THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SMIT Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

SMIT HOLDINGS LIMITED
國微控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2239)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF EQUITY INTEREST IN SHENZHEN GIGA
AND
NOTICE OF EGM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM of SMIT Holdings Limited to be held at Room 4202-04, 42/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 4:00 p.m. on Thursday, 9 July 2026 is set out on pages 15 to 16 of this circular.

A letter from the Board is set out on pages 4 to 14 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

15 June 2026

CONTENTS

This document has both English and Chinese versions. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"Business Day"	a day (other than any Saturday or Sunday) on which banks in the PRC are generally open for business throughout their normal business hours
"Company"	SMIT Holdings Limited (國微控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2239)
"Completion"	the completion of the Equity Transfer Agreement
"Conditions Precedent"	the conditions precedent to the payment of the Second Instalment
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration in the sum of approximately RMB266.2 million for the Disposal
"Deposit"	the deposit to the Disposal which is an amount representing 10% of the Consideration
"Director(s)"	the director(s) of the Company
"Disposal"	the transfer of the Target Interest from the Vendor to the Purchaser in accordance with the terms of the Equity Transfer Agreement
"EDA"	electronic design automation
"Equity Transfer Agreement"	the equity transfer agreement dated 2 April 2026 entered into between the Vendor and the Purchaser in relation to the Disposal
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Independent Third Party"	a party who is not a connected person of the Company and is third party independent of the Company and the connected persons of the Company
"Latest Practicable Date"	14 June 2026 being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Huang"	Mr. Huang Xueliang (黃學良), the chairman, chief executive officer, executive Director and controlling shareholder of the Company
"PRC"	the People's Republic of China, which shall, for the purposes of this circular, exclude Hong Kong Special Administrative Region of the PRC, Macao Special Administrative Region of the PRC and Taiwan
"Purchaser"	Shanghai Linke Xinlun Venture Capital Partnership (Limited Partnership)* (上海臨科芯倫創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
"Remaining Group"	the Company and its subsidiaries after Completion
"RMB"	Renminbi, the lawful currency of the PRC
"Second Instalment"	the second instalment to the Consideration, representing 90% of the Consideration
"Share(s)"	ordinary share(s) with a nominal value of US$0.00002 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Shenzhen Giga"	Shenzhen Giga Design Automation Co., Ltd.* (深圳鴻芯微納技術有限公司), a company established under the laws of the PRC with limited liability
"Shenzhen Giga Group"	Shenzhen Giga and its subsidiaries
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Interest"	the RMB100 million registered capital in Shenzhen Giga subscribed by the Vendor, representing 7.8125% of the total registered capital and 8.9835% of the total paid-in capital of Shenzhen Giga
"Vendor"	SMIT Group Limited* (國微集團(深圳)有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

In this circular, unless the context requires otherwise, the terms "associate(s)", "connected person(s)", "percentage ratio(s)", "substantial shareholder(s)" and "subsidiary(ies)", shall have the meaning given to such terms in the Listing Rules.

* *for identification purpose only*

SMIT HOLDINGS LIMITED
國微控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2239)

Executive Directors:
Mr. Huang Xueliang *(Chairman and chief executive officer)*
Ms. Chen Ying

Non-executive Directors:
Mr. Kwan, Allan Chung-yuen
Mr. Cai Jing

Independent Non-executive Directors:
Mr. Jiang Chunqian
Mr. Woo Kar Tung, Raymond
Ms. Zhang Min

Registered Office:
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Headquarters and principal place of business in Hong Kong
Room 4202-04
42/F China Resources Building
26 Harbour Road
Wanchai, Hong Kong

15 June 2026

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF EQUITY INTEREST IN SHENZHEN GIGA
AND
NOTICE OF EGM

INTRODUCTION

The Board is pleased to announce that on 2 April 2026, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Interest at a consideration of approximately RMB266.2 million.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date:

2 April 2026

Parties:

(i) the Vendor; and

(ii) the Purchaser

The Disposal

As at the Latest Practicable Date, the Vendor holds 7.8125% of the total registered capital of Shenzhen Giga.

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Interest.

Consideration

The Consideration of the Disposal is approximately RMB266.2 million, which was arrived at after arm's length negotiations between parties to the Equity Transfer Agreement. The parties to the Equity Transfer Agreement have considered, among other things, the following factors:

(i) the historical financial performance and business condition of Shenzhen Giga, in particular that Shenzhen Giga incurred a loss for the year of US$23.3 million and US$22.5 million for the financial years ended 31 December 2023 and 2024, respectively;

(ii) the business prospects of Shenzhen Giga, in particular that the IC and related industries, including EDA, have been designated as national emerging industries under key PRC policy frameworks including the Software and Information Technology Sector Development Plan under the 14th Five-Year Plan (《十四五軟件和信息技術服務業發展規劃》) and the Report on the Work of the Government (《2026政府工作報告》), receiving significant government focus and support, and the EDA industry in the PRC is now entering a consolidation phase as the sector matures from an initial period of fragmented development with numerous smaller participants towards a market structure characterised by fewer, larger-scale platforms with more comprehensive full-flow EDA tool offerings; and

(iii) primarily, the consideration of approximately RMB1.32 billion paid by the Purchaser for the acquisition of 38.7357% of the total registered capital of Shenzhen Giga in December 2025 (the "**Previous Acquisition**"), which was determined through a public auction. In particular, the consideration payable per unit of registered capital of Shenzhen Giga in the Disposal is same as that of the Previous Acquisition.

The Consideration shall be settled by the Purchaser in two instalments in immediately available funds in the following manner:

(a) the Deposit, representing 10% of the Consideration, shall be paid within 5 Business Days after the date of the Equity Transfer Agreement; and

(b) the Second Instalment shall be paid within 10 Business Days after the satisfaction of the Conditions Precedent. For the avoidance of doubt, the Deposit will be treated as part of the Consideration on the date of payment of the Second Instalment.

Conditions Precedent

Payment of the Second Instalment is subject to the satisfaction or a waiver in writing by the Purchaser of the Conditions Precedent as follows:

(a) the Equity Transfer Agreement having been executed by the Vendor and the Purchaser and having taken effect;

(b) the Vendor having obtained all approval and consent (including the Shareholders' approval requirement required for the Company in relation to the Disposal (such condition cannot be waived by the Purchaser)) and such approval and consent remains entirely valid without substantially changing the commercial terms under the Equity Transfer Agreement as at the date of payment of the Second Instalment; the Vendor having complied with all disclosure and notification requirements in accordance with applicable laws and regulations;

(c) the Vendor not being subject to any judgment, arbitral award, ruling or injunction of any PRC law, court, arbitral institution or competent governmental authority that restricts, prohibits or rescinds the Disposal, and there is no pending or potential litigation, arbitration, judgment, arbitral award, ruling or injunction that has had or would have a material adverse effect on the Disposal;

(d) the representations and warranties given by the Vendor remaining true and accurate on (i) the date of the Equity Transfer Agreement and (ii) the date of payment of the Second Instalment with the same force and effect as if made on the date of the Equity Transfer Agreement, and all undertakings and agreements to be fulfilled by the Vendor on or before the payment date of the Second Instalment pursuant to the Equity Transfer Agreement having been fulfilled;

(e) the registered capital corresponding to the Target Interest held by the Vendor having been fully paid up, and the Target Interest is not subject to any pledge, freezing orders or any other circumstances which would affect the Disposal; and

(f) the Vendor having delivered to the Purchaser a certificate evidencing satisfaction of the Conditions Precedent, confirming that all Conditions Precedent have been satisfied.

If Completion does not take place within (a) nine months from the date of the Equity Transfer Agreement; or (b) six months from the date on which the Shareholders' approval is obtained (whichever is earlier), and the parties do not reach a mutual agreement to extend such period, then either party shall have the right to terminate the Equity Transfer Agreement, unless the failure to complete is caused by a party's breach and in such case the breaching party shall not have the right to terminate the Equity Transfer Agreement.

All of the Conditions Precedent are waivable by the Purchaser in writing, other than the Shareholders' approval requirement required for the Company in relation to the Disposal. As at the Latest Practicable Date, condition (a) has been satisfied and none of the Conditions Precedent has been waived. As at the Latest Practicable Date, the Company is not aware of any of the Conditions Precedent will be required to be waived.

Return of the Deposit

If the Disposal was not completed or the Equity Transfer Agreement was terminated due to reasons attributable solely to the Vendor (e.g. if the Vendor sells the Target Interest to another party in contravention of the Equity Transfer Agreement), the Vendor shall, within five Business Days upon the Purchaser serving written notice to the Vendor, return double the amount of the Deposit to the Purchaser. If the Vendor does not agree with Purchaser's view that the termination of the Equity Transfer Agreement was due to reasons attributable solely to the Vendor, and the parties fail to resolve through amicable negotiation, the dispute shall be resolved by arbitration pursuant to the Equity Transfer Agreement.

If the Disposal was not completed or the Equity Transfer Agreement was terminated due to reasons not attributable solely to the Vendor, the Vendor shall, within five Business Days upon the Purchaser serving written notice to the Vendor, return the amount of the Deposit to the Purchaser. For the avoidance of doubt, if the Disposal was not completed or the Equity Transfer Agreement was terminated due to reasons such as (i) the non-cooperation of the Shenzhen Giga and/or its shareholders; or (ii) the Company not being able to obtain the relevant approval required under the Listing Rules, the non-completion of the Disposal or the termination of the Equity Transfer Agreement will not be regarded as attributable solely due to the Vendor.

In particular, if the Disposal cannot be completed as a result of any shareholder(s) of the Shenzhen Giga other than the Purchaser proposing to the Vendor to purchase all or part of the Target Interest, the Vendor shall refund to the Purchaser in full the amount of the Deposit, and shall actively consult with the Purchaser and the other shareholder(s) of Shenzhen Giga to agree on a proposal in respect of the Disposal. If the parties fail to reach, within 30 Business Days from the date on which it is determined that the Disposal cannot be completed, a proposal satisfactory to all parties, each of the Vendor and the Purchaser shall have the right to unilaterally terminate the Equity Transfer Agreement by notice to the other party, and neither party shall bear any liability for breach.

Completion

Upon fulfillment (or waiver) of all the Conditions Precedent, Completion shall take place on the date of payment of the Second Instalment.

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Purchaser

The Purchaser is a venture capital fund established and registered in PRC, with its business scope limited to venture capital investment (restricted to unlisted enterprises). It focuses on investing in companies and enterprises in the field of integrated circuit electronic design automation software and its related upstream and downstream sectors through direct or indirect equity investment. Shanghai Lingang LKC Investment Co., Ltd.*(上海臨港科創投資管理有限公司)(“**Shanghai LKC**”) is the executive general partner and the fund manager of the Purchaser, holding approximately 0.0007% partnership interest in the Purchaser. Shanghai Xinhechuang No. 1 Private Equity Investment Fund Partnership (Limited Partnership)*(上海芯合創一號私募投資基金合夥企業(有限合夥)) (“**Shanghai Xinhechuang**”) and Primarius Technologies Co., Ltd.*(上海概倫電子股份有限公司) are the limited partners of the Purchaser, holding approximately 85.5873% and 14.4120% partnership interest in the Purchaser respectively.

Shanghai LKC is owned as to (i) 55% by Shanghai Lingzhi Enterprise Management Center (Limited Partnership)(上海靈致企業管理中心(有限合夥)), which is directly held as to 97.0588% by Wu Wei(吳巍), (ii) 30% by Shanghai Linchuang Investment Management Co., Ltd. (上海臨創投資管理有限公司), which is a PRC state-owned company, and (iii) 15% by Shenzhen Houwang Investment Management Co., Ltd.(深圳市厚望投資管理有限公司) (“**Shenzhen Houwang**”), which is held as to 99% by Zeng Zhijie(曾之傑).

Shanghai LKC is also the executive general partner and the fund manager of Shanghai Xinhechuang, holding approximately 0.136% partnership interest in Shanghai Xinhechuang. Shanghai Xinzhan Technology Co., Ltd.*(上海芯展科技有限公司) is the general partner of Shanghai Xinhechuang, holding approximately 0.045% partnership interest in Shanghai Xinhechuang. The limited partners of Shanghai Xinhechuang include Shanghai State-owned Capital Investment Master Fund Co., Ltd.*(上海國有資本投資母基金有限公司) (“**Shanghai State Fund**”) with approximately 45.372% partnership interest; and other limited partners each holding less than 30% partnership interest.

Shanghai State Fund is owned as to approximately 19.5027% by SAIC Motor (Group) Co., Ltd.*(上海汽車工業(集團)有限公司), 19.5027% by Shanghai State-owned Capital Investment Co., Ltd.*(上海國有資本投資有限公司)and other shareholders each holding not more than 10% interest in Shanghai State Fund.

Both of SAIC Motor (Group) Co., Ltd.*(上海汽車工業(集團)有限公司)and Shanghai State-owned Capital Investment Co., Ltd.*(上海國有資本投資有限公司)are controlled by the State-owned Assets Supervision and Administration Commission of Shanghai(上海市國有資產監督管理委員會).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

The Vendor

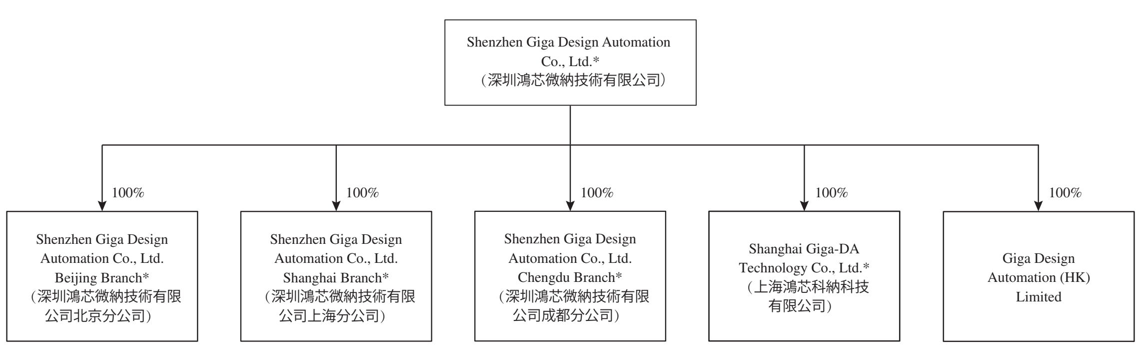
The Vendor is a wholly-owned subsidiary of the Company incorporated in the PRC with limited liability. It is the Company's principal operating subsidiary in the PRC and is mainly engaged in developing and marketing security devices such as CAMs (for the paid TV industry) and investment holding.

Shenzhen Giga Group

Shenzhen Giga was incorporated on 12 January 2018 and is a limited liability company established in the PRC. Shenzhen Giga and its subsidiaries were established to engage in the development of EDA design software.

Shenzhen Giga has a total registered capital of RMB1.28 billion, of which a total of RMB1.113 billion have been paid-in by its shareholders.

Set out below is the corporate structure of Shenzhen Giga Group as at the Latest Practicable Date:



Set out below is the shareholding structure of Shenzhen Giga (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Disposal:

	Shareholding percentage as at the Latest Practicable Date	Shareholding percentage immediately after completion of the Disposal
The Purchaser	38.7357%	46.5482%
Shenzhen Guide Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) *(Note)*	38.7357%	38.7357%
The Vendor	7.8125%	0%
Zhuhai Xinlinghui Technology Development Partnership (Limited Partnership) (珠海市芯瓴匯科技發展合夥企業(有限合夥))	7.0312%	7.0312%
Zhuhai Xinqichuang Technology Development Partnership (Limited Partnership) (珠海市芯啓創科技發展合夥企業(有限合夥))	7.0312%	7.0312%
Hongxin Venture Capital (Shenzhen) Enterprise (Limited Partnership) (鴻芯創投(深圳)企業(有限合夥))	0.6537%	0.6537%
Total	**100%**	**100%**

Note:

Shenzhen Guide Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) is wholly-owned by Shenzhen Finance Bureau (深圳市財政局).

Consolidated Financial Information on Shenzhen Giga Group

The following are the unaudited consolidated financial information on Shenzhen Giga Group for the two years ended 31 December 2024 and 2025 prepared in accordance with the HKFRS Accounting Standards.

	For the year ended 31 December 2024 *US$'000* *(unaudited)*	For the year ended 31 December 2025 *US$'000* *(unaudited)*
Loss before taxation	(22,482)	(33,953)
Loss after taxation	(22,482)	(33,953)

The unaudited net asset value of Shenzhen Giga Group as at 31 December 2025 was approximately US$21.8 million.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability. Its principal function is investment holding.

The Group is a leading security devices provider globally for pay-TV broadcasting access in the PRC. Meanwhile, the Group is also engaged in the following two business activities: (i) intelligent sense technology business which focuses on research, development and sales of smart sensing oriented products and solutions; and (ii) provision of integrated circuit solutions, including development and sales of integrated circuit products and related design services.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Shenzhen Giga was established in January 2018 as a vehicle to develop backend EDA tools, aligning with the Group's strategy to build a full-process EDA system. On 21 May 2019, the Vendor first acquired RMB10 million fully paid-up capital in Shenzhen Giga, representing approximately 0.99% equity interest in Shenzhen Giga at the time. Subsequently, in January 2020, the Vendor made a capital injection of RMB90 million in Shenzhen Giga such that the Vendor's interest in Shenzhen Giga increased to 9.09% immediately after such capital injection. Shenzhen Giga had subsequently conducted another round of fundraising in July 2021, which has diluted the Vendor's interest in Shenzhen Giga from 9.09% to 7.8125%. As of the Latest Practicable Date, the Group holds a minority stake of 7.8125% of the total registered capital of Shenzhen Giga. The IC and related industries, including EDA, have been designated as national strategic emerging industries receiving significant government focus and support. After years of development, the EDA industry is now entering a consolidation phase. The Disposal represents a good opportunity for the Group to dispose its interests at a considerable price and is in line with Shenzhen Giga's own strategic development needs and the Group's strategy of downsizing its EDA investment layout and is not expected to have any adverse impact on the Group's business as the Group has previously resolved to cease the research and development of EDA products, which are software and hardware services used by engineers to design, simulate and verify complex electronic system such as integrated circuits and printed circuit boards, in March 2022 in view of the substantial capital expenses required to sustain the development of EDA products. The Board views the Disposal a good exit opportunity and an appropriate time to liquidate the Group's investment in Shenzhen Giga at a higher consideration.

The Company's principal business activities do not rely on the products or services of Shenzhen Giga. Shenzhen Giga is engaged in the development of EDA design software, while the Group is a security devices provider globally for pay-TV broadcasting access. The principal business of Shenzhen Giga is different from that of the Group. The Group does not have any ongoing transaction with Shenzhen Giga. As mentioned above, the Group has previously ceased the research and development of EDA products. The Group's interest in Shenzhen Giga is investment in nature. Therefore, the Disposal is expected to have no adverse impact on the Group's own business activities.

The Directors (including all independent non-executive Directors) consider that the Disposal, the terms and conditions of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, Shenzhen Giga will cease to be an associated company of the Company. As such, the investment in Shenzhen Giga previously accounted for using the equity method on the consolidated financial statements of the Company will be derecognized.

The Company is expected to record an unaudited pre-tax gain on Disposal of approximately US$34.0 million. Such unaudited gain is estimated after taking into account of, among other things, (i) the Consideration of approximately US$38.6 million, representing an excess of US$36.9 million over the pro-rate 7.8125% net book value of Shenzhen Giga as at 31 December 2025; and (ii) the carrying amount of the investment in Shenzhen Giga of approximately US$4.4 million as at 31 December 2025. The Group is expected to (i) recognize the net proceeds from the Disposal of US$38.5 million as cash and cash equivalents and consideration receivables; and (ii) derecognize the carrying amount of the investment in Shenzhen Giga of approximately US$4.4 million as at 31 December 2025. As a result, the consolidated total assets of the Group is expected to increase by approximately US$34.1 million. The Disposal will have no financial impact to the Group's liability. The above expected financial effects are based on the exchange rate of USD 1 = RMB6.888, being the exchange rate prevailing as at 2 April 2026. The exact amount to be recorded in the financial statements is subject to audit, and therefore may be different from the figure provided above. Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only. The actual amount of pre-tax gain on the Disposal will depend on the finalized carrying amount of the investment in Shenzhen Giga accounted for using the equity method as of the Completion Date, the stamp duty payable and other transaction costs associated with the Disposal, and therefore may be different from the amount mentioned above. The financial effects, including the disposal gain, set out above in this paragraph differ from those presented in Appendix II – Unaudited Pro Forma Financial Information of the Remaining Group ("**Pro Forma Financial Information**"). The difference arises because the financial effects set out above in this paragraph represent a forward looking estimate, assuming the transaction occurs in 2026, whereas the Pro Forma Financial Information illustrates the financial effects as if the transaction had taken place in 2025. In particular, the exchange rates applied and the estimation of deductible tax losses vary between the two calculations.

INTENDED USE OF PROCEEDS

Net proceeds from the Disposal, which have deducted expenses in relation to the Disposal, are estimated to be approximately US$38.5 million.

See below a reconciliation of the net proceeds.

Item	*US$'000*
Consideration Note	38,648
Less:	
Stamp duty	(19)
Professional fees	(150)
Net Proceeds	**38,479**

Note:

The Consideration was converted to US$ using a conversion rate of US$1.00 to RMB6.888.

The Group intends to use 50% of the net proceeds for product research and development, in particular for the development of the light-sensing series products and flexible pressure-sensing products of our intelligent sense business for enhancing their product delivery capabilities and efficiency. The intelligent sensing business is a newly established sector of the Group in recent years focusing on cutting edge sensing technologies, with a wide range of potential applications such as EV battery safety, robotic skin sensing and optical sensing for drones. As the business remains in its development stage and is expected to be a key growth driver for the Group, the Group has been increasing its research and development expenditures to support product innovation and technology advancement, such as research and development collaboration with potential customers, prototype development, obtaining certifications and ongoing improvement of existing technology. 15% of the net proceeds for sales and marketing and 35% of the net proceeds as general working capital (of which approximately 11.9% as salary payment, approximately 10.5% for procurement of raw materials, 5.3% for increasing the credit line of the Group's customers, approximately 2.6% as rental and utilities payment, approximately 2.6% as professional fees and approximately 2.1% for other operating costs).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is over 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and circular and Shareholders' approval requirements under the Listing Rules.

Any Shareholder with a material interest in the Disposal is required to abstain from voting on the resolution to be passed at the EGM.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. Thus, no Shareholders are required to abstain from voting in favour of the resolution approving the Disposal.

EGM

The EGM will be convened and held at Room 4202-04, 42/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, at 4:00 p.m. on Thursday, 9 July 2026, for the purpose of considering and, if thought fit, approving, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder.

The notice of EGM is set out on pages 15 to 16 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

For determining the entitlement to attend and vote at the EGM, the transfer books and register of members will be closed from Monday, 6 July 2026 to Thursday, 9 July 2026, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 3 July 2026.

RECOMMENDATION

The Board (including the independent non-executive Directors) is of the view that terms of the Equity Transfer Agreement are fair and reasonable and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution set out in the notice of EGM enclosed with this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Completion of the Disposal is subject to the fulfilment of certain conditions precedent and therefore may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares of the Company.

By order of the Board
SMIT Holdings Limited
Huang Xueliang
Chairman

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the three years ended 31 December 2023, 2024 and 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.smit.com.cn).

- 2025 Annual Report, pages 178 to 323:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0415/2026041500362.pdf

- 2024 Annual Report, pages 148 to 291:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041700871.pdf

- 2023 Annual Report, pages 145 to 283:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001817.pdf

2. REVIEW OF FINANCIAL INFORMATION OF THE GROUP

The Company has engaged PricewaterhouseCoopers, the reporting accountant, to review the historical financial information of the Group set out on pages I-2 to I-16 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and with reference to Practice Note 750, "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal", issued by the HKICPA. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unmodified review report.

CONSOLIDATED INCOME STATEMENTS OF THE GROUP

	Year ended 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
Revenue	14,711,323	13,975,441	22,471,495
Cost of sales	(6,975,303)	(6,446,590)	(14,094,987)
Gross profit	7,736,020	7,528,851	8,376,508
Other gains/(losses), net	26,933,781	(9,724,152)	11,588,046
Other income	3,431,996	6,306,469	7,220,330
Research and development expenses	(9,802,627)	(10,867,929)	(11,230,204)
Selling and distribution expenses	(1,788,867)	(1,608,985)	(1,395,915)
General and administrative expenses	(6,412,630)	(6,504,017)	(7,379,800)
Net reversal of/(provision for) impairment losses on financial assets	206,427	(323,565)	(141,997)
Operating profit/(loss)	20,304,100	(15,193,328)	7,036,968
Finance income	457,894	508,866	522,073
Finance costs	(65,708)	(58,860)	(325,583)
	392,186	450,006	196,490
Share of net losses of investments accounted for using the equity method	(19,757,680)	(23,622,992)	(23,231,911)
Profit/(loss) before income tax	938,606	(38,366,314)	(15,998,453)
Income tax expense	(5,430,760)	(505,848)	1,829,586
Loss for the year	(4,492,154)	(38,872,162)	(14,168,867)
Loss is attributable to:			
Owners of the Company	(5,299,430)	(38,455,888)	(13,896,736)
Non-controlling interests	807,276	(416,274)	(272,131)
	(4,492,154)	(38,872,162)	(14,168,867)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE GROUP

	Year ended 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
Loss for the year	(4,492,154)	(38,872,162)	(14,168,867)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Translation differences	1,819,346	(1,231,997)	(1,941,568)
Share of translation differences of investments accounted for using the equity method	240,598	(387,146)	(483,353)
Item that has been reclassified to profit or loss			
Exchange reserve released upon disposal of an investment accounted for using the equity method	(196,094)	–	300,310
Exchange reserve released upon dissolution of a subsidiary	–	–	239
Other comprehensive income/(loss) for the year, net of tax	1,863,850	(1,619,143)	(2,124,372)
Total comprehensive loss for the year	(2,628,304)	(40,491,305)	(16,293,239)
Attributable to:			
Owners of the Company	(3,462,027)	(40,057,422)	(16,001,084)
Non-controlling interests	833,723	(433,883)	(292,155)
	(2,628,304)	(40,491,305)	(16,293,239)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

	As at 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
ASSETS			
Non-current assets			
Property, plant and equipment	2,186,660	2,468,361	3,274,286
Right-of-use assets	1,779,957	1,314,695	814,383
Other intangible assets	14,817,461	17,530,277	21,476,755
Goodwill	6,107,757	5,972,151	6,061,277
Deposits and prepayments	281,349	198,721	423,165
Investments accounted for using the equity method	33,680,290	78,851,662	103,660,981
Financial assets at fair value through profit or loss	37,755,908	14,663,698	24,769,727
Deferred income tax assets	1,094,463	1,042,408	1,555,991
	97,703,845	122,041,973	162,036,565
Current assets			
Inventories	3,999,517	3,526,338	4,267,405
Trade and other receivables, deposits and prepayments	34,083,666	6,560,480	9,067,224
Cash and cash equivalents	19,017,574	19,071,504	20,567,731
	57,100,757	29,158,322	33,902,360
Total assets	154,804,602	151,200,295	195,938,925
EQUITY AND LIABILITIES			
Equity			
Share capital	6,499	6,499	6,499
Share premium	101,854,721	102,271,300	102,687,878
Merger reserve	(48,810,141)	(48,810,141)	(48,810,141)
Share-based payment reserve	14,240,109	14,240,109	14,240,109
Statutory reserve	11,741,359	11,741,359	11,741,359
Retained earnings	47,312,101	52,611,531	91,067,419
Capital reserve	1,212,543	1,212,543	1,212,543
Exchange reserve	(2,319,482)	(4,156,885)	(2,555,351)
Capital and reserves attributable to owners of the Company	125,237,709	129,116,315	169,590,315
Non-controlling interests	2,306,503	1,472,780	1,906,663
Total equity	127,544,212	130,589,095	171,496,978

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP (CONTINUED)

	As at 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
Liabilities			
Non-current liabilities			
Lease liabilities	648,506	584,294	270,670
Provision of reinstatement cost	112,510	–	51,819
Deferred income	10,345,734	12,842,659	16,734,087
Deferred income tax liabilities	2,533,260	–	–
	13,640,010	13,426,953	17,056,576
Current liabilities			
Trade payables	1,701,120	912,879	768,202
Accruals and other payables	9,783,247	4,340,558	3,676,643
Contract liabilities	763,598	633,931	1,360,038
Deferred income	223,406	550,144	982,713
Lease liabilities	1,149,009	746,735	597,775
	13,620,380	7,184,247	7,385,371
Total liabilities	27,260,390	20,611,200	24,441,947
Total equity and liabilities	154,804,602	151,200,295	195,938,925

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP

	Attributable to owners of the Company										
	Share capital *USD*	Share premium *USD*	Merger reserve *USD*	Share-based payment reserve *USD*	Statutory reserve *USD*	Capital reserve *USD*	Exchange reserve *USD*	Retained earnings *USD*	Total *USD*	Non-controlling interests *USD*	Total equity *USD*
Balance at 1 January 2023	6,408	101,222,551	(48,810,141)	15,500,030	11,741,359	1,212,543	(451,003)	104,964,155	185,385,902	2,198,818	187,584,720
For the year ended 31 December 2023											
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	(13,896,736)	(13,896,736)	(272,131)	(14,168,867)
Translation differences	–	–	–	–	–	–	(1,941,568)	–	(1,941,568)	–	(1,941,568)
Share of translation differences of investments accounted for using the equity method	–	–	–	–	–	–	(463,329)	–	(463,329)	(20,024)	(483,353)
Exchange reserve released upon deemed disposal of investments accounted for using the equity method	–	–	–	–	–	–	300,310	–	300,310	–	300,310
Exchange reserve released upon dissolution of a subsidiary	–	–	–	–	–	–	239	–	239	–	239
Total comprehensive loss for the year	–	–	–	–	–	–	(2,104,348)	(13,896,736)	(16,001,084)	(292,155)	(16,293,239)
Transactions with owners, recognised directly in equity											
Exercise of share options	91	1,874,426	–	(1,259,921)	–	–	–	–	614,596	–	614,596
Dividend relating to 2022 paid in June 2023	–	(409,099)	–	–	–	–	–	–	(409,099)	–	(409,099)
	91	1,465,327	–	(1,259,921)	–	–	–	–	205,497	–	205,497
Balance at 31 December 2023	6,499	102,687,878	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,555,351)	91,067,419	169,590,315	1,906,663	171,496,978
Representing:											
Capital	6,499	–	–	–	–	–	–	–	6,499	–	6,499
Reserves	–	102,272,135	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,555,351)	91,067,419	169,168,073	–	169,168,073
Non-controlling interests	–	–	–	–	–	–	–	–	–	1,906,663	1,906,663
2023 final dividend proposed	–	415,743	–	–	–	–	–	–	415,743	–	415,743
	6,499	102,687,878	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,555,351)	91,067,419	169,590,315	1,906,663	171,496,978

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP (CONTINUED)

	Attributable to owners of the Company										
	Share capital	Share premium	Merger reserve	Share-based payment reserve	Statutory reserve	Capital reserve	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	USD	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*
Balance at 1 January 2024	6,499	102,687,878	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,555,351)	91,067,419	169,590,315	1,906,663	171,496,978
For the year ended 31 December 2024											
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	(38,455,888)	(38,455,888)	(416,274)	(38,872,162)
Translation differences	–	–	–	–	–	–	(1,231,997)	–	(1,231,997)	–	(1,231,997)
Share of translation differences of investments accounted for using the equity method	–	–	–	–	–	–	(369,537)	–	(369,537)	(17,609)	(387,146)
Total comprehensive loss for the year	–	–	–	–	–	–	(1,601,534)	(38,455,888)	(40,057,422)	(433,883)	(40,491,305)
Transactions with owners, recognised directly in equity											
Dividend relating to 2023 paid in June 2024	–	(416,578)	–	–	–	–	–	–	(416,578)	–	(416,578)
Balance at 31 December 2024	6,499	102,271,300	(48,810,141)	14,240,109	11,741,359	1,212,543	(4,156,885)	52,611,531	129,116,315	1,472,780	130,589,095
Representing:											
Capital	6,499	–	–	–	–	–	–	–	6,499	–	6,499
Reserves	–	101,852,709	(48,810,141)	14,240,109	11,741,359	1,212,543	(4,156,885)	52,611,531	128,691,225	–	128,691,225
Non-controlling interests	–	–	–	–	–	–	–	–	–	1,472,780	1,472,780
2024 final dividend proposed	–	418,591	–	–	–	–	–	–	418,591	–	418,591
	6,499	102,271,300	(48,810,141)	14,240,109	11,741,359	1,212,543	(4,156,885)	52,611,531	129,116,315	1,472,780	130,589,095

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE GROUP (CONTINUED)

	Attributable to owners of the Company										
	Share capital *USD*	Share premium *USD*	Merger reserve *USD*	Share-based payment reserve *USD*	Statutory reserve *USD*	Capital reserve *USD*	Exchange reserve *USD*	Retained earnings *USD*	Total *USD*	Non-controlling interests *USD*	Total equity *USD*
Balance at 1 January 2025	6,499	102,271,300	(48,810,141)	14,240,109	11,741,359	1,212,543	(4,156,885)	52,611,531	129,116,315	1,472,780	130,589,095
For the year ended 31 December 2025											
Comprehensive loss											
(Loss)/profit for the year	–	–	–	–	–	–	–	(5,299,430)	(5,299,430)	807,276	(4,492,154)
Translation differences	–	–	–	–	–	–	1,795,049	–	1,795,049	24,297	1,819,346
Share of translation differences of investments accounted for using the equity method	–	–	–	–	–	–	229,479	–	229,479	11,119	240,598
Exchange reserve released upon disposal of an investment accounted for using the equity method	–	–	–	–	–	–	(187,125)	–	(187,125)	(8,969)	(196,094)
Total comprehensive loss for the year	–	–	–	–	–	–	1,837,403	(5,299,430)	(3,462,027)	833,723	(2,628,304)
Transactions with owners, recognised directly in equity											
Dividend relating to 2024 paid in June 2025	–	(416,579)	–	–	–	–	–	–	(416,579)	–	(416,579)
Balance at 31 December 2025	6,499	101,854,721	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,319,482)	47,312,101	125,237,709	2,306,503	127,544,212
Representing:											
Capital	6,499	–	–	–	–	–	–	–	6,499	–	6,499
Reserves	–	101,437,173	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,319,482)	47,312,101	124,813,662	–	124,813,662
Non-controlling interests	–	–	–	–	–	–	–	–	–	2,306,503	2,306,503
2025 final dividend proposed	–	417,548	–	–	–	–	–	–	417,548	–	417,548
	6,499	101,854,721	(48,810,141)	14,240,109	11,741,359	1,212,543	(2,319,482)	47,312,101	125,237,709	2,306,503	127,544,212

CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE GROUP

	2025	2024	2023
	USD	*USD*	*USD*
Cash flows from operating activities			
Cash used in operations	(5,204,699)	(406,517)	(8,745,819)
Interest paid	(59,981)	(58,860)	(345,801)
Income tax paid	(759)	(7,745)	(3,457,212)
Net cash used in operating activities	(5,265,439)	(473,122)	(12,548,832)
Cash flows from investing activities			
Distribution from an investment accounted for using the equity method	636,346	43,129	1,943,628
Purchase of property, plant and equipment	(632,878)	(285,194)	(449,684)
Proceeds from disposal of property, plant and equipment	241	4,601	608,282
Distribution from fund investment	–	106,000	–
Proceeds from disposal of financial assets at fair value through profit or loss	227,806	–	–
Interest income received	439,906	508,866	522,073
Purchases of other intangible assets	–	(4,549)	(7,010)
Deposit received in connection with the disposal of S2C Shanghai	6,002,659	–	–
Net cash generated from investing activities	6,674,080	372,853	2,617,289
Cash flows from financing activities			
Payment for dividend	(416,579)	(416,578)	(409,099)
Repayment of bank borrowings	–	–	(16,713,038)
Exercise of share options	–	–	614,596
Principal elements of lease payments	(1,080,906)	(941,452)	(574,765)
Net cash used in financing activities	(1,497,485)	(1,358,030)	(17,082,306)
Net decrease in cash and cash equivalents	(88,844)	(1,458,299)	(27,013,849)
Cash and cash equivalents at beginning of year	19,071,504	20,567,731	48,232,794
Effect of exchange rate changes on cash and cash equivalents	34,915	(37,928)	(651,214)
Cash and cash equivalents at end of year	19,017,574	19,071,504	20,567,731

NOTES TO THE FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION

SMIT Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") principally engage in the following activities:

– development and sales of conditional access modules that enable secure distribution and delivery of digital content to television;

– research, development and sales of smart sensing-oriented products and solution; and

– other businesses focusing on integrated circuit solutions and new energy sector.

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. The address of its registered office in the Cayman Islands is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its registered office in the People's Republic of China (the "**PRC**") is 22/F, Guoshi Building, No. 1801, Sha He Xi Avenue, Nanshan, PRC.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Shenzhen Giga Design Automation Co., Ltd. (the "**Disposal Company**") is an associate of the Company and is a limited liability company incorporated in the PRC on 12 January 2018. The Disposal Company and its subsidiaries (the "**Disposal Group**") are engaged in the development of EDA design software. The Company is proposing to dispose of its 8.98% equity interest in the Disposal Company. Upon completion of the disposal, the Disposal Group will cease to be an associate of the Company, and the remaining businesses of the Company excluding the Disposal Group are referred to as the "Remaining Group".

The consolidated financial statements are presented in United States dollars ("**USD**"), unless otherwise stated.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in this circular. It does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or a complete set of interim financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and should be read in conjunction with the annual report of the Company for the years ended 31 December 2023, 2024 and 2025.

The amounts included in the unaudited financial information for each of the three years ended 31 December 2023, 2024 and 2025 (“**Relevant Periods**”) have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries adopted in the preparation of the Company’s annual consolidated financial statements for the years ended 31 December 2023, 2024 and 2025, which conform with HKFRS Accounting Standards as issued by the HKICPA.

3. CARRYING AMOUNT OF INVESTMENTS IN DISPOSAL GROUP AND SHARE OF NET LOSSES OF THE DISPOSAL GROUP

The Disposal Group was an associated company of the Group and classified as an investment accounted for using the equity method during the Relevant Periods.

Included in the investments accounted for using the equity method on the consolidated statements of financial position of the Group, the carrying amount of the investment in Disposal Group was approximately US$4.4 million, US$7.1 million and US$9.1 million as at 31 December 2025, 2024 and 2023, respectively.

Included in the share of net losses of investments accounted for using the equity method on the consolidated income statements of the Group, the share of net losses of the Disposal Group was approximately US$2.9 million, US$1.8 million and US$1.9million for the years ended 31 December 2025, 2024 and 2023, respectively.

4. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below are the unaudited consolidated statements of financial position of the Disposal Group as at 31 December 2023, 2024 and 2025, and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Disposal Group for the Relevant Periods.

The unaudited consolidated financial information is presented in USD.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE DISPOSAL GROUP

	(Unaudited) Year ended 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
Revenue	14,226,526	10,926,854	13,818,161
Cost of sales	(472,361)	(1,232,173)	(230,679)
Gross profit	13,754,165	9,694,681	13,587,482
Other income and gain/loss, net	1,804,965	7,030,440	2,394,690
Research and development expenses	(30,260,261)	(32,618,112)	(32,718,380)
Selling and distribution expenses	(3,776,221)	(3,766,672)	(3,562,128)
General and administrative expenses	(2,850,529)	(2,927,215)	(3,694,595)
Net reversal of/(provision for) impairment losses on financial assets	108,416	(13,007)	149,675
Provision for impairment losses on intangible assets	(12,665,584)	–	
Operating loss	(33,885,049)	(22,599,885)	(23,843,256)
Finance income	59,421	187,681	757,130
Finance cost	(126,986)	(69,359)	(250,941)
	(67,565)	118,322	506,189
Loss before income tax	(33,952,614)	(22,481,563)	(23,337,067)
Income tax expense	–	–	–
Loss for the year	(33,952,614)	(22,481,563)	(23,337,067)
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss			
Translation differences	684,292	(957,727)	(1,899,296)
Other comprehensive income/(loss) for the year, net of tax	684,292	(957,727)	(1,899,296)
Total comprehensive loss for the year	(33,268,322)	(23,439,290)	(25,236,363)

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DISPOSAL GROUP

	(Unaudited)		
	Year ended 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
ASSETS			
Non-current assets			
Property, plant and equipment	2,266,045	3,216,905	2,992,833
Right-of-use assets	871,800	1,761,064	1,242,636
Other intangible assets	1,095,482	17,321,559	20,199,391
Deposits and prepayments	1,408,491	41,734	688,802
Restricted cash	–	–	25,733,835
	5,641,818	22,341,262	50,857,497
Current assets			
Financial assets at fair value through profit or loss	42,682	6,955,651	21,178,364
Trade and other receivables, deposits and prepayments	4,045,171	2,952,523	16,896,483
Cash and cash equivalents	5,705,968	18,687,848	18,892,327
Restricted cash	37,441,295	36,583,832	12,130,947
	47,235,116	65,179,854	69,098,121
Total assets	52,876,934	87,521,116	119,955,618

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE DISPOSAL GROUP (CONTINUED)

	(Unaudited)		
	Year ended 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
EQUITY AND LIABILITIES			
Equity			
Share capital	161,061,957	161,061,957	161,061,957
Share premium	304,371	304,371	304,371
Retained earnings	(135,992,867)	(102,040,253)	(79,558,690)
Exchange reserve	(3,545,179)	(4,229,471)	(3,271,744)
Total equity	21,828,282	55,096,604	78,535,894
Liabilities			
Non-current liabilities			
Contract liabilities	11,718,832	21,340,481	21,436,681
Lease liabilities	108,328	891,503	598,051
	11,827,160	22,231,984	22,034,732
Current liabilities			
Bank borrowings	10,670,385	–	–
Contract liabilities	190,031	172,246	8,436,747
Lease liabilities	635,169	768,077	514,894
Other payable and accruals	7,725,907	9,252,205	10,433,351
	19,221,492	10,192,528	19,384,992
Total liabilities	31,048,652	32,424,512	41,419,724
Total equity and liabilities	52,876,934	87,521,116	119,955,618

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE DISPOSAL GROUP

	Share capital *USD*	Share premium *USD*	Exchange reserve *USD*	Retained earnings *USD*	Total *USD*
Balance at 1 January 2023	161,061,957	304,371	(1,372,448)	(56,221,623)	103,772,257
Loss for the year	–	–	–	(23,337,067)	(23,337,067)
Translation differences	–	–	(1,899,296)	–	(1,899,296)
Balance at 31 December 2023	161,061,957	304,371	(3,271,744)	(79,558,690)	78,535,894
Balance at 1 January 2024	161,061,957	304,371	(3,271,744)	(79,558,690)	78,535,894
Loss for the year	–	–	–	(22,481,563)	(22,481,563)
Translation differences	–	–	(957,727)	–	(957,727)
Balance at 31 December 2024	161,061,957	304,371	(4,229,471)	(102,040,253)	55,096,604
Balance at 1 January 2025	161,061,957	304,371	(4,229,471)	(102,040,253)	55,096,604
Loss for the year	–	–	–	(33,952,614)	(33,952,614)
Translation differences	–	–	684,292	–	684,292
Balance at 31 December 2025	161,061,957	304,371	(3,545,179)	(135,992,867)	21,828,282

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE DISPOSAL GROUP

	Year ended 31 December		
	2025	**2024**	**2023**
	USD	*USD*	*USD*
Cash flows from operating activities			
Cash used in operations	(29,114,954)	(24,747,574)	6,456,308
Interest paid	(80,143)	–	–
Net cash (used in)/generated from operating activities	(29,195,097)	(24,747,574)	6,456,308
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(414,192)	(2,744,818)	(2,220,815)
Proceeds from disposal of property, plant and equipment	995	839	–
Purchase of financial assets at fair value through profit or loss	(11,201,815)	(101,918,887)	(313,515,201)
Proceeds from disposal of financial assets at fair value through profit or loss	18,202,949	130,034,442	322,026,925
Interest income received	59,421	187,681	846,636
(Placement)/release of restricted cash	(831,117)	1,280,949	(37,864,781)
Net cash generated from/(used in)investing activities	5,816,241	26,840,206	(30,727,236)
Cash flows from financing activities			
Proceeds from bank borrowings	10,501,701	–	–
Principal elements of lease payments	(1,059,286)	(985,966)	(1,501,440)
Net cash generated from/(used in) financing activities	9,442,415	(985,966)	(1,501,440)
Net (decrease)/increase in cash and cash equivalents	(13,936,442)	1,106,666	(25,772,368)
Cash and cash equivalents at beginning of year	18,687,848	18,892,327	46,612,011
Effect of exchange rate changes on cash and cash equivalents	954,562	(1,311,145)	(1,947,316)
Cash and cash equivalents at end of year	5,705,968	18,687,848	18,892,327

3. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had (i) secured bank loans of approximately USD1.5 million, were secured by the corporate guarantee of a subsidiary of the Company, (ii) lease liabilities of approximately USD2.2 million, (iii) unutilised banking facilities of approximately USD7.3 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 April 2026, the Group did not have any other debt securities issued and outstanding or authorized or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group, including the internally generated funds and available banking facilities, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular.

5. NO MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading position or outlook of the Group since 31 December 2025 (being the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group is a leading security devices provider globally for pay-TV broadcasting access. It designs, develops and markets security devices primarily for the pay-TV industry worldwide through sales of conditional access modules, or CAMs, products which provide end users with access to pay-TV content.

The Group is also engaged in intelligent sense technology business which focuses on research, development and sales of smart sensing-oriented products and solutions; and other businesses focusing on integrated circuit (“**IC**”) solution and new energy sectors.

The burgeoning development of artificial intelligence infrastructure, third-generation semiconductors and automotive chips is propelling global semiconductor industry sales towards a historic peak. The transformation of the market ecosystem has also altered the direction of concentrated resource and capital investment, while geopolitical influences have significantly driven the restructuring of the chip industry’s landscape. The Group has transcended its traditional mindset centred on consumer electronics chips, seizing on cutting-edge trends and policy directions to actively pioneer new business ventures and explore diverse avenues for transformation.

Regarding the Group's CAM business, the Group will maintain product market share in Europe while expanding new operator clients; drive the implementation of USB CAM product projects in emerging markets; domestically, the Group will expand sales of USB Dongle products for operators' integrated TV and cable one-way gateway projects, track opportunities in domestic hotel retrofit projects, and pursue sales of domestic security engineering cards. For product R&D, the Group will expand into the IP operator market and complete products compliant with IP video services; monitor demand for security feature upgrades in the cryptography industry and CA products, and initiate relevant product projects. For emerging smart hardware operations, the Group will complete product projects for spatial precision positioning and directional communication applications, achieve domestic sales, and expand overseas sales channels.

Within the smart sensing business, the Group will maintain leading edge collaborations on pressure-sensing products, while enhancing delivery capabilities and efficiency. Efforts will focus on increasing R&D reuse rates and horizontal replication of standard products to uncover further business opportunities. For optical-sensing products, the Group will capitalise on the scaling opportunities in the drone market, explore the robotics sector, and strive to secure more client projects. Building upon a refined product matrix and strengthened production/supply chain foundations, the focus will remain on technological breakthroughs, scenario expansion, capacity optimisation, and industrial chain synergy.

For other businesses, the Group will adjust our new energy business strategy to focus on commercial and industrial energy storage products for overseas markets. The Group will leverage proprietary EMS and cloud management platforms to provide customized services. Simultaneously, the Group will develop smart hardware and a cloud platform based on the technical foundation of the new energy cloud platform system.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

It is expected that the Disposal will not give rise to any material adverse impact to the operations of the Remaining Group.

Set out below is the management discussion and analysis of the Remaining Group for each of the three years ended 31 December 2023, 2024 and 2025 as derived from the financial results of the Remaining Group included in this circular for each of the three years ended 31 December 2023, 2024 and 2025 respectively.

For the year ended 31 December 2023

Business review

The Remaining Group is a leading security devices provider globally for pay-TV broadcasting access. It designs, develops and markets security devices primarily for the pay-TV industry worldwide through sales of conditional access modules, or CAMs, products which provide end users with access to pay-TV content.

The Remaining Group actively developed the semi-conductor IC smart technology business, gradually expanded into the two main new business lines of cloud service and integrated circuit (“**IC**”) solutions.

CAM

For the year ended 31 December 2023, the Remaining Group recorded revenue of approximately USD14.1 million from CAM, around 2.8% more than last year, and accounted for around 62.5% of the Remaining Group’s total revenue. The European market (excluding Russia) remained the largest market for the Remaining Group’s CAM sales business, and made up around 54.4% of total CAM sales, which was approximately 16.3% less than the previous year. The share of revenue from Russia accounts for about 1.2% of CAM’s total sales, which decreased about 63.1% year on year. Other emerging markets, accounted for approximately 9.6% of the Remaining Group’s total CAM sales, reported a year-on-year decrease of around 32.5%. The Mainland China market contributed approximately 34.9% of the Remaining Group’s total CAM sales, representing an increase of around 132.9% year-on-year.

With a decline in sales volume in Europe, the top CAM market, the demand from operators in Western Europe and the Balkans in Eastern Europe was sluggish. In other major regions, Turkish operators were in the process of switching to cardless CAMs during the year, and were still digesting their inventories; the Romanian operators changed Conditional Access (CA), and despite the increase in sales volume, the unit price of the product decreased, and in the coming year, they will pursue the new projects they have landed in Portugal and Spain; while the demand for CI+1.4 CAMs from Austrian and German operators increased, and sales in Northern Europe also grew.

Due to the Russia-Ukraine conflict, the former CA withdrew from the Russian market and thus the annual sales remained unrecovered. The Russian operators commenced shift to China’s CA, which contributed to a certain amount of new orders for the period. The former largest customer in Russia is scheduled for switch to CA suppliers, and is expected to complete the tender in 2024, which is expected to bring incremental orders. The year-on-year decline in emerging markets was mainly due to the decline in demand from Uzbekistan, Saxony and African operators.

The domestic market year-on-year growth still comes from the engineering card sales, the order increment benefited from the operator switching CA, the bulk orders of national security products, as well as the Beijing important radio and television platform enhancement and renovation. The domestic USB Dongle hotel project has made substantial progress this year, and the annual shipment has increased significantly year-on-year. In 2024, the opportunities for new domestic engineering card projects are focused on the localization of CA by satellite retransmission operators, which is expected to further promote the sales of domestic engineering cards.

Since August 2023, the National Radio and Television Administration, jointly with the relevant departments, launched a pilot project on "Managing complex issues of TV 'matryoshka doll' fees and operations". In November, "understanding card" for TV viewing was issued and illegal IP live streaming APPs were shut down. The USB Dongle solution of the Remaining Group, which is an external hardware solution available for mass production, has been officially recognized as the best alternative solution for the existing television. At present, we have already demonstrated the USB Dongle program to relevant departments, and have maintained communication and policy updates. Another new network IP platform with full-service solution is in progress, and is expected to be implemented in the first batch of two major provincial broadcasters.

Cloud Services

The Remaining Group started to engage in the business of verification cloud services on efficient design in 2020. The existing cloud services business mainly provides remote verification services of calculation capability to customers through the centralized deployment of front-end verification tools for integrated circuit design.

For the year ended 31 December 2023, revenue from the Remaining Group's cloud services was approximately USD0.9 million, representing approximately 4.2% of the total revenue, representing a decrease of around 75.6% year-on-year as a result of the completion of a major service contract in 2023.

IC Solutions

For the year ended 31 December 2023, revenue from the Remaining Group's IC solutions was approximately USD7.5 million, representing approximately 33.2% of the total revenue. Research and development expenses were approximately USD7.0 million, representing approximately 31.3% of the total revenue. The research and development expenses of the IC solution mainly included the R&D staff cost, depreciation and amortization, approximately USD6.7 million.

During the year, the Remaining Group's smart sensing solution production line continued to innovate, from head-mounted devices to robot service solutions, a full range of optical sensors have been unveiled at major exhibitions, and gradually pilot production in various leading enterprises. Our products are currently mature, and we are applying for various industry standard qualifications in parallel, striving to achieve the industry's outstanding certifications.

Financial review

Revenue

For the year ended 31 December 2023, the Remaining Group generated revenue of USD22.5 million, representing a decrease of around 23.6% compared with 2022. The decrease in revenue is mainly attributable to the decline of the revenue of IC solutions. The following table shows revenue breakdown by business segments:

	Year ended 31 December				
	2023		**2022**		
	US$ Million	*%*	*US$ Million*	*%*	*Change in %*
CAM	**14.1**	**62.5**	13.7	46.5	2.8
Cloud services	**0.9**	**4.2**	3.9	13.2	-75.6
IC solutions	**7.5**	**33.2**	11.9	40.3	-37
	22.5	**100**	29.4	100	-23.6

Gross Profit and Gross Profit Margin

Gross profit amounted to USD8.4 million for the year ended 31 December 2023, representing a decrease of 31.0% compared with 2022, mainly due to the drop in revenue of IC solution business. Gross profit margin amounted to 37.3% (2022: 41.3%), which was mainly attributable to the decline in gross profit margin of IC solutions business.

Other Income

Other income mainly include government subsidies in research and development. For the year ended 31 December 2023, other income were USD7.2 million, decreased by 72.7% compared with 2022, which was mainly due to the completion of certain major government projects in prior year.

Research and Development Expenses

Research and development expenses mainly include salaries and benefits of the Remaining Group's research and development staff, rental and office expenses, CA certification fees, professional service fees and transportation and lodging. During the year ended 31 December 2023, research and development expenses decreased by 70.5% to USD11.2 million as compared to last year, mainly due to the disposal of two major subsidiaries engaging in the IC solutions business in the fourth quarter of 2022, resulting in significant reduction in the Remaining Group's overall research and development expenses.

Selling and Distribution Expenses

Selling and distribution expenses mainly include salaries and benefits of sales and marketing staff, marketing, training and promotion expenses, travel and entertainment and rental and office expenses. For the year ended 31 December 2023, sales and distribution expenses amounted to USD1.4 million, representing a decrease of 13.2% as compared to 2022, mainly due to the disposal of two major subsidiaries engaging in the IC solutions business in the fourth quarter of 2022, resulting in reduction in the Remaining Group's overall selling and distribution expenses.

General and Administrative Expenses

General and administrative expenses mainly include salaries and benefits of management, administrative and finance staff, professional service fees, rental and office expenses, provision for impairment of trade receivables, and travel and entertainment. For the year ended 31 December 2023, general and administrative expenses amounted to USD7.4 million, representing a decrease of 36.0% compared to last year, mainly due to the disposal of two major subsidiaries engaging in the IC solutions business in the fourth quarter of 2022, resulting in reduction in the Remaining Group's overall general and administrative expenses.

Income Tax Credit/Expense

Income tax expense consists of PRC corporate income tax and Hong Kong profits tax for PRC and Hong Kong subsidiaries of the Remaining Group respectively. Income tax expenses changed from a tax expense of USD$10.1 million for the year ended 31 December 2022 to an income tax credit amounted to US$1.8 million for the year ended 31 December 2023, which was mainly resulted from the over-provision of income tax payable for the year ended 31 December 2022 arising from a one-off preferential tax rate granted by PRC tax authority.

Loss for the Year

Loss for the year ended 31 December 2023 amounted to USD12.2 million, compared with a profit of USD58.7 million for the year ended 31 December 2022. The loss for the year ended 31 December 2023 is mainly attributable to the absence of a one-off gain on disposal of two major subsidiaries of approximately USD86 million completed during the year ended 31 December 2022 and the increased share of losses of our investee companies as a result of their continuous investment in research and development activities.

Liquidity, Financial Resources and Debt Structure

The Remaining Group maintains prudent treasury policy and financial risk management, sufficient banking facilities and bank balances are available to meet the cash needs of the Remaining Group's operations and research and development activities. Liquidity and cash flow needs of Remaining Group are regularly and timely reviewed by the financial department and management.

The Remaining Group continued to maintain a sound liquidity position. As at 31 December 2023, total cash and cash equivalents of the Remaining Group amounted to USD20.6 million (as at 31 December 2022: USD48.2 million) and were mainly denominated in RMB and US dollars, respectively. The Remaining Group recorded net current assets amounting to USD26.5 million (as at 31 December 2022: USD25.4 million). The Remaining Group's current ratio, calculated by dividing total current assets by total current liabilities, was 459.0% (as at 31 December 2022: 168.8%).

As at 31 December 2023, the Remaining Group has no bank borrowings (2022: USD16.9 million), with lease liabilities of USD0.9 million (2022: USD1.7 million). No restricted bank deposit had been pledged for the bank borrowings (2022: Nil). No hedging activity had been carried out by the Remaining Group. Gearing ratio of the Remaining Group, as calculated by dividing total bank borrowings by total equity, was Nil as at 31 December 2023. Besides, the Remaining Group had unutilised banking facilities of RMB200 million (equivalent to USD28.2 million) in Mainland China (2022: unutilised banking facilities of RMB62 million (equivalent to USD8.9 million) in Mainland China). Save as disclosed above, the Remaining Group did not have any other outstanding indebtedness or any outstanding or authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowings, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

Capital Commitments

For the year ended 31 December 2023, the Remaining Group has capital commitments amounted to USD0.09 million (2022: USD0.1 million) contracted, but not provided for, and did not have any authorised but not contracted for capital commitments (2022: Nil).

Significant Investment

As at 31 December 2023, the Remaining Group had equity securities investments in a total of six (2022: six) unlisted companies and had interest in an unlisted fund with an aggregate fair value of approximately USD24.8 million (2022: USD25.0 million).

Details of a significant investment are disclosed below as the size of this investment exceeded the 5% threshold under paragraph 32(4A) of Appendix D2 to the Listing Rules.

On 19 November 2020, the Remaining Group acquired 10% equity interest of X-Times Design Automation Co., LTD ("**X-Times**"), a company incorporated in the PRC, at a total consideration of RMB5,000,001 (equivalent to US$752,831). X-Times is mainly engaged in the provision of IC design services, and had in late 2022 launched certain self-developed EDA tools and was in the process of pitching to major IC design industry players.

During the year ended 31 December 2021, X-Times entered into a capital injection agreement with certain independent PRC corporate investors for the subscription of equity interest in X-Times, as a result of which, the equity interest of the Remaining Group in X-Times was diluted from 10% to approximately 4.7%. During the year ended 31 December 2022, X-Times had entered into a further capital injection agreement with other independent PRC corporate investors for the subscription of equity interest in X-Times, as a result of which the equity interest of the Remaining Group in X-Times was further diluted from 4.7% to approximately 4.2%. As at 31 December 2023, the fair value of the equity interest in X-Times held by the Remaining Group was approximately USD15,254,000. No fair value gain was recognised in the consolidated income statement of the Remaining Group for the year ended 31 December 2023.

No dividend has been distributed by X-Times since establishment. The investment is not financial assets held for trading. The Remaining Group considers its interest held in X-Times as a strategic investment allowing the Remaining Group to broaden its IC solutions business segment. The Remaining Group will review its investment strategy on a regular basis.

Save for those disclosed in the 2023 annual report, there were no other significant investments held by the Remaining Group as at 31 December 2023.

Material Acquisition and Disposal of Subsidiaries and Associated Companies and Future Plan for Material Investments or Acquisition of Capital Assets

There were no material investments or capital assets authorised by the Board at the date of the 2023 annual report. In 2023, the Remaining Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

Contingent Liabilities

As at 31 December 2023, the Remaining Group did not have any significant contingent liabilities.

Currency Risk and Management

The Remaining Group's sales are primarily made in Europe, in US dollar-denominated transactions and the PRC, in RMB denominated transactions. Sales of CAM were predominantly denominated in US dollars while sales of IC smart technology was predominantly denominated in RMB and Hong Kong dollars. The Remaining Group's costs of production are predominantly denominated in RMB.

For the year ended 31 December 2023, the Remaining Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against the risk arisen from its currency exposure. The Remaining Group manages its currency risk by closely monitoring the movement of foreign currency rates and may consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policy

For the year ended 31 December 2023, the Remaining Group employed about 158 employees (31 December 2022: 171), of whom 145 were based in Mainland China, 11 in Hong Kong and 2 in other countries around the world. For the year ended 31 December 2023, staff costs (including salaries, social insurance, provident funds and share incentive plan) amounted to USD10.7 million in aggregate, representing 47.6% of the total revenue of the Remaining Group.

The Remaining Group has entered into employment agreements with all of its full-time employees. In addition, certain senior management and key research and development personnel have signed confidentiality agreements and non-competition agreements with the Remaining Group. Each senior executive officer has agreed to hold, both during the effective period and a certain period thereafter of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her employment duties, any confidential information, trade secrets or know-how of the Remaining Group or the confidential information of any third party received by the Remaining Group. Additionally, each senior executive officer has agreed to be bound by non-competition restrictions for a period of two years following the expiry of his or her term of employment.

The Remaining Group's success depends on its ability to attract, retain and motivate qualified personnel. The Remaining Group's remuneration policy and packages for its employees were periodically reviewed. The Remaining Group is also dedicated to the training and development of employees. Towards that end, the Remaining Group leverages on the resources of its research and development centre, research laboratories and project management team to ensure that each employee maintains a current skill-set through continuous training on topics ranging from technologies, solutions and services to clients, markets and the industry. The Remaining Group provides introductory training and orientation for all new employees, as well as on-the-job training to continuously improve employees' technical, professional and management skills.

For the year ended 31 December 2024

Business review

The Remaining Group is a leading security devices provider globally for pay-TV broadcasting access. It designs, develops and markets security devices primarily for the pay-TV industry worldwide through sales of conditional access modules, or CAMs, products which provide end users with access to pay-TV content.

Meanwhile, the Remaining Group is also engaged in the following two business activities:

– intelligent sense technology business which focuses on research, development and sales of smart sensing oriented products and solutions; and

– provision of integrated circuit ("**IC**") solutions, including development and sales of IC products and related design services.

CAM

For the year ended 31 December 2024, the Remaining Group recorded revenue of approximately USD10.8 million from CAM, around 2.7% less than last year, and accounted for around 77.1% of the Remaining Group's total revenue. The European market (excluding Russia) remained as the largest market for the Remaining Group's CAM sales business, and made up around 76.7% of total CAM sales, which was approximately 8.1% more than the previous year, mainly benefited from the increase in sales in Western Europe; among which, customers in Austria and Germany experienced a year-on-year growth due to the increased procurement driven by the development of major operator businesses. The share of revenue from Russia accounts for about 1.0% of CAM's total sales, which decreases about 37.3% year on year, mainly due to the impact of the political situation, sales in the region have been suspended in the second half of the year. Emerging markets accounted for approximately 6.2% of the Remaining Group's total CAM sales, reported a year-on-year decrease of around 50.7%, primarily due to a significant decrease in orders from Uzbekistani customers. The Mainland China market contributed approximately 16.2% of the Remaining Group's total CAM sales, representing a year-on-year decrease of around 9.2%, mainly due to a reduction in bulk shipment orders from individual engineering card customers.

In 2024, the proportion of shipments of the new generation of CAMs increased, with the overseas market largely completing the transition, and customers primarily consisting of major European operators. Leveraging the plans of Pay-TV operators to shut down standard definition channels, orders for new terminal equipment in the German-speaking regions and the Balkan Peninsula within the European market continue to grow. Romanian operators are driving shipments to Spain and Portugal to develop new markets. Major German operators have completed the certification of CI+ 2.0 products in 2024 and will launch product plans in 2025. Due to the trends of turning content into IP and the impact of OTT services, the demand for CAM products in the Benelux region and Northern Europe has decreased year-on-year. Although the CI+ 2.0 product plans in emerging markets such as India, Central Asia, Turkey, and South Africa have been delayed, local distributors are steadily advancing.

In the development of emerging markets, the prospects of the engineering market in Southeast Asia have prompted the Remaining Group to invest in the research and development of Ultra Wideband ("**UWB**") integrated solutions. The products, based on UWB positioning communication technology, integrate hardware, software, and algorithms to provide customers with a one-stop service for accurate real-time location information regarding people, machines, and materials. These solutions are suitable for monitoring and management in scenarios such as factory safety, tunnel construction, and logistics warehousing. Currently, collaboration with both upstream and downstream partners as well as Southeast Asian customers has commenced, and the product modules have completed prototyping. The Remaining Group will continue to accumulate experience in integrated algorithms and initiate engineering evaluations.

On 14 October 2024, the National Radio and Television Administration implemented the policy of "Simple TV", drafting and publishing the "Specification of Interaction Protocol Between The Unidirectional Gateway of Cable Television and The 4K Ultra High Definition Pluggable Mini Set-Top Box" in collaboration with ten enterprises, including SMIT Shenzhen. This initiative is led by operators to establish different integrated standard solutions. Although the shipment volume of monitoring-related engineering cards in the domestic market decreased this year, and large-scale shipments of orders from mobile and telecom operators were delayed due to the absence of regulatory guidelines from the National Radio and Television Administration, three cable gateways utilizing the Remaining Group's solutions have already undergone small-scale pilot trials with operators in places such as Shanghai and Jiangsu. Additionally, the full business development for network operators in Beijing has been largely completed. Hotel projects are progressing steadily, with nationwide promotion by chain brands and ongoing procurement from operators in Tianjin and Inner Mongolia generating stable demand.

IC Solutions

For the year ended 31 December 2024, revenue from the Remaining Group's IC solutions was approximately USD0.7 million, representing approximately 5% of the total revenue. Revenue of IC solution decreased by 91.7% compared to 2023, which was mainly due to the completion of a major IC taping sales order in 2023. Research and development expenses were approximately USD2.5 million, representing approximately 18.0% of the total revenue. The research and development expenses of the IC solution mainly included the R&D staff cost, depreciation and amortization of approximately USD2.1 million.

The Remaining Group is actively exploring the new energy sector, developing diverse products to further enrich its business lines. Through comprehensive market research, we have selected energy storage product solutions for the European and Southeast Asian markets, customizing and optimizing key functions and parameters. We are also enhancing the development of corresponding management system software and building supporting testing equipment. Currently, products are undergoing testing and certification, with business negotiations actively taking place at various industry exhibitions.

Intelligent sense

The Remaining Group has been engaged in the business of intelligent sense since 2022, focusing on providing products and solutions in the direction of smart sensing, with an emphasis on Lidar, flexible pressure sensors, and other types of smart sensing products. In 2024, the Remaining Group's intelligent sense sales revenue was approximately USD2.5 million (2023: USD3.0 million), accounting for 17.9% of the Remaining Group's total revenue.

In 2024, the Remaining Group's intelligent sense sector focused its efforts on leading customers, particularly achieving several projects in the field of new energy battery cells, which laid a foundation for the new energy vehicle and energy storage markets. Leveraging the brand effect of leading customers, the business has accumulated a rich customer base and has a wide coverage. Throughout the year, the intelligent sense business showed stable growth, with shipment orders characterized by a high repurchase rate among major customers and a significant proportion of new clients. The development of pressure sensors has not only greatly improved delivery efficiency but also enhanced performance across various application scenarios. Light-sensing products are closely aligned with industry trends, continually upgrading to meet customer demands.

Financial review

Revenue

For the year ended 31 December 2024, the Remaining Group generated revenue of USD14.0 million, representing a decrease of around 37.8% compared with 2023. The decrease in revenue is mainly attributable to the decline of the revenue of IC solutions. The following table shows revenue breakdown by business segments:

	Year ended 31 December				
	2024		**2023**		
	US$ Million	*%*	*US$ Million*	*%*	*Change in %*
CAM	**10.8**	**77.1**	11.1	49.3	-2.7
IC solutions	**0.7**	**5**	8.4	37.4	-91.7
Intelligent Sense	**2.5**	**17.9**	3.0	13.3	-16.7
	14.0	**100**	22.5	100	-37.8

Gross Profit and Gross Profit Margin

Gross profit amounted to USD7.5 million for the year ended 31 December 2024, representing a decrease of 10.1% compared with 2023, mainly due to the drop in revenue of IC solution business. Gross profit margin amounted to 53.9% (2023: 37.3%). The increase in gross profit margin was mainly attributable to the drop in the volume of the IC solution business with lower gross profit.

Other Income

Other income mainly include government subsidies in research and development. For the year ended 31 December 2024, other income were USD6.3 million, decreased by 12.7% compared with 2023, which was mainly due to the completion of certain government projects in prior year.

Research and Development Expenses

Research and development expenses mainly include salaries and benefits of the Remaining Group's research and development staff, rental and office expenses, CA certification fees, professional service fees and transportation and lodging. During the year ended 31 December 2024, research and development expenses decreased by 3.2% to USD10.9 million as compared to last year. The amount was approximately at the same level as last year.

Selling and Distribution Expenses

Selling and distribution expenses mainly include salaries and benefits of sales and marketing staff, marketing, training and promotion expenses, travel and entertainment and rental and office expenses. For the year ended 31 December 2024, sales and distribution expenses amounted to USD1.6 million, representing an increase of 15.3% as compared to 2023, mainly due to the increased marketing efforts on intelligent sense business.

General and Administrative Expenses

General and administrative expenses mainly include salaries and benefits of management, administrative and finance staff, professional service fees, rental and office expenses, provision for impairment of trade receivables, and travel and entertainment. For the year ended 31 December 2024, general and administrative expenses amounted to USD6.5 million, representing a decrease of 11.9% compared to last year, mainly due to a reduction in staff expenses.

Income Tax Expense/Credit

Income tax expense consists of PRC corporate income tax and Hong Kong profits tax for PRC and Hong Kong subsidiaries of the Remaining Group respectively. Income tax expenses changed from an income tax credit amounted to USD1.8 million for the year ended 31 December 2023 to an income tax expense amounted to USD0.5 million for the year ended 31 December 2024 mainly due to the absence of a one-off preferential tax rate granted by the PRC tax authority in prior year.

Loss for the Year

Loss for the year ended 31 December 2024 amounted to USD37.0 million, compared with a loss of USD12.2 million for the year ended 31 December 2023. The loss for the year ended 31 December 2024 is mainly attributable to the Remaining Group's share of losses from associated companies, which stemmed from their ongoing investments in research and development activities, as well as re-valuation losses on certain investee companies measured at fair value, amounting to approximately USD21.8 million and USD9.8 million respectively. The revaluation losses were mainly due to the shortfall in projected revenue level and margin of certain investee companies.

Liquidity, Financial Resources and Debt Structure

The Remaining Group maintains prudent treasury policy and financial risk management, sufficient banking facilities and bank balances are available to meet the cash needs of the Remaining Group's operations and research and development activities. Liquidity and cashflow needs of Remaining Group are regularly and timely reviewed by the financial department and management.

The Remaining Group continued to maintain a sound liquidity position. As at 31 December 2024, total cash and cash equivalents of the Remaining Group amounted to USD19.1 million (as at 31 December 2023: USD20.6 million) and were mainly denominated in RMB and US dollars, respectively. The Remaining Group recorded net current assets amounting to USD22.0 million (as at 31 December 2023: USD26.5 million). The Remaining Group's current ratio, calculated by dividing total current assets by total current liabilities, was 405.9% (as at 31 December 2023: 459.0%).

As at 31 December 2024, the Remaining Group has no bank borrowings (2023: Nil), with lease liabilities of USD1.3 million (2023: USD0.9 million). No restricted bank deposit had been pledged for the bank borrowings (2023: Nil). No hedging activity had been carried out by the Remaining Group. Gearing ratio of the Remaining Group, as calculated by dividing total bank borrowings by total equity, was 0% (2023: 0%) as at 31 December 2024. Besides, the Remaining Group had no unutilised banking facilities in Mainland China (2023: unutilised banking facilities of RMB200 million (equivalent to USD28.2 million) in Mainland China). Save as disclosed above, the Remaining Group did not have any other outstanding indebtedness or any outstanding or authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowings, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

Capital Commitments

For the year ended 31 December 2024, the Remaining Group has no capital commitments (2023: USD0.09 million) contracted, but not provided for, and did not have any authorised but not contracted for capital commitments (2023: Nil).

Significant Investment

As at 31 December 2024, the Remaining Group had equity securities investments in a total of six (2023: six) unlisted companies and had interest in an unlisted fund with an aggregate fair value of approximately USD14.7 million (2023: USD24.8 million).

Details of a significant investment are disclosed below as the size of this investment exceeded the 5% threshold under paragraph 32(4A) of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

On 19 November 2020, the Remaining Group acquired 10% equity interest of X-Times Design Automation Co., LTD ("**X-Times**"), a company incorporated in the PRC, at a total consideration of RMB5,000,001 (equivalent to USD752,831). X-Times is mainly engaged in the provision of IC design services, and had in late 2022 launched certain self-developed EDA tools and was in the process of pitching to major IC design industry players. During the year ended 31 December 2021, X-Times entered into a capital injection agreement with certain independent PRC corporate investors for the subscription of equity interest in X-Times, as a result of which, the equity interest of the Remaining Group in X-Times was diluted from 10% to approximately 4.7%. During the year ended 31 December 2022, X-Times had entered into a further capital injection agreement with other independent PRC corporate investors for the subscription of equity interest in X-Times, as a result of which the equity interest of the Remaining Group in X-Times was further diluted from 4.7% to approximately 4.2%. During the year ended 31 December 2024, the Remaining Group's shareholding interest in X-Times was further diluted from 4.2% to approximately 4.0% as a result of a capital injection agreement entered into between X-Times and certain independent corporate investors in the PRC, who agreed to purchase additional shares in X-Times. As at 31 December 2024, the fair value of the equity interest in X-Times held by the Remaining Group was approximately USD10,386,000. A fair value loss of approximately USD4,692,000 was recognised in the consolidated income statement of the Remaining Group for the year ended 31 December 2024.

No dividend has been distributed by X-Times since establishment. The investment is not financial assets held for trading. The Remaining Group considers its interest held in X-Times as a strategic investment allowing the Remaining Group to broaden its IC solutions business segment. The Remaining Group will review its investment strategy on a regular basis.

Save for those disclosed in the 2024 annual report, there were no other significant investments held by the Remaining Group as at 31 December 2024.

Material Acquisition and Disposal of Subsidiaries and Associated Companies and Future Plan for Material Investments or Acquisition of Capital Assets

There were no material investments or capital assets authorised by the Board at the date of the 2024 annual report. For the year ended 31 December 2024, the Remaining Group did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

Contingent Liabilities

As at 31 December 2024, the Remaining Group did not have any significant contingent liabilities.

Currency Risk and Management

The Remaining Group's sales are primarily made in Europe, in US dollar-denominated transactions and the PRC, in RMB-denominated transactions. Sales of CAM were predominantly denominated in US dollars while sales of IC smart technology was predominantly denominated in RMB and Hong Kong dollars. The Remaining Group's costs of production are predominantly denominated in RMB.

For the year ended 31 December 2024, the Remaining Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against the risk arisen from its currency exposure. The Remaining Group manages its currency risk by closely monitoring the movement of foreign currency rates and may consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policy

For the year ended 31 December 2024, the Remaining Group employed about 179 employees (31 December 2023: 158), of whom 165 were based in Mainland China, 11 in Hong Kong and 3 in other countries around the world. For the year ended 31 December 2024, staff costs (including salaries, social insurance, provident funds and share incentive plan) amounted to USD10.4 million in aggregate, representing 74.1% of the total revenue of the Remaining Group.

The Remaining Group has entered into employment agreements with all of its full-time employees. In addition, certain senior management and key research and development personnel have signed confidentiality agreements and non-competition agreements with the Remaining Group. Each senior executive officer has agreed to hold, both during the effective period and a certain period thereafter of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her employment duties, any confidential information, trade secrets or know-how of the Remaining Group or the confidential information of any third party received by the Remaining Group. Additionally, each senior executive officer has agreed to be bound by non-competition restrictions for a period of two years following the expiry of his or her term of employment.

The Remaining Group's success depends on its ability to attract, retain and motivate qualified personnel. The Remaining Group's remuneration policy and packages for its employees were periodically reviewed. The Remaining Group is also dedicated to the training and development of employees. Towards that end, the Remaining Group leverages on the resources of its research and development centre, research laboratories and project management team to ensure that each employee maintains a current skill-set through continuous training on topics ranging from technologies, solutions and services to clients, markets and the industry. The Remaining Group provides introductory training and orientation for all new employees, as well as on-the-job training to continuously improve employees' technical, professional and management skills.

For the year ended 31 December 2025

Business review

The Remaining Group is a leading security devices provider globally for pay-TV broadcasting access. It designs, develops and markets security devices primarily for the pay-TV industry worldwide through sales of conditional access modules, or CAMs, products which provide end users with access to pay-TV content.

The Remaining Group is also engaged in intelligent sense technology business which focuses on research, development and sales of smart sensing-oriented products and solutions; and other businesses focusing on integrated circuit ("**IC**") solution and new energy sectors.

CAM

For the year ended 31 December 2025, the Remaining Group recorded revenue of approximately USD11.2 million from CAM, around 5.0% more than last year, and accounted for around 76.3% of the Remaining Group's total revenue. The European market remained as the largest market for the Remaining Group's CAM sales business, and made up around 75.4 % of total CAM sales, which was approximately 7.1% more than the previous year. Such increase mainly benefited from the increase in sales in Eastern Europe and the growth in orders for Pro CAM, among which, Romanian customers have seen a year-on-year increase in procurement volume due to the business expansion of the main operator. Emerging markets accounted for approximately 9.7% of the Remaining Group's total CAM sales, reported a year-on-year increase of around 68.9%, primarily due to increased demand for Pro CAM in Australia and the Americas as a result of new market expansion efforts. The Mainland China market contributed approximately 14.9% of the Remaining Group's total CAM sales, representing a slight year-on-year decrease, mainly because while key domestic operators' national security projects brought in new orders for Pro CAM, the delayed delivery of cable one-way gateway projects prevented the recognition of revenue within the year.

Annual overseas sales of CAM remained on par with the previous year, with new customer sales accounting for 5%. Orders from major clients remained stable, with Romanian operators resuming regular procurement and transitioning entirely to the SM1685A platform. The USB CAM promoted in the Indian and South American markets has completed prototype verification, and discussions with manufacturers regarding sales models are currently underway. In the engineering card market, overseas demand remained steady. Domestic national security engineering card projects were completed as scheduled, with multiple projects achieving shipments.

Regarding the one-way cable gateway project promoted by the National Radio and Television Administration, the Administration's project was deployed according to plan. A provincial network project won through tender has been successfully shipped, and shipments for a corporate customer project in collaboration with a major domestic operator are progressing steadily. New initiatives include limited-consumption cards for operators, provincial network media USB CAM, IPTV, and direct broadcast satellite solutions.

For the new ultra-wideband (UWB) integrated solution, directional remote control designs are under discussion with major television manufacturers, with promotion via chip OEM channels. The follow-spotlight solution has initiated collaborations with dozens of lighting, control console, and board manufacturers, currently in the sample delivery phase.

Intelligent sense

The Remaining Group has been engaged in the business of intelligent sense since 2022, focusing on providing products and solutions in the direction of smart sensing, with an emphasis on Lidar, flexible pressure sensors, and other types of smart sensing products. In 2025, the Remaining Group's intelligent sense sales revenue was approximately USD 3.4 million (2024: USD 2.5 million), accounting for 23.4% of the Remaining Group's total revenue.

The development of the light-sensing series has completed the full product portfolio of Lidar systems, transitioning from single-point to area-array configurations. This has successfully secured leading clients across multiple sectors, including drones and mobile robots. Breakthroughs have also been achieved in solution development, with the successful implementation of AI applications such as fall detection and human figure statistics. The production system underwent comprehensive upgrades through factory relocation and equipment optimisation, significantly enhancing production efficiency and product yield rates. Concurrently, multiple high-quality suppliers were introduced to ensure stability in the core component supply chain.

Within the pressure-sensing product line, innovative research and development yielded a new sensor and acquisition processing system – the fabric pressure sensor – which holds broad application prospects in health and elderly care, robotic skin, and intelligent automotive seating. In 2025, the orders from two major customers which are leading new energy companies remained stable, and third-party testing and certification for automotive-grade thin-film sensors have been fully completed.

Other businesses

During the year ended 31 December 2025, the Remaining Group had no revenue derived from IC solutions (For the year ended 31 December 2024: US$0.7 million). The decrease in IC solutions revenue was mainly due to the completion of a major IC taping sales order in 2024.

In the new energy sector, we have completed product integration for the prototype of our energy storage system and implemented cost optimisation measures. Development of the intelligent cloud platform for energy management in commercial and industrial energy storage systems has been finalised, enhancing the competitiveness of our energy storage products. Currently, our commercial and industrial energy storage solutions have secured multiple domestic and international orders, with the supply chain progressively being refined.

Financial review

Revenue

For the year ended 31 December 2025, the Remaining Group generated revenue of USD14.7 million, representing an increase of around 5.3% compared with 2024. The increase in revenue is mainly attributable to the rise of the revenue of intelligent sense. The following table shows revenue breakdown by business segments:

	Year ended 31 December				
	2025		2024		
	USD Million	***%***	*USD Million*	*%*	*Change in %*
CAM	**11.2**	**76.3**	10.7	76.5	5.0
Intelligent sense	**3.4**	**23.4**	2.5	17.7	38.8
Other businesses	**0.1**	**0.3**	0.8	5.8	-93.4
	14.7	**100**	14.0	100	5.3

Gross Profit and Gross Profit Margin

Gross profit amounted to USD7.7 million for the year ended 31 December 2025, representing an increase of 2.8% compared with 2024. Gross profit margin amounted to 52.6% (2024: 53.9%). The gross profit and gross profit margin remained stable compared to that of last year.

Research and Development Expenses

Research and development expenses mainly include salaries and benefits of the Remaining Group's research and development staff, rental and office expenses, CA certification fees, professional service fees and transportation and lodging. During the year ended 31 December 2025, research and development expenses decreased by 9.8% to USD9.8 million as compared to last year. The decrease in research and development expenses was primarily attributable to a reduction in depreciation charges associated with certain assets of the IC Solution business, which reached the end of their depreciable lives.

Selling and Distribution Expenses

Selling and distribution expenses mainly include salaries and benefits of sales and marketing staff, marketing, training and promotion expenses, travel and entertainment and rental and office expenses. For the year ended 31 December 2025, sales and distribution expenses amounted to USD1.8 million, representing an increase of 11.2% as compared to 2024, mainly due to the increased marketing efforts on intelligent sense business, including the increase in the number of exhibitions participated.

General and Administrative Expenses

General and administrative expenses mainly include salaries and benefits of management, administrative and finance staff, professional service fees, rental and office expenses, and travel and entertainment. For the year ended 31 December 2025, general and administrative expenses amounted to USD6.4 million, representing a decrease of 1.4% compared to last year. The amount was approximately at the same level as last year.

Income Tax Expense

Income tax expenses increased from USD0.5 million for the year ended 31 December 2024 to USD5.4 million for the year ended 31 December 2025. The significant increase in income tax expenses was mainly due to the tax expenses arising from the disposal of the equity interest in an associated company.

Loss for the Year

Loss for the year ended 31 December 2025 amounted to USD1.6 million, compared with a loss of USD37.0 million for the year ended 31 December 2024. The loss for the year ended 31 December 2025 was mainly attributable to the Remaining Group's share of losses from associated companies of approximately USD16.9 million, which stemmed from their ongoing investments in research and development activities. The significant decrease in loss compared with last year was mainly due to the one-off gain recognized on the disposal of an associated company of approximately USD29.4 million.

Liquidity, Financial Resources and Debt Structure

The Remaining Group maintains prudent treasury policy and financial risk management, sufficient banking facilities and bank balances are available to meet the cash needs of the Remaining Group's operations and research and development activities. Liquidity and cash flow needs of the Remaining Group are regularly and timely reviewed by the financial department and management.

The Remaining Group continued to maintain a sound liquidity position. As at 31 December 2025, total cash and cash equivalents of the Remaining Group amounted to USD19.0 million (as at 31 December 2024: USD19.1 million) and were mainly denominated in RMB and US dollars, respectively. The Remaining Group recorded net current assets amounting to USD43.5 million (as at 31 December 2024: USD22.0 million). The Remaining Group's current ratio, calculated by dividing total current assets by total current liabilities, was 419.2% (as at 31 December 2024: 405.9%).

As at 31 December 2025, the Remaining Group has no bank borrowings (2024: Nil), with lease liabilities of USD1.8 million (2024: USD1.3 million). No restricted bank deposit had been pledged for the bank borrowings (2024: Nil). No hedging activity had been carried out by the Remaining Group. Gearing ratio of the Remaining Group, as calculated by dividing total bank borrowings by total equity, was 0% (2024: 0%) as at 31 December 2025. Besides, the Remaining Group had USD7.1 million unutilised banking facilities in Mainland China (2024: Nil). Save as disclosed above, the Remaining Group did not have any other outstanding indebtedness or any outstanding or authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowings, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

Capital Commitments

For the year ended 31 December 2025, the Remaining Group has no capital commitments (2024: Nil) contracted, but not provided for, and did not have any authorised but not contracted for capital commitments (2024: Nil).

Significant Investment

As at 31 December 2025, the Remaining Group had equity securities investments in a total of six (2024: six) unlisted companies and had interest in an unlisted fund with an aggregate fair value of approximately USD37.8 million (2024: USD14.7 million).

Details of a significant investment are disclosed below as the size of this investment exceeded the 5% threshold under paragraph 32(4A) of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

X-Times Design Automation Co., Ltd

On 19 November 2020, the Remaining Group acquired a registered capital of RMB5,000,000 of X-Times Design Automation Co., Ltd ("**X-Times**"), a company incorporated in the PRC, representing 10% of the equity interest of X-Times at the time of acquisition at a total consideration of RMB5,000,001 (equivalent to USD752,831). X-Times is mainly engaged in the provision of IC design services, and had in late 2022 launched certain self-developed EDA tools and was in the process of pitching to major IC design industry players.

During the year ended 31 December 2021, X-Times entered into a capital injection agreement with certain independent PRC corporate investors for the subscription of equity interest in X-Times, as a result of which, the equity interest of the Remaining Group in X-Times was diluted from 10% to approximately 4.7%. During the year ended 31 December 2022, X-Times had entered into a further capital injection agreement with other independent PRC corporate investors for the subscription of equity interest in X-Times, as a result of which the equity interest of the Remaining Group in X-Times was further diluted from 4.7% to approximately 4.2%. During the year ended 31 December 2024, the Remaining Group's shareholding interest in X-Times was further diluted from 4.2% to approximately 4.0% as a result of a capital injection agreement entered into between X-Times and certain independent corporate investors in the PRC, who agreed to purchase additional shares in X-Times. As at 31 December 2025, the fair value of the equity interest in X-Times held by the Remaining Group was approximately USD10.6 million. No fair value gain or loss was recognized in the consolidated income statement of the Remaining Group for the year ended 31 December 2025.

No dividend has been distributed by X-Times since establishment. The investment is not financial assets held for trading. The Remaining Group considers its interest held in X-Times as a strategic investment allowing the Remaining Group to broaden its IC solutions business segment. The Remaining Group will review its investment strategy on a regular basis.

S2C Limited

During the year ended 31 December 2025, the Remaining Group disposed of 16% equity interest in S2C Limited, an associate of the Remaining Group. Following the disposal, the Remaining Group continues to hold 13.75% equity interest in S2C Limited. The remaining 13.75% equity interest in S2C Limited was reclassified from investment in an associate to a financial asset at fair value through profit or loss. S2C Limited is a global provider of FPGA-based prototyping solutions for system-on-chip (SoC) and ASIC design and verification. As a mature company, S2C offers a range of products that meet customer needs and continues to invest in research and development to develop next-generation solutions for industry requirements. As at 31 December 2025, the fair value of the 13.75% equity interest in S2C Limited held by the Remaining Group was approximately USD25.9 million.

No dividend has been distributed by S2C Limited in 2025. The investment is not a financial asset held for trading. The Remaining Group considers its remaining interest held in S2C Limited as a strategic investment and has decided to retain a sizeable equity interest to continue participating in the long-term development and value creation of S2C Limited.

Save for those disclosed in the 2025 annual report, there were no other significant investments held by the Remaining Group as at 31 December 2025.

Material Acquisition and Disposal of Subsidiaries and Associated Companies and Future Plan for Material Investments or Acquisition of Capital Assets

On 6 September 2025, the Company, its subsidiary S2C Holding and S2C Limited entered into the Equity Transfer Agreement with China Bay Private Equity Fund Management Co., Ltd. (中灣私募基金管理有限公司) (the "**Investor**" and Hefei Zhongwan Shuruan Venture Capital Fund Partnership Enterprise (Limited Partnership) (合肥中灣數軟創業投資基金合夥企業(有限合夥)) (the "**Fund**")), pursuant to which S2C Holding has conditionally agreed to sell, and the Investor has conditionally agreed to purchase through the Fund, 16% of the equity interest in S2C Limited, at a consideration of RMB211,665,760 (the "**S2C Equity Transfer**").

S2C Limited and its subsidiaries are an EDA hardware-based rapid verification system and software supplier.

The Investor was established under the laws of PRC with limited liability and is principally engaged in private equity investment, venture capital management etc., with a focus on strategic emerging fields such as integrated circuit, new-generation information technology and artificial intelligence. The Investor is held as to 30% by each of Zhongwan Zhonggai (Beijing) Information Technology Center* (中灣中改(北京)信息科技中心) ("**Zhongwan Zhonggai**") and China Electronics Corporation ("**CEC**"), 15% by each of Guangzhou Science City Venture Capital Co., Ltd. (廣州科學城創業投資管理有限公司) ("**Guangzhou SCVC**") and Beijing Chengbo Qihang Technology Development Centre (Limited Partnership) ("**Beijing Chengbo Qihang**") (北京誠柏啓航科技發展中心(有限合夥)), and 10% by Zhongwan Zhongxin (Haikou) Enterprise Management Centre (Limited Partnership) (中灣眾信(海口)企業管理中心(有限合夥)) ("**Zhongwan Zhongxin LP**"). Zhongwan Zhonggai is controlled by its executive partner Zhongwan Zhonggai (Beijing) Technology Co., Ltd.* (中灣中改(北京)科技有限公司) ("**Zhongwan Zhonggai Technology**"). Zhongwan Zhonggai Technology, CEC and Guangzhou SCVC are PRC state-owned enterprises. The ultimate beneficial owner of Beijing Chengbo Qihang is Mr. Edward Suning Tian (田溯寧). Zhongwan Zhongxin LP is the incentive platform for the management team of the Investor.

The Fund is a limited partnership established under the laws of the PRC and is principally engaged in private equity investments, investment management, asset management and venture capital investments. The Fund is held as to 0.08% by the Investor as general partner and 99.92% by China Greater Bay Area Technology and Innovation Fund (Limited Partnership) (粵港澳大灣區科技創新產業投資基金(有限合夥)) (the "**GBA Fund**") as limited partner. The GBA Fund is owned as to 0.2% by the Investor as general partner. The remaining interest in the GBA Fund is held by its limited partners, including the approximately 33% by Suike Strategy (Guangzhou) Equity Investment Fund Partnership Enterprise (Limited Partnership) (穗科策略(廣州)股權投資基金合夥(有限合夥)) ("**Guangzhou Science City**"), approximately 20% by China Electronics Co., Ltd. (中國電子有限公司) ("**China Electronics**"), approximately 12% by Hefei High-Quality Development Guidance Fund Co., Ltd. (合肥市高品質發展引導基金股份有限公司) ("**Hefei Fund**"), approximately 12% by Guangzhou Financial Innovation Investment Holding Co., Ltd. (廣州科技金融創新投資控股股份有限公司) ("**Guangzhou Financial Innovation**"), approximately 10% by Xi'an Industrial Multiplication Fund Partnership (Limited Partnership) (西安市工業倍增基金合夥企業(有限合夥)) ("**Xi'an Fund**"), approximately 9% by Beijing Construction Engineering Group Co., Ltd. (北京建工集團有限責任公司) ("**Beijing Construction Engineering**"), and five additional limited partners each holding no more than 5% of partnership interest. Guangzhou Science City, China Electronics, Hefei Fund, Guangzhou Financial Innovation, Xi'an Fund, and Beijing Construction Engineering are all PRC state-owned enterprises.

S2C Limited is a high-technology research and development company operating in a sector that demands substantial and ongoing capital investment to sustain its growth and innovation. The introduction of the Investor could provide S2C Limited with strategic guidance and industry expertise, allowing S2C Limited to leverage the Investor's extensive experience in private equity and venture capital management and potentially helping S2C Limited in identifying and pursuing new business opportunities and strategic partnerships. The S2C Equity Transfer would also enable the Company to realize a significant return on its early-stage investment in S2C Limited, while retaining a sizeable equity interest to continue participating in the long-term development and value creation of S2C Limited.

Completion took place on 5 December 2025, following which, S2C Holding holds 13.75% equity interest in S2C Limited. For further details, please refer to the announcements of the Company dated 7 September 2025, 3 December 2025 and 5 December 2025, as well as the circular of the Company dated 24 October 2025.

Save for those disclosed in the 2025 annual report, for the year ended 31 December 2025, the Remaining Group did not have any other material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

As at 31 December 2025, the Remaining Group did not have any plans for material investments or acquisition of capital assets.

Contingent Liabilities

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

Currency Risk and Management

The Remaining Group's sales are primarily made in Europe, in US dollar-denominated transactions and the PRC, in RMB-denominated transactions. Sales of CAM were predominantly denominated in US dollars while sales of IC smart technology was predominantly denominated in RMB and Hong Kong dollars. The Remaining Group's costs of production are predominantly denominated in RMB.

For the year ended 31 December 2025, the Remaining Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against the risk arisen from its currency exposure. The Remaining Group manages its currency risk by closely monitoring the movement of foreign currency rates and may consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policy

For the year ended 31 December 2025, the Remaining Group employed about 179 employees (31 December 2024: 179), of whom 171 were based in Mainland China, 5 in Hong Kong and 3 in other countries around the world. For the year ended 31 December 2025, staff costs (including salaries, social insurance, provident funds and share incentive plan) amounted to USD10.3 million in aggregate, representing 69.7% of the total revenue of the Remaining Group.

The Remaining Group has entered into employment agreements with all of its full-time employees. In addition, certain senior management and key research and development personnel have signed confidentiality agreements and non-competition agreements with the Remaining Group. Each senior executive officer has agreed to hold, both during the effective period and a certain period thereafter of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her employment duties, any confidential information, trade secrets or know-how of the Remaining Group or the confidential information of any third party received by the Remaining Group. Additionally, each senior executive officer has agreed to be bound by non-competition restrictions for a period of two years following the expiry of his or her term of employment.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

INTRODUCTION

The following is an illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group (the "**Unaudited Pro Forma Financial Information**"), which have been prepared in accordance with paragraph 4.29 and 14.68(2)(a)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and on the basis of the notes set out below, for the purpose of illustrating the effect of the Disposal as if it had taken place on 31 December 2025 for the unaudited pro forma consolidated statement of financial position and 1 January 2025 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position, financial results or cash flows of the Remaining Group had the Disposal been completed as at 31 December 2025 for the financial position or 1 January 2025 for the financial results and cash flows, or at any future dates.

1. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Consolidated statement of financial position of the Group as at 31 December 2025 (Audited)	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2025 (Unaudited)
	USD	*USD*	*USD*
	(Note 1)	*(Note 2)*	
ASSETS			
Non-current assets			
Property, plant and equipment	2,186,660		2,186,660
Right-of-use assets	1,779,957		1,779,957
Other intangible assets	14,817,461		14,817,461
Goodwill	6,107,757		6,107,757
Deposits and prepayments	281,349		281,349
Investments accounted for using the equity method	33,680,290	(4,363,340)	29,316,950
Financial assets at fair value through profit or loss	37,755,908		37,755,908
Deferred income tax assets	1,094,463		1,094,463
	97,703,845		93,340,505
Current assets			
Inventories	3,999,517		3,999,517
Trade and other receivables, deposits and prepayments	34,083,666		34,083,666
Cash and cash equivalents	19,017,574	37,873,718	56,891,292
	57,100,757	37,873,718	94,974,475
Total assets	154,804,602	33,510,378	188,314,980

1. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Consolidated statement of financial position of the Group as at 31 December 2025 (Audited)	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2025 (Unaudited)
	USD	*USD*	*USD*
	(Note 1)	*(Note 2)*	
EQUITY AND LIABILITIES			
Equity			
Share capital	6,499		6,499
Share premium	101,854,721		101,854,721
Merger reserve	(48,810,141)		(48,810,141)
Share-based payment reserve	14,240,109		14,240,109
Statutory reserve	11,741,359		11,741,359
Retained earnings	47,312,101	32,427,710	79,739,811
Capital reserve	1,212,543		1,212,543
Exchange reserve	(2,319,482)	133,103	(2,186,379)
Capital and reserves attributable to owners of the Company	125,237,709	32,560,813	157,798,522
Non-controlling interests	2,306,503		2,306,503
Total equity	127,544,212	32,560,813	160,105,025

1. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Consolidated statement of financial position of the Group as at 31 December 2025 (Audited)	**Pro forma adjustments**	**Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2025 (Unaudited)**
	USD	*USD*	*USD*
	(Note 1)	*(Note 2)*	
Liabilities			
Non-current liabilities			
Lease liabilities	648,506		648,506
Provision of reinstatement cost	112,510		112,510
Deferred income	10,345,734		10,345,734
Deferred tax liabilities	2,533,260		2,533,260
	13,640,010		13,640,010
Current liabilities			
Trade payables	1,701,120		1,701,120
Accruals and other payables	9,783,247	168,937	9,952,184
Tax payable	–	780,628	780,628
Contract liabilities	763,598		763,598
Deferred income	223,406		223,406
Lease liabilities	1,149,009		1,149,009
	13,620,380	949,565	14,569,945
Total liabilities	27,260,390	949,565	28,209,955
Total equity and liabilities	154,804,602	33,510,378	188,314,980

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2025 as set out in the published 2025 annual report of the Group.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position of the Remaining Group, assuming the Completion had taken place on 31 December 2025 and for the purpose of the Unaudited Pro Forma Financial Information of the Remaining Group:

   (a) The adjustments represent the estimated gain on disposal assuming the Disposal had taken place on 31 December 2025 and is calculated as follows:

		USD
Consideration	*(ii)*	37,873,718
Less:		
Carrying value of the Group's investment in the Disposal Group as at 31 December 2025	*(iii)*	(4,363,340)
Estimated transaction costs and taxes attributable to the Disposal	*(iv)*	(168,937)
Reclassification of cumulative exchange reserve to profit or loss upon the Disposal	*(v)*	(133,103)
Estimated net pre-tax gain for the Disposal		33,208,338
Estimated tax expense in connection with the Disposal	*(vi)*	(780,628)
Estimated unaudited net gain on Disposal		32,427,710

Notes:

(i) For the purpose of the unaudited pro forma consolidated statement of financial position, the amount denominated in RMB has been translated into USD at USD 1 = RMB7.0288, being the exchange rate prevailing as at 31 December 2025.

(ii) Pursuant to the Sale and Purchase Agreement, the Consideration of approximately RMB266.2 million (equivalent to approximately USD37.9 million) shall be settled by cash.

(iii) The amount represents the share of 7.8125% of the total registered capital or 8.9835% of the total paid-in capital of the Disposal Group as at 31 December 2025.

(iv) The estimated costs, expenses and taxes directly incurred for the Disposal amounting to approximately USD0.2 million include the professional fee expense and other transaction costs and stamp duty (the amount denominated in RMB has been translated into USD at USD 1 = RMB7.0288), and will be borne by the Group and result in an increase in the provisions, accruals and other liabilities.

(v) The amount represents the accumulated exchange reserve of the Disposal Group attributable to the Group as at 31 December 2025.

(vi) The estimated capital gains tax of approximately USD3.5 million arising from the Disposal is expected to be partially offset by tax losses brought forward from prior years, resulting in a net capital gains tax payable of approximately USD0.8 million. This is calculated based on a 15% preferential enterprise income tax rate, which is applicable to the valid High/New Technology Enterprise certificate as recognised by the respective PRC tax authorities under the New Enterprise Income Tax Law.

(b) Apart from the above, no pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position of the Remaining Group to reflect any trading results or other transactions of the Group entered subsequent to 31 December 2025.

Since the carrying value of the Disposal Group and release of accumulated translation reserve on the Completion may be different from the amounts disclosed in the Unaudited Pro Forma Financial Information of the Remaining Group, the actual gain on the Disposal may be different from the amounts presented herein.

2. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

	Consolidated income statement of the Group for the year ended 31 December 2025 (Audited)	Pro forma adjustments		Unaudited pro forma consolidated income statement of the Remaining Group for the year ended 31 December 2025 (Unaudited)
	USD	*USD*	*USD*	*USD*
	(Note 3)	*(Note 4(a))*	*(Note 4(b))*	
Revenue	14,711,323			14,711,323
Cost of sales	(6,975,303)			(6,975,303)
Gross profit	7,736,020			7,736,020
Other gains, net	26,933,781		29,492,045	56,425,826
Other income	3,431,996			3,431,996
Research and development expenses	(9,802,627)			(9,802,627)
Selling and distribution expenses	(1,788,867)			(1,788,867)
General and administrative expenses	(6,412,630)			(6,412,630)
Net reversal of impairment losses on financial assets	206,427			206,427
Operating profit	20,304,100		29,492,045	49,796,145
Finance income	457,894			457,894
Finance costs	(65,708)			(65,708)
	392,186			392,186
Share of net losses of investments accounted for using the equity method	(19,757,680)	2,875,825		(16,881,855)
Profit before income tax	938,606	2,875,825	29,492,045	33,306,476
Income tax expense	(5,430,760)		(763,296)	(6,194,056)
(Loss)/profit for the year	(4,492,154)	2,875,825	28,728,749	27,112,420
(Loss)/profit is attributable to:				
Owners of the Company	(5,299,430)	2,875,825	28,728,749	26,305,144
Non-controlling interests	807,276			807,276
	(4,492,154)	2,875,825	28,728,749	27,112,420

3. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated statement of comprehensive income of the Group for the year ended 31 December 2025 (Audited)	Pro forma adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Group for the year ended 31 December 2025 (Unaudited)
	USD	*USD*	*USD*	*USD*
	(Note 3)	*(Note 4(a))*	*(Note 4(b))*	
(Loss)/profit for the year	(4,492,154)	2,875,825	28,728,749	27,112,420
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Translation differences	1,819,346			1,819,346
Share of translation differences of investments accounted for using the equity method	240,598	(117,340)		123,258
Item that has been reclassified to profit or loss				
Exchange reserve released upon disposal of an investment accounted for using the equity method	(196,094)		250,443	54,349
Other comprehensive income for the year, net of tax	1,863,850	(117,340)	250,443	1,996,953
Total comprehensive (loss)/profit for the year	(2,628,304)	2,758,485	28,979,192	29,109,373
Attributable to:				
Owners of the Company	(3,462,027)	2,758,485	28,979,192	28,275,650
Non-controlling interests	833,723			833,723
	(2,628,304)	2,758,485	28,979,192	29,109,373

4. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	Consolidated statement of cash flows of the Group for the year ended 31 December 2025 (Audited)	Pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2025 (Unaudited)
	USD	*USD*	*USD*	*USD*
	(Note 3)	*(Note 4(a))*	*(Note 4(b))*	
Cash flows from operating activities				
Cash used in operations	(5,204,699)			(5,204,699)
Interest paid	(59,981)			(59,981)
Income tax paid	(759)		(763,296)	(764,055)
Net cash used in operating activities	(5,265,439)			(6,028,735)
Cash flows from investing activities				
Distribution from an investment accounted for using the equity method	636,346			636,346
Purchases of property, plant and equipment	(632,878)			(632,878)
Proceeds from disposal of property, plant and equipment	241			241
Proceeds from disposal of financial assets at fair value through profit or loss	227,806			227,806
Interest income received	439,906			439,906
Deposit received in connection with the disposal of S2C Shanghai	6,002,659			6,002,659
Proceeds from disposal of an investment accounted for using the equity method, net of transaction costs	–		36,864,313	36,864,313
Net cash generated from investing activities	6,674,080		36,864,313	43,538,393
Cash flows from financing activities				
Payment for dividend	(416,579)			(416,579)
Principal elements of lease payments	(1,080,906)			(1,080,906)
Net cash used in financing activities	(1,497,485)			(1,497,485)

4. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP (CONTINUED)

	Consolidated statement of cash flows of the Group for the year ended 31 December 2025 (Audited)	Pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2025 (Unaudited)
	USD	*USD*	*USD*	*USD*
	(Note 3)	*(Note 4(a))*	*(Note 4(b))*	
Net decrease in cash and cash equivalents	(88,844)		36,101,017	36,012,173
Cash and cash equivalents at beginning of year	19,071,504			19,071,504
Effect of exchange rate changes on cash and cash equivalents	34,914			34,914
Cash and cash equivalents at end of year	19,017,574		36,101,017	55,118,591

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

3. The amounts are extracted from the audited consolidated income statement, audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2025 as set out in the published 2025 annual report of the Group.

4. The following pro forma adjustments have been made to the unaudited pro forma consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Remaining Group, assuming the Completion had taken place on 1 January 2025 and for the purpose of the Unaudited Pro Forma Financial Information of the Remaining Group:

   (a) The adjustments represent the exclusion of the share of post-tax loss and other comprehensive income of the Disposal Group for the year ended 31 December 2025, assuming the Disposal had taken place on 1 January 2025. The amounts are extracted from the audited consolidated financial statements of the Group as set out in the published annual report of the Group for the year ended 31 December 2025.

   (b) The adjustments represent the estimated gain on disposal assuming the Disposal had taken place on 1 January 2025 and is calculated as follows:

		USD
Consideration	*(ii)*	37,032,829
Less:		
Carrying value of the Group's investment in the Disposal Group as at 1 January 2025	*(iii)*	(7,121,825)
Estimated transaction costs and taxes attributable to the Disposal	*(iv)*	(168,516)
Reclassification of cumulative exchange reserve to profit or loss upon the Disposal	*(v)*	(250,443)
Estimated net pre-tax gain for the Disposal		29,492,045
Estimated tax expense in connection with the Disposal	*(vi)*	(763,296)
Estimated unaudited net gain on Disposal		28,728,749

Notes:

(i) For the purpose of the unaudited pro forma consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows, the amount denominated in RMB has been translated into USD at USD1 = RMB7.1884, being the exchange rate prevailing as at 1 January 2025.

(ii) Pursuant to the Sale and Purchase Agreement, the Consideration of approximately RMB266.2 million (equivalent to approximately USD37.0 million) shall be settled by cash during 2025.

(iii) The amount represents the share of 7.8125% of the total registered capital or 8.9835% of the total paid-in capital of the Disposal Group as at 1 January 2025.

(iv) The estimated costs, expenses and taxes directly incurred for the Disposal amounting to approximately USD0.2 million include the professional fee expense and other transaction costs and stamp duty (the amount denominated in RMB has been translated into USD at USD1 = RMB7.1884) and will be borne by the Group and are assumed to be settled in cash during 2025.

(v) The amount represents the accumulated exchange reserve of the Disposal Group attributable to the Group as at 1 January 2025.

(vi) The estimated capital gains tax of approximately USD3.5 million arising from the Disposal is expected to be partially offset by tax losses brought forward from prior years, resulting in a net capital gains tax payable of approximately USD0.8 million. This is calculated based on a 15% preferential enterprise income tax rate, which is applicable to the valid High/New Technology Enterprise certificate as recognised by the respective PRC tax authorities under the New Enterprise Income Tax Law.

(c) Apart from the above, no pro forma adjustments have been made to the unaudited pro forma consolidated income statement, consolidated statement of comprehensive income and statement of cash flows of the Remaining Group to reflect any trading results or other transactions of the Group entered subsequent to 1 January 2025.

Since the carrying value of the Disposal Group and release of accumulated translation reserve on the Completion may be different from the amounts disclosed in the Unaudited Pro Forma Financial Information of the Remaining Group, the actual gain on the Disposal may be different from the amounts presented herein.

Except for the pro forma adjustment Note 4(a) of share of profit or loss from investment in an associate, the above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of a report on the unaudited pro forma financial information of the Remaining Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of SMIT Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SMIT Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") excluding Shenzhen Giga Design Automation Co., Ltd. and its subsidiaries (the "**Disposal Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025, the unaudited pro forma consolidated income statement for the year ended 31 December 2025, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2025 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-12 of the Company's circular dated 15 June 2026, in connection with the proposed disposal of the equity interests in Disposal Group (the "**Transaction**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-12 of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2025, and the Group's financial performance and cash flows for the year ended 31 December 2025 as if the Transaction had taken place at 31 December 2025 and 1 January 2025 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2025, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2025 or 1 January 2025 respectively would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 15 June 2026

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the interests or short positions, if any, of each Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (ii) required to be or are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Name of director	Nature of interest	Number and class of securities *(Note 1)*	Approximate percentage of interest in our Company
Mr. Huang *(Note 2)*	Beneficial interest and interest in a controlled corporation	189,916,401 Shares (L)	58.45%
Ms. Chen Ying	Beneficial interest	1,067,661 Shares (L)	0.33%
Kwan, Allan Chung-yuen *(Note 3)*	Beneficial interest and interest in a controlled corporation	1,080,414 Shares (L)	0.34%

Notes:

(1) The letter "L" denotes the Directors' long positions in the shares of our Company or the relevant associated corporation.

(2) As at the Latest Practicable Date, Mr. Huang was directly interested in 5,708,624 Shares and Mr. Huang also held 100% in New Kingdom Investments Limited. Mr. Huang was therefore also deemed to be interested in the 184,207,777 Shares in which New Kingdom Investments Limited had interests.

(3) As at the Latest Practicable Date, Mr. Kwan, Allan Chung-yuen was interested in 223,418 Shares. Mr. Kwan also held 100% interest in Cykorp Limited. Mr. Kwan is therefore deemed to be interested in the 856,996 Shares in which Cykorp Limited had interests.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any other interest or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) Directors' position in the substantial shareholders of the Company

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying share of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of the company	Name of the Director	Position held by the Director in the company
New Kingdom Investments Limited	Mr. Huang	Director

LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) the Equity Transfer Agreement; and

(b) the equity transfer agreement dated 6 September 2025 entered into between S2C Ltd. (上海思爾芯技術股份有限公司), S2C Holding Corporation, the Company and China Bay Private Equity Fund Management Co., Ltd. (中灣私募基金管理有限公司), in relation to the transfer of 16% equity interest in S2C Ltd. (上海思爾芯技術股份有限公司) from S2C Holding Corporation to China Bay Private Equity Fund Management Co., Ltd. (中灣私募基金管理有限公司).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates had an interest in any business which competes, or are likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under the Listing Rules.

DIRECTORS' INTERESTS IN ASSETS

Save as disclosed in the section headed "Directors' Interests in Contract or Arrangement" below, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up) and up to the Latest Practicable Date.

DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, Mr. Huang held approximately 68.02% indirect interest in Shenzhen Digital TV National Engineering Laboratory Co., Ltd. ("**Shenzhen Digital TV**") which owned the Guoshi Building, an office building located at No. 1801 Shahe West Road, Nanshan District, Shenzhen (the "**Shenzhen Property**").

On 1 February 2024, SMIT Shenzhen and Shenzhen Digital TV entered into a tenancy agreement in relation to the leasing of certain premises in the Shenzhen Property.

On 27 March 2026, Shenzhen ERASense Technology Co., Ltd.*（深圳時代感知科技有限公司）(“**Shenzhen ERASense**”) (an indirect wholly-owned subsidiary of the Company) and Shenzhen Digital TV entered into a tenancy agreement in relation to the leasing of certain premises in the Shenzhen Property for a term of 36 months from 1 May 2026 to 30 April 2029 with a rent of RMB154,058.4 per month. The premises represent the principal place of business of Shenzhen ERASense. For further details, please refer to the announcement of the Company dated 27 March 2026.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which was not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

EXPERT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have, directly or indirectly, any interest in any assets which had since 31 December 2025 (being the date to which the latest published consolidated audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

GENERAL

(1) The secretary of the Company is Mr. Cheng Kai Pui, Eric who is a registered certified public accountant of the Hong Kong Institute of Certified Public Accountants.

(2) The registered office of the Company is situated at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is at Room 4202-04, 42/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(3) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(4) In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

DOCUMENTS ON DISPLAY

Electronic copies of the below documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.smit.com.cn) for a period of 14 days from the date of this circular:

(1) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(2) the review report in respect of the historical financial information of the Group issued by PricewaterhouseCoopers as set out in pages I-2 to I-16 of this circular

(3) the report on the unaudited pro forma financial information of the Remaining Group issued by PricewaterhouseCoopers as set out in Appendix II to this circular; and

(4) the letter of consent referred to in the section headed "Expert" in this appendix.

SMIT HOLDINGS LIMITED
國微控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2239)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of SMIT Holdings Limited (the "**Company**") will be held at Room 4202-04, 42/F China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at 4:00 p.m. on Thursday, 9 July 2026 to consider and, if thought fit, pass the following resolution:

ORDINARY RESOLUTION

"To (i) approve, confirm and ratify the Equity Transfer Agreement dated 2 April 2026 entered into between SMIT Group Limited* (國微集團(深圳)有限公司), as vendor and Shanghai Linke Xinlun Venture Capital Partnership (Limited Partnership)* (上海臨科芯倫創業投資合夥企業(有限合夥)) as purchaser in respect of the disposal of the RMB100 million registered capital in Shenzhen Giga subscribed by the Vendor, representing 7.8125% of the total registered capital and 8.9835% of the total paid-in capital of Shenzhen Giga Design Automation Co., Ltd.* (深圳鴻芯微納技術有限公司), and the transactions contemplated therein, and any other arrangements or documents in connection therewith; and (ii) approve, ratify and confirm the authorisation to any one director of the Company on behalf of the Company to do all such acts and things, make all necessary filings and negotiate, approve, agree, sign, seal, execute and deliver all such documents as he/she may consider necessary, desirable or expedient for the purpose of or in connection with or to give effect to the Equity Transfer Agreement and the transactions contemplated therein."

By order of the Board
SMIT Holdings Limited
Huang Xueliang
Chairman

15 June 2026

Registered office:
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
Room 4202-04
42/F China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or, if he is the holder of two or more shares, one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the offices of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, at least 48 hours before the time for holding the above meeting.

3. The transfer books and register of members of the Company will be closed from Monday, 6 July 2026 to Thursday, 9 July 2026 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attending the extraordinary general meeting, all duly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Friday, 3 July 2026 for registration.

4. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto in the meeting, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.