Period, the income tax expenses of approximately US$0.1 million (2023: income tax expense of US$1.1 million) mainly due to the effect of deferred tax.

Loss for the period/year

As a result of the above factors, the Group's loss for the period increased by 24.5% from US$9.7 million recorded for the year 2023 to US$12.1 million for the Period, which is comparable to year 2023 with pro-rata 25% increase in length terms.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group maintained a satisfactory liquidity position supporting business growth. As at 31 March 2025, the Group had cash and cash equivalents of US$3.7 million (31 December 2023: US$2.5 million).

As at 31 March 2025, the Group had recorded net current assets of US$4.2 million (31 December 2023: US$12.0 million).

As at 31 March 2025, the gearing ratio of the Group was 64.7% (31 December 2023: 47.6%), which computed based on total debts (including bank and other borrowings and shareholder's loan) divided by total equity plus total debts.

The decrease in bank and other borrowings was mainly for securing capital for its business development. At as 31 March 2025, the Group had bank and other borrowings amounting to US$18.3 million (31 December 2023: US$20.6 million).

The annual weighted average interest rate of the bank and other borrowings during the Period was 12.3% (31 December 2023: 10.6%).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had 39 employees (31 December 2023: 91 employees). During the Period, employee benefit expenses (including directors' remuneration) amounted to US$5.0 million (2023: US$4.1 million), accounting for 6.5% (2023: 6.3%) of total revenue for the Period.

The remunerations of the employees are commensurate with their performance, skills, knowledge, experience and the market trend. Employee benefits provided by the Group include medical insurance scheme, mandatory provident fund, social insurance and housing allowance in PRC. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the employees may be offered with discretionary bonuses and cash awards based on individual performances.

As at 31 March 2025, the Group had not issued or allotted any awarded shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company complies or intends to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules, save for Code C.2.1 which requires that the roles of chairman and chief executive officer be separated and performed by different individuals. Mr. Lam is both our Chief Executive Officer and Chairman. Our Board believes that vesting the roles of both Chief Executive Officer and Chairman in the same person has the benefit of ensuring consistent leadership and efficient discharge of executive functions within our Group. Our Group considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises five other experienced and high-calibre individuals including two other executive Directors and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of our Group, the Board will make consultations with appropriate Board committees and senior management. Therefore, our Directors consider that the present arrangement is beneficial to and in the interest of our Company and our Shareholders as a whole and the deviation from Code C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code in each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports after the Listing.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Period.

PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the period ended 31 March 2025.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2025, consolidated statement of profit or loss and other comprehensive income and the related notes to the consolidated financial statements thereto for the fifteen months ended 31 March 2025 as set out in this announcement have been agreed by the Company's independent auditor, Moore CPA Limited, Certified Public Accountants, to the amounts as set out in the Group's audited consolidated financial statements for the fifteen months ended 31 March 2025 and the amounts were found to be in agreement. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore CPA Limited on this announcement.

AUDIT COMMITTEE

The Audit Committee comprises all the three independent non-executive Directors, namely Mr. Dan Kun Lei, Raymond, Mr. Lai Man Shun and Mr. Chan Kwok Kuen Kenneth (chairman).

The Group's annual audited results during the fifteen months ended 31 March 2025 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of one executive Director, Mr. Lam Keung, and two independent non-executive Directors, namely, Dan Kun Lei, Raymond and Mr. Lai Man Shun (chairman).

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management of the Company and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

NOMINATION COMMITTEE

The Nomination Committee currently comprises of one executive Director, Mr. Lam Keung (chairman), and two independent non-executive Directors, namely, Mr. Lai Man Shun and Mr. Chan Kwok Kuen Kenneth.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee formulated the Board diversity policy and the Company has adopted the Board diversity policy. The Company recognises and embraces the benefits of diversity in Board members. Selection of Board members will be based on a range of diversified perspectives, including but not limited to gender, age, ethnicity, cultural and educational background, or professional experience. All Board appointments will be based on merit and the needs of the Company's business while taking into account diversity. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.conteltechnology.com). The annual report for the fifteen months ended 31 March 2025 will be dispatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have material subsequent events.

By Order of the Board
Contel Technology Company Limited
Au Ka Man Silkie
Company Secretary

Hong Kong,
30 June 2025

As at the date of this announcement, the Board comprises Mr. Lam Keung, Mr. Qing Haodong, Mr. Mai Lu and Ms. Cheng Yu Pik as executive directors; Mr. Dan Kun Lei, Raymond, Mr. Chan Kwok Kuen Kenneth and Mr. Lai Man Shun as independent non-executive directors.