芯智控股有限公司
Smart-Core Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2166)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

- The total revenue of the Group for the year ended 31 December 2025 amounted to HK$6,590.1 million (2024: HK$4,647.9 million), representing an increase of 41.8% as compared with the year ended 31 December 2024.

- The gross profit of the Group amounted to HK$409.5 million for the year ended 31 December 2025 (2024: HK$311.7 million), representing an increase of 31.4% as compared with the year ended 31 December 2024.

- The net profit attributable to the owners of the Company for the year ended 31 December 2025 amounted to HK$161.4 million (2024: HK$100.3 million), representing an increase of 60.8% as compared with the year ended 31 December 2024.

- Basic and diluted earnings per share of the Company for the year ended 31 December 2025 were HK34.85 cents (2024: HK21.41 cents) and HK34.59 cents (2024: HK21.39 cents) respectively.

- The Board resolved to recommend a final dividend of HK14 cents per share of the Company for the year ended 31 December 2025 (2024: HK10 cents per share).

FINAL RESULTS

The board ("**Board**") of directors (the "**Directors**") of Smart-Core Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the financial year ended 31 December 2025 (the "**Reporting Period**") with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025	2024
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**6,590,109**	4,647,896
Cost of sales		**(6,180,580)**	(4,336,214)
Gross profit		**409,529**	311,682
Other income		**18,970**	21,276
Other gains or losses, net		**208**	2,739
(Impairment losses)/reversals of impairment losses on trade receivables		**(2,617)**	8,335
Research and development expenses		**(34,240)**	(31,456)
Administrative expenses		**(66,104)**	(72,990)
Selling and distribution expenses		**(152,888)**	(105,142)
Share of results of associates		**38,710**	7,065
Finance costs		**(30,355)**	(26,619)
Profit before tax		**181,213**	114,890
Income tax expenses	*5*	**(20,085)**	(13,837)
Profit for the year	*6*	**161,128**	101,053
Attributable to:			
Owners of the Company		**161,353**	100,342
Non-controlling interests		**(225)**	711
		161,128	101,053
Earnings per share	*8*	***HK***	*HK*
Basic		**34.85 cents**	21.41 cents
Diluted		**34.59 cents**	21.39 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	HK$'000	*HK$'000*
Profit for the year	**161,128**	101,053
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**12,278**	(6,319)
Other comprehensive income for the year, net of tax	**12,278**	(6,319)
Total comprehensive income for the year	**173,406**	94,734
Attributable to:		
Owners of the Company	**173,604**	94,077
Non-controlling interests	**(198)**	657
	173,406	94,734

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment		**4,579**	6,083
Right-of-use assets		**36,051**	9,368
Goodwill		**20,159**	20,159
Intangible asset		**11,097**	4,737
Club debentures		**5,960**	5,856
Financial assets at FVTOCI		**41,786**	40,085
Financial assets at fair value through profit or loss (FVTPL)		**148,144**	144,213
Investment in associates		**150,890**	121,011
Deposits		**4,350**	2,025
Deferred tax assets		**2,279**	1,304
		425,295	354,841
Current assets			
Inventories		**292,340**	190,118
Trade and bills receivables	*9*	**1,173,903**	658,354
Deposits, prepayments and other receivables		**35,919**	58,267
Pledged bank deposits		**182,684**	192,881
Bank and cash balances		**153,960**	239,455
		1,838,806	1,339,075
Current liabilities			
Trade and bills payables	*10*	**494,193**	341,874
Contract liabilities		**26,829**	18,627
Amounts due to an associate		**4,920**	5,265
Other payables and accrued charges		**84,730**	41,768
Lease liabilities		**10,060**	6,822
Bank and other borrowings	*11*	**529,872**	303,659
Current tax liabilities		**22,084**	10,926
		1,172,688	728,941
Net current assets		**666,118**	610,134
Total assets less current liabilities		**1,091,413**	964,975

	Note	**2025**	2024
		HK$'000	*HK$'000*
Non-current liabilities			
Lease liabilities		**27,031**	2,669
Bank and other borrowings	*11*	**1,396**	2,530
		28,427	5,199
NET ASSETS		**1,062,986**	959,776
Capital and reserves			
Share capital		**38**	38
Reserves		**1,061,016**	959,294
Equity attributable to owners of the Company		**1,061,054**	959,332
Non-controlling interests		**1,932**	444
TOTAL EQUITY		**1,062,986**	959,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

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

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

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

2. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

The Group has adopted all of the new or amended HKFRS Accounting Standards and Interpretations issued by the HKICPA that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

3. REVENUE

(a) Disaggregation of revenue from contracts with customers

	2025	2024
	HK$'000	*HK$'000*
Types of goods or service		
Sales of electronic components	**6,590,109**	4,647,896
Timing of revenue recognition		
A point in time	**6,590,109**	4,647,896
Sales channel/product lines		
Authorised distribution		
— Smart terminal	**3,849,231**	3,195,328
— Memory	**1,903,240**	763,428
— Computing infrastructure	**737,161**	635,792
	6,489,632	4,594,548
Mixed distribution	**100,477**	53,348
	6,590,109	4,647,896

(b) Performance obligations for contracts with customers

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

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

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

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

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

4. SEGMENT INFORMATION

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

(a) Authorised distribution, which involves the distribution of integrated circuit ("**IC**") products that are procured directly from and authorised for sale by a list of internationally well-known IC brands in the industry.

(b) Mixed distribution, including the independent distribution of IC products that are procured by the Group from other readily available suppliers in the market, as well as other distribution and services conducted through the e-commerce platform.

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

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of unallocated expenses, share of result of associates 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*
Year ended 31 December 2025					
Revenue from external customers	**6,489,632**	**100,477**	**6,590,109**	**–**	**6,590,109**
Inter-segment sales*	**4,412**	**6,578**	**10,990**	**(10,990)**	**–**
	6,494,044	**107,055**	**6,601,099**	**(10,990)**	**6,590,109**
Segment profit	**113,820**	**7,640**	**121,460**	**–**	**121,460**
Year ended 31 December 2024					
Revenue from external customers	4,594,548	53,348	4,647,896	–	4,647,896
Inter-segment sales*	3,064	3,104	6,168	(6,168)	–
	4,597,612	56,452	4,654,064	(6,168)	4,647,896
Segment profit	83,225	11,006	94,231	–	94,231

* Inter-segment sales are charged at cost

Reconciliations of reportable segment profit or loss:

	2025 *HK$'000*	2024 *HK$'000*
Profit or loss		
Total profit of reportable segments	**121,460**	94,231
Unallocated amounts:		
Unallocated expenses	**(312)**	(3,321)
Fair value gain on financial assets at FVTPL	**4,006**	3,078
Share of result of associates	**38,710**	7,065
Loss on disposal of partial interest in an associate	**(1,315)**	–
Impairment loss on cryptocurrencies	**(1,421)**	–
Consolidated profit for the year	**161,128**	101,053

Geographical information:

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

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

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

	2025	2024
	HK$'000	*HK$'000*
Hong Kong	**3,174,355**	2,564,489
The PRC	**1,944,510**	1,604,987
Singapore	**1,450,546**	468,903
Japan	**680**	248
Others	**20,018**	9,269
Consolidated total	**6,590,109**	4,647,896

Information about major customers:

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

	2025	2024
	HK$'000	*HK$'000*
Authorised distribution segment		
Customer 1	**696,711**	N/A
Customer 2	**N/A**	N/A

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

5. INCOME TAX EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**12,604**	6,968
PRC Enterprise Income Tax	**3,756**	4,467
Singapore Corporate Tax	**4,196**	712
Others	**468**	9
	21,024	12,156
Deferred tax	**(939)**	1,681
	20,085	13,837

6. PROFIT FOR THE YEAR

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

	2025	2024
	HK$'000	*HK$'000*
Directors' emoluments	**19,828**	11,526
Staff costs (excluding directors' emoluments):		
Salaries, wages and other allowances	**69,038**	72,129
Discretionary bonuses	**26,886**	23,865
Retirement benefit scheme contributions	**12,663**	12,357
Total staff costs	**128,415**	119,877
Amortisation of an intangible asset (included in selling and distribution expenses)	**1,579**	1,579
Depreciation on property, plant and equipment	**2,267**	2,102
Depreciation on right-of-use assets	**9,442**	8,760
Share-based payment expense	**6,658**	304
Auditor's remuneration		
— Annual audit services	**1,310**	1,330
— Other audit services	**301**	203
— Non-audit services	**300**	340
Cost of inventories recognised as an expense (excluding allowance for inventories)	**6,170,308**	4,349,197
Allowance/(reversal of allowance) for inventories (included in cost of sales)	**10,272**	(12,983)

7. DIVIDENDS

	2025	2024
	HK$'000	*HK$'000*
2025 interim dividend of HK$0.03 per ordinary share (2024: 2024 interim dividend of HK$0.02 per ordinary share)	**13,905**	9,234
2024 final dividend of HK$0.10 per ordinary share (2024: 2023 final dividend of HK$0.05 per ordinary share)	**46,109**	23,469
	60,014	32,703

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK14 cents (2024: final dividend in respect of the year ended 31 December 2024 of HK10 cents) per ordinary share, in an aggregate amount of approximately HK$68,415,000 (2024: HK$46,109,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

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

	2025	2024
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**161,353**	100,342

	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**462,933,479**	468,664,074
Effect of dilutive potential ordinary shares arising from restricted share units ("**RSU**")	**3,490,411**	505,464
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**466,423,890**	469,169,538

For the years ended 31 December 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.

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

9. TRADE AND BILLS RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**1,162,465**	650,700
Allowance for credit losses	**(8,508)**	(5,763)
	1,153,957	644,937
Bills receivables	**19,946**	13,481
Allowance for credit losses	**–**	(64)
	1,173,903	658,354

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 0 to 120 days (2024: 0 to 120 days). The bills receivables have a general maturity period ranging from 30 to 180 days (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 invoices, and an analysis of bills receivables by age, net of allowance for credit losses, presented based on the date of bills issued, at the end of the reporting period:

	2025	2024
	HK$'000	*HK$'000*
Trade receivables		
Not past due	**1,074,049**	599,910
0 to 60 days	**79,259**	44,189
61 to 120 days	**649**	836
Over 120 days	**–**	2
	1,153,957	644,937
Bills receivables		
0 to 60 days	**19,946**	13,417

10. TRADE AND BILLS PAYABLES

	2025	2024
	HK$'000	*HK$'000*
Trade payables	**468,658**	337,204
Bills payable	**25,535**	4,670
	494,193	341,874

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

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

	2025	2024
	HK$'000	*HK$'000*
0 to 30 days	**467,423**	274,623
31 to 60 days	**19,920**	48,047
61 to 90 days	**2,813**	11,980
Over 90 days	**4,037**	7,224
	494,193	341,874

11. BANK AND OTHER BORROWINGS

	2025	2024
	HK$'000	*HK$'000*
Secured bank loans	**331,002**	95,540
Secured bank loans — supplier finance arrangements	**200,266**	205,305
	531,268	300,845
Other borrowings (secured)	**–**	5,344
	531,268	306,189

The bank and other borrowings are repayable as follows:

	2025	2024
	HK$'000	*HK$'000*
Within one year	**90,823**	50,121
More than one year, but not exceeding two years	**814**	1,126
More than two years, but not more than five years	**582**	1,404
	92,219	52,651
Portion of bank and other borrowings that contain a repayment on demand clause (shown under current liabilities)	**439,049**	253,538
	531,268	306,189
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(529,872)**	(303,659)
Amount due for settlement after 12 months	**1,396**	2,530

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

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK14 cents per share of the Company for the year ended 31 December 2025 (2024: HK10 cents per share) to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Friday, 5 June 2026. The Board declared interim dividend of HK3 cents per share this year. Hence, the total dividend for the year is HK17 cents (2024: total dividend of HK12 cents, comprising interim dividend of HK2 cents and final dividend of HK10 cents) per share. Subject to the approval by the Shareholders at the forthcoming Annual General Meeting (as defined below) to be held on Friday, 22 May 2026, the proposed final dividend is expected to be paid on or about Friday, 26 June 2026.

CHANGE IN DIVIDEND POLICY

The Board has resolved and approved to revise the dividend payout ratio from no less than 50% to no less than 15% of the Group's annual consolidated net profit attributable to the owners of the Company with the aim to use the retained earning to capture the opportunity of market growth and for future business development and operation. Save for the aforesaid amendment, other terms of the Dividend Policy remain unchanged.

Shareholders shall note that the Company's ability to pay dividends will depend upon, among other things, the general financial condition of the Group, the Group's current and future operations, liquidity position and capital requirement of the Group as well as dividends received from the Company's subsidiaries. The payment of the dividend by the Company is also subject to any restrictions under the Cayman Islands laws and articles of association of the Company.

The Board will continue to be review the dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In recent years, the global economy has displayed a complex and divergent development pattern amid multiple challenges. The IMF forecasts that global average inflation will fall to around 4.2% in 2025, as central banks in major economies gradually conclude their tightening cycles. Against this backdrop, global merchandise trade is showing a recovery pattern of "initial weakness followed by rebound." The World Trade Organization (WTO) has revised its forecast for global merchandise trade growth from -0.2% at the beginning of 2025 to the latest 2.4%. This growth is being driven by surging demand for AI-related products and stronger trade momentum in emerging economies.

In 2025, China's economy maintained overall steady growth. Preliminary estimates from the National Bureau of Statistics show that annual GDP reached RMB140.19 trillion, up 5.0% year-on-year in real terms, keeping its growth rate among the leaders of the world's major economies. Among this, total retail sales of consumer goods increased by 3.7% year-on-year to RMB50.12 trillion, reinforcing the role of consumption as a stabilizing pillar of the economy. Data show that China's manufacturing sector accounts for nearly 30% of the global total and has ranked first in the world for 16 consecutive years. Total imports and exports of goods have recorded positive growth for nine consecutive years, and the trade surplus exceeded US$1 trillion for the first time.

In terms of industrial investment, uncertainty arising from geopolitics and tariff wars has delayed investment decisions, leading to slower growth in global foreign direct investment. At the same time, in order to mitigate tariff shocks, pressure to restructure global supply chains has intensified, prompting some companies to accelerate capacity relocation to regions such as Southeast Asia, Mexico, and India. A white paper issued by S&P Global (SPGI) indicates that tariff barriers are expected to cause global enterprises losses of more than US$1.2 trillion in 2025, while the high potential costs of global supply chain restructuring have pushed up prices for intermediate goods. Meanwhile, supply chain restructuring is reshaping the global trade landscape, with key features including regionalization, diversification, and nearshoring, while regional trade agreements provide a framework for this transition. In the short term, this regionalization and shortening of supply chains will significantly increase capital expenditure and operating costs in manufacturing; in the medium to long term, efficiency losses may weigh on corporate profitability. Overall, global manufacturing has shifted from the "efficiency-first" orientation pursued over the past decades toward a dynamic balance among the three objectives of efficiency, security, and resilience. Against this backdrop, building resilient supply chains has become a core competitive advantage for enterprises.

Electronics Industry and Semiconductor Chips: A New AI-Driven Growth Cycle

In 2025, the global electronics industry continued its strong recovery under the impetus of artificial intelligence (AI). According to Gartner, total global IT spending is expected to grow by 7.9% year-on-year to US$5.43 trillion, of which spending on data center systems is expected to surge by 42.4% due to explosive demand for AI computing power. At the same time, the rise of AI PCs and a new enterprise replacement cycle have jointly driven a clear recovery in the global PC market. Omdia data show that the emerging smart hardware market, represented by AI smart glasses, is also growing rapidly, with global shipments reaching 8.7 million units in 2025, up 322% year-on-year. The accelerated commercialization of edge AI products is triggering a new wave of device upgrades and creating structural growth opportunities for the industry.

The global semiconductor industry is undergoing a profound structural transformation driven by AI. Explosive demand for computing infrastructure has become the core driver of semiconductor market growth in 2025, while traditional application markets such as smartphones and personal computers remain relatively weak. This structural divergence highlights AI's decisive influence: excluding the contribution of AI-related segments such as high-performance memory and logic chips, growth in the traditional semiconductor market is in fact limited. This indicates that the industry has fully entered a new cycle of structural growth defined by AI.

Against this global backdrop, China's electronic information manufacturing industry delivered outstanding performance, with value-added output of enterprises above designated size rising by 10.6% year-on-year in 2025, significantly outpacing overall industrial growth for the same period. In the face of external restrictions on advanced technologies, China is accelerating large-scale expansion in mature process nodes. SEMI statistics show that Chinese mainland's mature-node capacity grew by as much as 14% in 2025, far above the global average increase of 6%; its share of global monthly wafer capacity has risen to nearly one-third, reaching an equivalent of 10.10 million 8-inch wafers. Customs data show that China's chip exports increased by 27.4% in the same year, and the gap between average export and import prices continued to narrow, reflecting that domestically produced chips are moving toward the mid- to high-end market. However, the demand gap in high-end chips remains substantial, and annual chip imports totaling RMB3.04 trillion show that achieving full self-reliance and control across the industrial chain remains a long-term challenge.

Review of the Group's Businesses

In 2025, the Group reviewed and adjusted its business structure around the main theme of AI technology, with a focus on expanding its presence in the computing infrastructure, edge AI SoC, and storage markets, while actively promoting coordinated development between its mixed distribution and technical value-added businesses. Under this strategic layout, the Company's profitability and market competitiveness improved significantly. The annual review of each business unit is set out below:

Smart Terminals

SoC (System on Chip) chips serve as the control hub of electronic products by integrating multiple functional modules. Their technological evolution is focused on integrating NPUs (Neural Processing Units) to meet the needs of terminal devices for low-latency, high-energy-efficiency local computing. In 2025, shipments of AI SoC chips with integrated NPUs continued to grow, although application adoption showed clear divergence: penetration accelerated rapidly in high-computing-power fields such as robotics and industrial vision, while progress remained relatively slow in cost-sensitive low-end applications.

In 2025, as lightweight large models increasingly penetrated terminal devices, demand from smart vehicles, AI PCs, and edge computing grew simultaneously. This drove a rapid increase in market demand for AI SoC chips featuring high computing power, low power consumption, and strong connectivity. Edge and terminal AI chips have entered a period of high-speed growth. The core value of edge AI SoCs lies in their localized processing capabilities, enabling low-latency response, enhanced privacy protection, and reduced dependence on network bandwidth.

In terms of market size, multiple institutions remain optimistic about its growth prospects. Markets and Markets forecasts that the global SoC market will reach US$206.0 billion by 2029; Frost & Sullivan expects the global edge AI market to reach RMB1,232.0 billion by 2029, with a compound annual growth rate of 39.6%. This indicates that the share of AI SoCs within the overall SoC market is expected to continue rising. Such trends signal that AI SoCs will rapidly expand their share of the overall SoC market, marking the full advent of the era of intelligent edge computing.

This business unit has established deep partnerships with a number of well-known original SoC chip manufacturers in the industry, providing industry customers with comprehensive services covering chip supply chain assurance, customized technical solutions, and full-lifecycle technical support. This drove steady growth in the unit's performance in 2025, with cumulative annual sales reaching HK$3,849.2 million, representing a significant year-on-year increase of 20.5%.

Memory products

The Group has a well-developed product portfolio in the memory sector, covering DRAM, NOR Flash, NAND Flash, MCP, KGD, eSSD, and other categories of memory chips and module products, which can meet memory needs across a wide range of scenarios from mobile terminals to data centers.

Following inventory clearance in 2024, the memory industry entered a new upward cycle in 2025, with artificial intelligence demand becoming the core driver. Explosive demand from AI servers for High Bandwidth Memory (HBM) and DDR4/DDR5 made memory chips an important engine of recovery for the semiconductor industry. According to CFM Flash market statistics, the global memory chip market grew by 32.7% year-on-year in 2025 to US$221.6 billion.

Industry data show that a single AI server requires approximately eight times the DRAM capacity and three times the NAND capacity of a traditional server. Combined with growth in AI server shipments themselves, this has driven a sharp surge in memory chip demand and created a supply-demand imbalance in the DRAM market. To prioritize delivery of higher-margin HBM orders, major manufacturers shifted capacity toward HBM. Because producing the same capacity of HBM consumes capacity equivalent to three to four times that of conventional DRAM chips, this has significantly squeezed supply of traditional DRAM and driven prices higher. In the NAND Flash market, AI's pull effect is reflected in the high-performance enterprise SSD (eSSD) segment. Data center and AI computing infrastructure buildout have boosted demand for high-capacity, high-performance eSSDs, making it the fastest-growing subsegment.

In summary, thanks to strong demand from the AI industry for memory chips, DRAM prices rose steadily in 2025, while NAND Flash prices also began to recover in the second half of the year and rebounded sharply in the fourth quarter. The market as a whole displayed a strong pattern of rising prices and rising volumes, indicating that the memory industry is entering a high-prosperity cycle driven by AI applications. This business unit maintained close cooperation with a number of renowned memory chip manufacturers and, leveraging the Group's high-quality customer base, achieved substantial performance growth in 2025, with cumulative sales reaching HK$1,903.2 million, up significantly by 149.3% year-on-year.

Computing Infrastructure

This business unit focuses on supplying optoelectronic components for computing infrastructure. Its core products include transmitter chips (such as DFB, VCSEL, and EML) and receiver chips (such as PD and APD) used in high-speed data communication optical modules of 200G/400G/800G/1.6T and other specifications. Transceiver chips are the most technically sophisticated components in optical communication modules, characterized by complex manufacturing processes and high technological barriers, and they typically account for more than half of the cost of high-speed optical modules.

Driven by a sharp increase in investment in AI computing infrastructure and exponential growth in data center interconnection demand, the global optical module market maintained strong growth momentum in 2025, with market size expanding significantly. According to the Global Optical Module Market Development White Paper (2025) jointly released by the China Academy of Information and Communications Technology and IDC, global optical module shipments are expected to exceed 34 million units in 2025, while market size is projected to rise by approximately 50% year-on-year to US$23.0 billion. Among this, Ethernet optical modules in the data communications segment are the core growth driver, while the telecommunications optical module market remains relatively stable.

At present, 800G optical modules have become the market mainstream. Multiple institutions estimate that demand for 800G optical modules will reach 18 million to 22 million units in 2025, mainly driven by AI computing cluster construction. At the same time, higher-speed products such as 1.6T have begun small-batch shipments, and the industry is gradually evolving toward higher transmission speeds. As the core components of optical modules, transceiver chips are highly correlated with the optical module market in terms of market development. Supported by large-scale volume growth in 400G/800G products, global revenue in the optical components market increased significantly in 2025 and is expected to exceed US$16.0 billion. In addition, the continuous iteration toward higher optical module speeds is another key driver of growth in the optical components market. The upgrade from 800G to 1.6T will inject new growth momentum into the market. Continued investment in global computing infrastructure provides a solid foundation for the long-term growth for the optoelectronic components market. Relying on deep strategic cooperation with globally leading optical communication chip manufacturers and on the Group's years of accumulated high-quality optical module customer resources, this business unit has built an end-to-end technology-to-market closed loop and is driving sustained business growth. In 2025, our cumulative sales reached HK$737.2 million, representing a year-on-year increase of 15.9%.

Mixed Distribution

Electronic component distribution models mainly fall into three categories: authorized distribution, independent distribution, and mixed distribution, of which mixed distribution combines the businesses of both authorized and independent distribution. Unlike authorized distribution, independent distribution sources products from the global market by integrating excess inventory from original manufacturers, OEMs/CEMs, and peer channels, and mainly serves urgent spot demand, small-batch procurement, and allocation of discontinued materials. Within the supply chain ecosystem, independent distribution is a decentralized supply chain network driven by market mechanisms. Against the backdrop of memory chip shortages in 2025, independent distributors became an important channel for many manufacturers to obtain key chips, and their value in safeguarding supply chain resilience was widely recognized by the market. Data released by QYResearch show that the global electronic components distribution market was approximately US$203.3 billion in 2024 and is expected to grow to US$283.6 billion by 2031, representing a compound annual growth rate of 4.9%.

This business unit is an important part of the Group's effort to build a full-service distribution system. It can effectively complement the Group's authorized distribution and technical value-added businesses and help create a more comprehensive and flexible supply chain service capability. By identifying business opportunities arising from market supply-demand imbalances and cyclical mismatches across the industrial chain, we create value through data-driven matching and fast, efficient supply chain services, thereby improving the Company's operating metrics. In 2025, benefiting from the market's urgent demand for supply chain resilience, this business unit saw clear rebounds in both customer numbers and order value, with cumulative sales reaching HK$100.5 million, representing a substantial year-on-year increase of 88.3%.

Outlook for 2026

In 2026, the global economy will remain at a critical juncture characterized by uncertainty and structural transformation, where risks and opportunities coexist. In its World Economic Situation and Prospects 2026 report released in January, the United Nations forecast global economic growth of 2.7% in 2026, slightly below the estimated 2.8% for 2025. Against this backdrop, China's economy is expected to exhibit the characteristics of "steady progress, structural optimization, and transformation of growth drivers," and the market generally expects China's GDP growth to remain within a reasonable range of 4.5% to 5.0%. The consumer market and investment structure are expected to continue improving, overseas exports should remain resilient, and overall economic performance is expected to stay stable. As a key pillar of the national economy, the electronic information manufacturing industry is expected to demonstrate strong innovation vitality and competitiveness.

The China Center for Information Industry Development (CCID) predicts in its report *Prospects for the Development of China's Electronic Information Manufacturing Industry in 2026* that growth in the value-added output of China's electronic information manufacturing industry will be in the range of 5% to 8% in 2026. Among this, exports of electromechanical products will remain an important pillar. While exports of traditional electromechanical products such as home appliances, consumer electronics, and machinery and equipment are expected to remain stable, exports in emerging high-tech sectors represented by semiconductor chips and industrial robots are expected to maintain relatively fast growth, injecting new momentum into the optimization of the export structure of electromechanical products.

In 2026, the global semiconductor industry is expected to maintain rapid growth. According to the latest forecast released at the beginning of the year by the World Semiconductor Trade Statistics (WSTS), the global semiconductor market will continue to expand significantly in 2026, reaching a record US$975.0 billion, just one step away from the US$1 trillion milestone. The core driver of this round of growth remains the explosive momentum of the artificial intelligence industry. As the depth and breadth of AI applications continue to expand, demand for inference computing power is expected to grow exponentially. In addition, edge AI devices will usher in new development opportunities, jointly driving the semiconductor market to a new level.

Smart Terminals: AI SoCs Leading a New Wave of Edge Intelligence

As AI accelerates its shift from cloud computing into the physical world, its deep integration with terminal devices is giving those devices stronger capabilities in perception, action, and autonomous interaction, thereby making edge AI a new main trajectory in hardware development. Thanks to improvements in lightweight AI model inference and significant increases in chip computing power, efficient on-device execution of AI functions such as speech recognition, image generation, and intelligent assistants has become a reality, reducing terminal devices' complete dependence on cloud computing power. The core driver of this trend is the continuous iterative innovation of AI SoCs (System-on-Chip) in technology architecture and energy efficiency.

In 2026, AI will exert an even deeper influence on the development of the semiconductor industry. As AI PCs and AI smartphones gain broader adoption, consumer demand for smart devices with built-in AI processing capabilities will rise significantly, greatly boosting the markets for AI SoC chips, low-power AI accelerators, and related memory chips. A report released by Forrester indicates that migrating model inference from the cloud to edge devices can reduce AI operating expenses by 40% to 70% for enterprises. Therefore, the AI SoC-driven wave of edge intelligence is opening up a golden growth channel for the semiconductor industry over the next five to ten years and reshaping both electronic product formats and the industrial landscape. According to a forecast report released by SHD Group in April 2025, revenue in the edge AI SoC market is expected to grow from US$32.4 billion in 2024 to US$102.9 billion, representing a compound annual growth rate of 21.2%.

In summary, the AI SoC market on which this business unit is focused is a key hardware segment for enabling local inference, ensuring low latency, and protecting user privacy. Shipments are rising steadily, making it a new engine driving growth in the semiconductor market. Looking ahead, we will focus on emerging tracks with strong development potential such as smart wearables, intelligent vision, and robotics, to promote steady business growth.

Memory: An AI-Driven Super Cycle of Strong Prosperity

In 2026, the global memory chip market is undergoing a structural transformation driven by AI computing infrastructure. The growth engine has shifted completely away from capacity upgrades in consumer electronics such as smartphones and PCs toward demand from AI servers and edge AI devices. Industry data show that DRAM configuration per AI server has surged from 128–256GB for traditional servers to 1–2TB, and that AI servers generally adopt high-value HBM (High Bandwidth Memory), driving explosive growth in the DRAM market.

AI Agents are pushing applications from single-pass inference toward long-term memory and autonomous decision-making with million-token-scale context windows. Features such as multi-turn dialogue and tool calling result in token consumption that is 10 to 50 times that of ordinary chat. This not only reinforces demand for HBM and DRAM bandwidth and capacity, but also significantly increases demand for high-IOPS enterprise eSSDs. Because AI servers require far greater memory capacity than traditional servers, eSSDs are rapidly becoming one of the largest application markets for NAND Flash chips.

Demand for memory chips has also extended to edge devices. To support local large-model inference, smartphones, PCs, and other terminal devices require higher-capacity LPDDR5X and embedded memory of UFS 4.0 or above. Mainstream AI glasses generally adopt a combination of 2GB DRAM + 32GB NAND Flash, with some high-end models configured at even higher levels. More importantly, AI edge hardware, by virtue of its innovative features, is better able to absorb the cost increases associated with higher memory consumption and thus has stronger bargaining power when securing supply chain resources. TrendForce, an authoritative institution, forecasts that total global memory industry output value will reach US$551.6 billion in 2026, of which DRAM revenue is expected to rise 144% year-on-year to US$404.3 billion and NAND Flash revenue is expected to increase 112% year-on-year to US$147.3 billion; in 2027, the total is projected to grow further to US$842.7 billion.

In summary, based on the Group's deep presence in the memory market over many years, together with the abundant resources it has accumulated across customer groups and product lines, this business unit maintains a positive and optimistic view of business growth in 2026. We are fully confident in our ability to seize the historic development opportunities created by this wave of AI and drive leapfrog growth in the business.

Computing Infrastructure: Opportunities and Challenges Coexist

In 2026, continued global investment in AI computing infrastructure is pushing the optical module market into a new stage of structural growth. TrendForce reports that capital expenditure by the world's top eight cloud service providers is expected to surge by 61% in 2026 to US$710.0 billion, and this investment boom is expected to continue for several years. Data from institutions such as LightCounting and Goldman Sachs indicate that the global data communication optical module market is expected to reach US$26.0 billion to US$30.0 billion in 2026, up 13% to 30% year-on-year. Notably, the data communications segment accounted for more than 60% of the market as early as 2024, marking a shift in the industry's growth driver from traditional telecommunications toward AI-centered computing infrastructure construction.

At present, the optical module industry is transitioning from "expansion in quantity" to "upgrading in quality," with 800G and 1.6T optical modules becoming the absolute mainstream of the market. Among them, shipments of 800G modules are expected to more than double, while next-generation 1.6T optical modules are expected to enter broader adoption in 2026, with shipments likely to surge from a low base in 2025 to the level of tens of millions of ports. This transition toward higher speeds will not only bring scale-driven growth, but will also enhance product gross margins through premium pricing associated with technological upgrades.

It is worth noting that the evolution of AI server interconnect architectures is fundamentally changing both the role of optical modules and the scale of demand for them. Early AI servers relied heavily on copper interconnects, at which time the GPU-to-optical-module ratio was approximately 1:3. Under mixed copper-optical interconnect solutions, this ratio increased to 1:4. In the latest "all-optical interconnect" architecture, the ratio has risen to above 1:6. Ultra-large-scale computing clusters generate enormous demand for optical modules. For example, Huawei's Atlas 950 SuperCluster, which includes more than 520,000 Ascend compute cards, is expected to require a total of between 2.22 million and 3.00 million optical modules. Therefore, whether under NVIDIA's advocated "copper-to-optics" trend or Huawei's "all-optical interconnect" technology route, optical modules are being elevated from "connectivity accessories" to "core infrastructure."

In summary, in 2026 the optical module industry stands squarely on one of the core tracks benefiting from the high prosperity of AI computing infrastructure. Supported by high capital expenditure, market size is expanding steadily, creating structural growth opportunities for domestic optical chip and module companies. Based on our deep understanding of industry trends and customers, this business unit is confident in capturing the benefits arising from market-driven technology iteration in 2026 and in achieving steady, high-quality business development.

Mixed Distribution: New Opportunities for a Traditional Business

Continued volatility in the global electronic components supply chain is creating new development opportunities for the mixed distribution model. According to Research Nester, the global electronic components distribution market is expected to grow by 7.7% year-on-year in 2026 to US$216.1 billion, and is projected to reach US$391.2 billion by 2035. This growth is primarily driven by the enormous market potential of automotive electronics, 5G/6G telecommunications infrastructure, industrial automation, and Internet of Things (IoT) devices.

The cyclical supply-demand fluctuations in the global semiconductor market are creating important opportunities for the development of the independent distribution business. When original manufacturers face tight capacity or extended delivery cycles, customers' urgent need to secure stable supply chains becomes a key driver of growth for this business. Through global sourcing capabilities and flexible inventory management, independent distributors can help customers reduce the risk of supply chain disruptions caused by market shortages. By effectively integrating resources from original manufacturers, authorized distributors, and other excess inventory sources, they can build diversified supplier networks to enhance customers' supply chain resilience.

In addition, to adapt to increasingly stringent trade compliance requirements, distributors need to establish sound compliance systems to handle complex license application and review procedures. Strengthening supply chain transparency and traceability is not only a mandatory compliance requirement, but has also become an important factor for customers when selecting suppliers. This will significantly raise industry entry barriers and is more favorable to medium- and large-sized distributors with standardized operations and strong legal and customs teams. At the same time, digital transformation is becoming a new driver of distribution business upgrading. In particular, the application of AI technologies in supply chain management — such as demand forecasting, inventory optimization, and risk early warning — is becoming increasingly mature and can effectively improve both service quality and operational efficiency.

Accordingly, 2026 will be a key point in time for the transformation and upgrading of the mixed distribution business. This business unit will endeavor to seize market growth opportunities, build a resilient global supply chain network, improve its compliance management system, and strengthen digitalized and AI-enabled operating capabilities, so as to establish differentiated competitive advantages and achieve sustainable development in a complex and fast-changing market environment.

Summary

Artificial intelligence, as the most transformative general-purpose technology (GPT) of our time, is reshaping the global economy, industries, and social structures. Because AI systems are highly dependent on advanced AI computing power, high-speed data storage, and low-latency data transmission, they have formed a deeply coupled and symbiotic relationship with advanced semiconductor technologies. Driven by the explosive growth in demand for AI computing power, the global semiconductor industry is entering a new cycle of prosperity. McKinsey's analytical model shows that by 2030, the global semiconductor market will reach between US$1.1 trillion and US$1.8 trillion, with the moderate-risk scenario at around US$1.6 trillion. Core growth momentum will come from strong demand in areas such as AI servers, High Bandwidth Memory (HBM), advanced packaging technologies, and automotive electronics.

In summary, although the global economy will still face many challenges in 2026, the market is by no means short of growth opportunities. In particular, under the impetus of AI, the semiconductor industry is experiencing an unprecedented boom cycle, providing historic opportunities for the development of our businesses. As a leading full-service domestic distributor of electronic components in China, the Group has established solid business cooperation with upstream and downstream partners across the industrial chain by leveraging its full-chain presence in authorized distribution, independent distribution, technical value-added services, and optical communication chip manufacturing. We will continue to deepen our efforts in AI-related software and hardware fields, actively advance the digitalization and AI-driven transformation of the Company's business, and continue to monitor, capture, and benefit from the multidimensional industrial dividends brought by AI. We will also actively build out our domestic and overseas business networks to create a more resilient global supply chain system. Going forward, on the basis of prudent operations and active innovation, we will continue to improve business quality and profitability and strive to create longer-term and more substantial returns and value for our shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2025, the Group's revenue amounted to HK$6,590.1 million (2024: HK$4,647.9 million), representing an increase of HK$1,942.2 million (or 41.8%) as compared with the revenue for the year ended 31 December 2024.

The increase in revenue was mainly caused by the increase in the sales from smart terminals and memory products of approximately HK$1,793.7 million.

Gross profit

Our gross profit for the year ended 31 December 2025 increased by HK$97.8 million to HK$409.5 million as compared with the prior year (2024: HK$311.7 million). Our gross profit margin decreased by 0.5% to 6.2% for the year ended 31 December 2025 (2024: 6.7%). The decrease in gross profit margin was mainly due to the sharp increase in the sales from the memory products which has a lower gross profit margin.

Research and development expenses

Research and development expenses mainly comprise of staff costs incurred for our research and development department. For the year ended 31 December 2025, research and development expenses amounted to HK$34.2 million, increased by 8.9% as compared with the year ended 31 December 2024 (2024: HK$31.5 million).

Administrative and selling and distribution expenses

Administrative and selling and distribution expenses aggregated to HK$219.0 million for the year ended 31 December 2025 (2024: HK$178.1 million), which accounted for 3.3% of the revenue for the year ended 31 December 2025 as compared with 3.8% over the corresponding year in 2024. The net increase of HK$40.9 million was mainly due to an increase in sales commission and staff costs of our selling and distribution personnel.

Finance costs

The Group's interest expense on bank and other borrowings for the year ended 31 December 2025 amounted to HK$30.4 million, an increase of HK$3.8 million as compared with that in 2024 (2024: HK$26.6 million). Interest expenses mainly represent the borrowing costs from entering into various factoring agreements with some of the principal bankers and import loans from our principal bankers. The increase was due to the increase in bank borrowings during the year.

Share of results of associates

The Group had recorded a profit on share of results of associates for the year ended 31 December 2025 of approximately HK$38.7 million (2024: HK$7.1 million). The profit was mainly due to the amount of sharing of result of an associate, namely Quiksol Group. The increase in share of results of associates is mainly due to the improvement in business operation of Quiksol Group.

Profit for the year

For the year ended 31 December 2025, the Group's profits amounted to HK$161.1 million, representing an increase of HK$60.0 million as compared to HK$101.1 million in 2024, representing an increase of 59.4%. The net profit margin for the year ended 31 December 2025 was 2.4%, compared to 2.2% for the year ended 31 December 2024. The increase in the profit for the year was mainly contributed by the increase in gross profit on sales from authorized distribution.

Net profit attributable to the owners of the Company

The net profit attributable to the owners of the Company for the year ended 31 December 2025 amounted to HK$161.4 million, representing an increase of 60.8% as compared with the year ended 31 December 2024 (2024: HK$100.3 million).

Use of proceeds from the global offering

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

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

For the year ended 31 December 2025, the Group had utilised HK$0.1 million of the net proceeds from the Listing. The Group has cumulative utilised approximately HK$181.9 million of the net proceeds as at 31 December 2025 according to the intentions set out in the prospectus of the Company dated 27 September 2016 (the "**Prospectus**"). The unutilised net proceeds in the amount of HK$23.9 million have been placed as deposits with licensed banks and are expected to be utilised as set out on the Prospectus and the Announcements.

Use of Proceeds	**Net proceeds** *(in HK$ million)*	**Utilised during the year ended 31 December 2025** *(in HK$ million)*	**Cumulative utilised as at 31 December 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	17.3	(0.1)	(17.3)	0.0	
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. Developing solutions for smart terminal, edge computing and other areas, as well as investing in the distributive authorization and marketing of AI-related chips					
— Marketing and operating expenses in relation to the sales of AI-related electronic components	8.4	0.0	0.0	8.4	Expected to be fully utilised on or before 31 December 2028
— Recruitment of R&D personnel	15.5	0.0	0.0	15.5	Expected to be fully utilised on or before 31 December 2028
7. General working capital	20.5	0.0	(20.5)	0.0	–
	205.8	(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. On 17 December 2025, the Board has resolved to change the use of the net proceeds of HK$23.9 million raised from the Listing. For details, please refer to the Announcements.

Liquidity and financial resources

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

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. As at 31 December 2025, the Group maintained aggregate restricted and unrestricted bank balances and cash of HK$336.6 million (31 December 2024: HK432.3 million).

As at 31 December 2025, the outstanding bank borrowings of the Group were HK$531.3 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 50.0% as at 31 December 2025 as a result of the increase in bank borrowings.

As at 31 December 2025, the total and unutilised amount of the Group's banking facilities (excluding standby letter of credit) were HK$2,340.7 million and HK$1,809.4 million (31 December 2024: HK2,323.6 million and HK$2,017.4 million) respectively.

As at 31 December 2025, the Group had current assets of HK$1,838.8 million (31 December 2024: HK$1,339.1 million) and current liabilities of HK$1,172.7 million (31 December 2024: HK$728.9 million). The current ratio was 1.57 times as at 31 December 2025 (31 December 2024: 1.84 times). The increase in current assets is primarily due to the increase in trade receivables as compared with 31 December 2024, which is attributable to the increase in revenue and transaction volume.

The Group's debtors' turnover period was 51 days for the year ended 31 December 2025 as compared to 52 days for the year ended 31 December 2024. The overall debtors' turnover period was within the credit period. Debtors' turnover period has been maintained at a stable level.

The creditors' turnover period was 25 days for the year ended 31 December 2025 as compared with 26 days for the year ended 31 December 2024. Creditors' turnover period has been maintained at a stable level.

The inventories' turnover period was 14 days for the year ended 31 December 2025 as compared with 17 days for the year ended 31 December 2024. Inventory control was always one of the primary tasks of the Group's management team to maintain the liquidity and healthy financial position of the Group. Inventories' turnover period remained relatively stable in both years.

Foreign currency exposure

The Group's transactions are principally denominated in US dollars and Renminbi. The Group had not experienced any material difficulties or material adverse impacts on its operation despite the fluctuations in currency exchange rates and the net foreign exchange loss of approximately HK$0.8 million for the year ended 31 December 2025 (31 December 2024: net foreign exchange loss of HK$0.3 million). As at the date of this announcement, the Group has not adopted any foreign currency hedging policy. However, the Group will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the exposures become significant.

Pledge of assets

As at 31 December 2025, the financial assets at fair value through profit or loss (the "**FVTPL**") amounted to approximately HK$134.1 million (31 December 2024: HK$130.1 million), trade and bills receivable factored amounted to approximately HK$355.0 million (31 December 2024: HK$99.0 million) and bank deposits amounted to approximately HK$182.7 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 31 December 2025 and 2024.

Significant investments held

Save for the financial assets at FVTPL, FVTOCI and investment in associates, the Group did not hold any significant investments during the years ended 31 December 2025 and 2024.

Material acquisition and disposal of subsidiaries and associated companies

During the year ended 31 December 2025, there was no major acquisition or disposal of subsidiaries and associated companies by the Group.

Employees

As at 31 December 2025, the Group had 324 employees (31 December 2024: 312 employees), with a majority based in Shenzhen and Hong Kong. Total employee costs for the year ended 31 December 2025, excluding the remuneration of the Directors were approximately HK$108.6 million (31 December 2024: HK$108.4 million). There have been no material changes to the information disclosed in the Prospectus in respect of the remuneration of employees, remuneration policies, share award scheme, share option scheme and staff development.

On 19 September 2016, the Company adopted a share award scheme (the "**Share Award Scheme**") and conditionally approved and adopted a share option scheme (the "**Share Option Scheme**"). Both schemes will expire on 19 September 2026, being the tenth anniversary of the adoption date.

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

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

EMPLOYEE INCENTIVE SCHEMES

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

During the year ended 31 December 2025, no new shares had been subscribed by the Trustee and a total of 10,078,000 shares of the Company were acquired by the Trustee pursuant to the rules and trust deed of the Share Award Scheme and no Restricted Stock Units were granted to the employees by the Company pursuant to the Share Award Scheme. The Group recognised a total of HK$6.7 million of share-based payment expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 (2024: HK$0.3 million). No share option had been granted or agreed to be granted by the Company pursuant to the Share Option Scheme as at 31 December 2025. Further details of the Share Award Scheme and Share Option Scheme will be set out in the section headed "Employee Incentive Schemes" in the Company's 2025 annual report to be issued in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, save for the purchase of 10,078,000 ordinary shares by the Trustee under the Share Award Scheme of the Company, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Up to the date of announcement, the Group has no significant subsequent event after 31 December 2025 which required disclosure.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. Except for code provision C.2.1 as disclosed below in this announcement, the Company has complied with the applicable code provisions of the CG Code during the year ended 31 December 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 responsibilities between 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 in that Mr. Tian Weidong currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of the Directors, and all Directors confirmed that they had fully complied with the Model Code during the year ended 31 December 2025.

SUFFICIENCY IN PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, were held by the public during the year ended 31 December 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, namely Dr. Tang Ming Je, Ms. Xu Wei and Dr. 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 audited consolidated financial statements of the Group for the year ended 31 December 2025 and discussed with the management the accounting policies adopted by the Group and financial reporting matters of the Group.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this preliminary announcement of results have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 31 March 2026. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on this preliminary announcement of results.

PUBLICATION OF FINAL RESULTS

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.smart-core.com.hk). The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules and other applicable laws and regulations will be published on the websites of the Stock Exchange and the Company and physical copies of the annual report will be despatched to the Shareholders upon request in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on Friday, 22 May 2026. A notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 19 May 2026 to Friday, 22 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 18 May 2026.

For ascertaining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 3 June 2026 to Friday, 5 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 2 June 2026.

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

Hong Kong, 31 March 2026

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.