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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Total revenue of the Group for the six months ended 30 June 2025 amounted to HK$2,796.2 million (2024: HK$2,623.9 million), representing an increase of 6.6% as compared with the corresponding period in 2024.

- Gross profit of the Group for the six months ended 30 June 2025 amounted to HK$162.2 million (2024: HK$143.4 million), representing an increase of 13.1% as compared with the corresponding period in 2024.

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

- Basic and diluted earnings per share for the six months ended 30 June 2025 were HK10.44 cents (2024: HK7.73 cents) and HK10.38 cents (2024: HK7.72 cents) respectively.

- The Board resolved to declare an interim dividend of HK3 cents per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK2 cents per share).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Smart-Core Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the six months ended 30 June 2025 (the "**Reporting Period**") with the comparative figures for the corresponding period in 2024. These results were based on the condensed consolidated financial statements for the Reporting Period which were prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provision requirements of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The unaudited interim financial information has been reviewed by the Company's auditor, RSM Hong Kong, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**2,796,194**	2,623,869
Cost of sales		**(2,633,954)**	(2,480,450)
Gross profit		**162,240**	143,419
Other income		**11,236**	9,041
Other gains or (losses), net		**534**	1,367
(Impairment losses)/reversal of impairment losses on trade receivables		**(1,913)**	7,748
Research and development expenses		**(17,757)**	(16,767)
Administrative expenses		**(36,370)**	(36,060)
Selling and distribution expenses		**(57,071)**	(51,370)
Share of results of associates		**7,668**	3,581
Finance costs		**(13,001)**	(15,730)
Profit before tax		**55,566**	45,229
Income tax expense	*5*	**(7,003)**	(8,312)
Profit for the period	*6*	**48,563**	36,917
Attributable to:			
Owners of the Company		**48,458**	36,326
Non-controlling interests		**105**	591
		48,563	36,917
Earnings per share	*8*		
Basic		**10.44 HK cents**	7.73 HK cents
Diluted		**10.38 HK cents**	7.72 HK cents

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	Note	**30 June 2025** *HK$'000* **(Unaudited)**	31 December 2024 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**5,379**	6,083
Right-of-use assets		**6,313**	9,368
Goodwill		**20,159**	20,159
Intangible assets		**4,728**	4,737
Club debentures		**5,963**	5,856
Financial assets at FVTOCI		**40,788**	40,085
Financial assets at fair value through profit or loss (FVTPL)		**146,018**	144,213
Investment in associates		**129,443**	121,011
Deposits		**2,044**	2,025
Deferred tax assets		**1,697**	1,304
		362,532	354,841
Current assets			
Inventories		**421,562**	190,118
Trade and bills receivables	*9*	**1,114,965**	658,354
Prepayments, deposits and other receivables		**36,898**	58,267
Pledged bank deposits		**167,877**	192,881
Bank and cash balances		**160,204**	239,455
		1,901,506	1,339,075
Current liabilities			
Trade and bills payables	*10*	**580,252**	341,874
Contract liabilities		**14,980**	18,627
Amounts due to associates		**3,251**	5,265
Other payables and accrued charges		**67,773**	41,768
Lease liabilities		**5,922**	6,822
Bank and other borrowings	*11*	**605,303**	303,659
Current tax liabilities		**15,526**	10,926
		1,293,007	728,941

	Note	30 June 2025 HK$'000 (Unaudited)	31 December 2024 HK$'000 (Audited)
Net current assets		**608,499**	610,134
Total assets less current liabilities		**971,031**	964,975
Non-current liabilities			
Lease liabilities		**546**	2,669
Bank and other borrowings	*11*	**1,974**	2,530
		2,520	5,199
NET ASSETS		**968,511**	959,776
Capital and reserves			
Share capital		**38**	38
Reserves		**967,890**	959,294
Equity attributable to owners of the Company		**967,928**	959,332
Non-controlling interests		**583**	444
TOTAL EQUITY		**968,511**	959,776

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

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

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

2. NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

New and amended standards adopted by the Group

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

3. 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

(b) Mixed distribution

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

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

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

Information about reportable segment profit or loss:

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

* Inter-segment sales are charged at cost

Reconciliations of reportable segment profit or loss:

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

Geographical information:

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

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

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

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

4. REVENUE

(a) Disaggregation of revenue from contracts with customers

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

(b) Performance obligations for contracts with customers

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

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

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

5. INCOME TAX EXPENSES

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

6. PROFIT FOR THE PERIOD

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

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

7. DIVIDENDS

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

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

8. EARNINGS PER SHARE

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

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

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

9. TRADE AND BILLS RECEIVABLES

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

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

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

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

10. TRADE AND BILLS PAYABLES

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

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

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

11. BANK AND OTHER BORROWINGS

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

The bank and other borrowings are repayable as follows:

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

Smart Vision

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

Optoelectronic Displays

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

Memory Products

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

Smart Displays

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

Communication Products

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

Optical Communication

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

Mixed Distribution

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

OUTLOOK

The second half of 2025 remains challenging. The mid-year outlook reports from the United Nations, IMF and World Bank have lowered the global GDP growth projections from the 2.7~3.3% forecast at the end of 2024 to 2.3~2.4% in mid-2025, marking the slowest growth rate since the 2008 financial crisis. Notwithstanding a moderate growth of 2.7% is projected for 2026, the growth rate remains below the pre-pandemic decade average. Prismark, an industry research firm, indicates that the global electronics industry is expected to grow at 6.9% year-on-year to USD2.719 trillion in 2025, with server/storage market surging 27.9% to USD362 billion, making it the second-largest sub-segment. Benefiting from an AI-driven high-growth cycle, the latest forecast of the World Semiconductor Trade Statistics (WSTS) in June 2025 has raised the full-year semiconductor sales projections to USD700.9 billion (an 11.2% year-on-year increase), and further to USD760.7 billion in 2026 at a growth rate of 8.5%. Driven by demand for AI servers, cloud infrastructure and consumer electronics, logic chips and memory are anticipated to serve as the key growth engines in 2025, each projected to grow over 10%.

As for the domestic market, China's GDP growth of 5.3% in the first half of 2025 surpassed expectations and has prompted multiple foreign institutions to upgrade their 2025 full-year growth forecasts for China, reflecting broad consensus that the economy's positive momentum will extend into the second half of the year. Such growth is underpinned by three key drivers: the cultivation of new productive forces such as AI and low-altitude economy; the investments catalyzed by breakthroughs in green and low-carbon technologies; and the unleashed domestic demand potential driven by consumption upgrading. Supported by government policies and capacity expansion, China's semiconductor industry is advancing rapidly, with local enterprises currently prioritizing capacity buildup for 28nm and above mature process nodes and multiple wafer fabrication facilities commencing production in 2025, while rising localization demand for AI end-devices is concurrently boosting market share of domestic chip design and packaging/testing segments. Furthermore, China's IC imports grew 7.2% year-on-year to USD192 billion in the first half of 2025, maintaining steady expansion and creating a mutually reinforcing dynamic with the 9.5% export growth in electromechanical products during the same period.

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

Smart Vision

According to the Quarterly Tracking Report of Global Smart Home Device Market, Q1 2025 released by IDC, the global smart camera market shipments in the first quarter increased by 4.6% year-on-year to 33.87 million units. Among them, the Asia-Pacific region (excluding China and Japan) and Latin American markets grew by 23.1% and 19.6% respectively, making them the two fastest-growing regions in the world. Moreover, emerging markets such as the Middle East and Latin America showed strong demand for Chinese products, particularly network cameras, smart door locks, and access control systems. Driven by the wave of intelligentization, industry competition has shifted from single-device output to an "AI + data + service" ecosystem, with AI-enabled ultra-high-definition image analysis and real-time decision-making systems becoming the market mainstream. Statistics from RUNTO indicate that the global smart security market size reached USD24.2 billion in 2024, a year-on-year increase of 16.3%, and it is expected to exceed USD30 billion by 2026, achieving a compound annual growth rate of about 11.3%. Therefore, the global security industry market is expected to maintain a relatively high growth rate in the next few years.

Simultaneously, in-vehicle cameras are emerging as another core growth engine for smart vision business. According to the 2024-2029 China In-Vehicle Camera Industry Development Trend and Competition Strategy Research Report, in-vehicle cameras are classified into five types by function: front-view, surround-view, rear-view, side-view, and built-in; and three types by quantity: monocular, binocular, and multi-view. It is estimated that the global market size will reach USD27.3 billion in 2025, and the per-vehicle installation quantity will increase to 8-12 units. In addition, smart vision application scenarios are accelerating their penetration into new fields such as smart wearables, smart glasses, 3D industrial vision, in-vehicle, and robots. Smart cars, humanoid robots, and 3D industrial vision equipment increasingly incorporate multiple high-performance cameras, which combined with cloud-based large models to achieve AI empowerment. These emerging application scenarios have become new directions for future business expansion. In summary, the global smart security market is in a good state of prosperity this year, new application scenarios of smart vision are increasing rapidly, and the pace of technological iteration is accelerating. This laid a solid foundation for the future business growth of this business unit, thus we are optimistic about the achievement of business goals in the second half of the year.

Optoelectronic Displays

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

Memory Products

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

Smart Displays

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

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

Communication Products

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

Optical Communication

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

Mixed Distribution

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

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

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

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

FINANCIAL REVIEW

Revenue

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

Gross profit

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

Research and development expenses

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

Administrative, selling and distribution expenses

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

Finance costs

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

Profit for the period

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

Net profit attributable to the owners of the Company

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

Use of proceeds from the global offering

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

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

Use of Proceeds	Net proceeds *(in HK$ million)*	Utilised during six months ended 30 June 2025 *(in HK$ million)*	Utilised as at 30 June 2025 *(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	(0.1)	(17.3)	23.9	Expected to be fully utilised on or before 31 December 2025
4. For research and development	20.6	0.0	(20.6)	0.0	–
5. Funding potential acquisition of, or investment in business or companies in the e-commerce industry or electronics industry	61.7	0.0	(61.7)	0.0	–
6. General working capital	20.5	0.0	(20.5)	0.0	–
	205.8	(0.1)	(181.9)	23.9	

Notes:

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 in 2018, the social unrest in Hong Kong in 2019 and the outbreak of COVID-19 from January 2020 to the end of 2022. Additional time is therefore needed for the Group to identify suitable resource, including personnel, suppliers and service providers, for the development of e-commerce platform and technology infrastructure.

Liquidity and financial resources

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

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

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

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

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

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

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

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

Foreign currency exposure

The Group's transactions are principally denominated in United States dollars and Renminbi. The Group had not experienced any material difficulties or material adverse impacts on its operation despite the fluctuations in currency exchange rates and the net foreign exchange loss of approximately HK$1.0 million during the six months ended 30 June 2025 (six months ended 30 June 2024: net foreign exchange loss of approximately HK$0.1 million). At the date of this 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 30 June 2025, the financial assets at fair value through profit or loss ("**FVTPL**") amounted to HK$131.7 million (31 December 2024: HK$130.1 million), trade receivable factored amounted to HK$381.7 million (31 December 2024: HK$99.0 million) and bank deposits amounted to HK$167.9 million (31 December 2024: HK$192.9 million) had been charged as security for the bank borrowings and financing arrangement of the Group.

Capital commitment and contingent liabilities

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

Significant investment held

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

Material acquisition and disposal of subsidiaries and associated companies

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER 30 JUNE 2025

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.smart-core.com.hk). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules and other applicable laws and regulations will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 August 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. Lin Chen as independent non- executive Directors.