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CONFIDENCE INTELLIGENCE HOLDINGS LIMITED
信 懇 智 能 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1967)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board (the “**Board**”) of directors (“**Directors**”) of Confidence Intelligence Holdings Limited (the “**Company**”) announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Interim Period**”), together with the comparative figures for the six months ended 30 June 2024. These results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

FINANCIAL HIGHLIGHTS	Unaudited	
	Six months ended 30 June	
	2025	2024
Revenue (<i>RMB'000</i>)	129,832	154,984
Gross profit (<i>RMB'000</i>)	17,682	31,828
Gross profit margin (%)	13.6	20.5
Profit for the Period	2,249	12,974
Profit for the period attributable to owners of the Company (<i>RMB'000</i>)	970	8,955
Earnings per share attributable to owners of the Company		
– Basic and diluted (<i>RMB cent</i>)	0.38	3.58

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	129,832	154,984
Cost of sales		(112,150)	(123,156)
Gross profit		17,682	31,828
Other income	5	3,136	3,450
Other losses, net	6	(1,091)	(1,028)
Selling and distribution expenses		(1,014)	(1,585)
Administrative and other operating expenses		(15,071)	(17,713)
Impairment losses on financial assets and contract assets, net	7	(553)	–
Finance costs	7	(142)	(536)
Profit before tax	7	2,947	14,416
Income tax expenses	8	(698)	(1,442)
Profit for the period		2,249	12,974
Profit for the period attributable to:			
– Owners of the Company		970	8,955
– Non-controlling interests		1,279	4,019
		2,249	12,974
Earnings per share attributable to owners of the Company			
– Basic and diluted (RMB cents)	9	0.38	3.58

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Profit for the period	<u>2,249</u>	<u>12,974</u>
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of the Company's financial statements to presentation currency	(695)	1,492
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	2,968	(674)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(112)</u>	<u>1,517</u>
Total other comprehensive income for the period	<u>2,161</u>	<u>2,335</u>
Total comprehensive income for the period	<u><u>4,410</u></u>	<u><u>15,309</u></u>
Total comprehensive income for the period attributable to:		
– Owners of the Company	3,131	11,290
– Non-controlling interests	<u>1,279</u>	<u>4,019</u>
	<u><u>4,410</u></u>	<u><u>15,309</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

		Unaudited	Audited
		30 June	31 December
		2025	2024
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		88,341	102,723
Intangible assets		584	889
Prepayments, deposits and other receivables	12	3,631	–
Deferred tax assets		1,364	1,295
Financial assets at FVOCI		2,556	10,245
		96,476	115,152
Current assets			
Inventories		10,686	14,416
Trade and bills receivables and contract assets	11	102,199	104,018
Prepayments, deposits and other receivables	12	7,622	8,900
Financial assets at amortised cost		12,130	12,317
Financial assets at fair value through profit or loss		–	13,423
Income tax recoverable		–	301
Cash and cash equivalents		115,676	73,719
		248,313	227,094
Current liabilities			
Trade payables	13	14,101	15,106
Contract liabilities	14	3,378	2,693
Other payables and accruals	14	14,672	23,930
Bank borrowings		3,000	3,250
Lease liabilities		1,965	3,404
Income tax payable		227	–
Deferred government grants		4,524	4,798
		41,867	53,181
Net current assets		206,446	173,913
Total assets less current liabilities		302,922	289,065

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
AT 30 JUNE 2025

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Non-current liabilities		
Lease liabilities	2,656	3,272
Deferred government grants	6,601	8,767
Deferred tax liabilities	209	128
	<hr/> 9,466	<hr/> 12,167
NET ASSETS	<hr/> 293,456 <hr/>	<hr/> 276,898 <hr/>
Capital and reserves		
Share capital	2,707	2,250
Share premium	110,367	98,676
Retained earnings	32,798	31,184
Other reserves	132,796	131,279
	<hr/> 278,668	<hr/> 263,389
Equity attributable to owners of the Company	14,788	13,509
Non-controlling interests	<hr/> 14,788	<hr/> 13,509
TOTAL EQUITY	<hr/> 293,456 <hr/>	<hr/> 276,898 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Confidence Intelligence Holdings Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 December 2018. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 October 2019. The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business is changed from “Unit 702, 7th Floor, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong” to “Unit 1705, 17/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong” with effect from 1 April 2025, and the Group’s headquarter is situated at No. 7 Building, New Development Zone, Baishixia, Fuyong Street, Bao’an District, Shenzhen, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries are principally engaged in (i) provision of electronic manufacturing service (“**EMS**”) and (ii) sales of printed circuit board assembly (“**PCBA**”) and electronic components. In the opinion of the directors of the Company, the ultimate controlling party of the Group is Mr. Li Hao (the “**Ultimate Controlling Party**”).

2. BASIS OF PRESENTATION

The condensed consolidated financial information of the Group for the six months ended 30 June 2025 (the “**Interim Financial Information**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Information in conformity with HKAS 34 requires the Group’s management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Information is unaudited but have been reviewed by the audit committee of the Company and the external auditor of the Company 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 HKICPA.

The Interim Financial Information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2024, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) the collective term of which includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. They shall be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2024 (the “**2024 Annual Report**”).

The Interim Financial Information has been prepared on historical costs basis, except for financial assets at FVOCI and financial assets at fair value through profit or loss (“**FVTPL**”) which are measured at fair value. The Interim Financial Information is presented in Renminbi (“**RMB**”) and all amounts have been rounded to the nearest thousands (“**RMB’000**”), unless otherwise indicated.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies, methods of computation, significant judgements made by the Group's management in applying the Group's accounting policies and the key sources of estimation uncertainty applied in the preparation of the Interim Financial Information is consistent with those applied in preparing the 2024 Annual Report except for the adoption of the new/revised HKFRSs further described in the "Adoption of revised HKFRSs" section which are relevant to the Group and effective for the Group's financial period beginning on 1 January 2025.

Adoption of revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2025 for the preparation of the Interim Financial Information:

Amendments to HKAS 21 and Lack of Exchangeability
HKFRS 1

The adoption of the revised HKFRSs in the current period has no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

Future changes in HKFRSs

At the date of authorisation of Interim Financial Information, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and measurement of financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date to be determined

The Group will adopt the above new or amended standards and interpretation as and when they become effective. The Group is in the process of assessing the impact of adopting these new or amended standards and interpretation on its current or future reporting periods and on foreseeable future transactions.

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company who make strategic decisions have been identified as the chief operating decision maker (“CODM”) to evaluate the performance of operating segments and to allocate resources to those segments. During the six months ended 30 June 2025, the CODM identified the Group only has one reportable operating segment which is the provision of EMS and sales of PCBAs and electronic components.

In determining the Group’s geographical segments, revenue is attributable to the countries based on the location of customers; non-current assets are attributable to the countries based on the locations of the assets.

Geographical Information

(i) Revenue from external customers

The Group’s operation is principally domiciled in the PRC. The Group’s revenue by geographical location, which is determined by the location of customers, is as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
The PRC	129,832	154,875
The United States of America (the “USA”)	–	109
	<u>129,832</u>	<u>154,984</u>

(ii) Non-current assets by geographical location

As at 30 June 2025 and 31 December 2024, majority of the Group’s non-current assets were located in the PRC.

During the periods ended 30 June 2025 and 2024, the Group’s revenues are from contracts with customers and are recognised as follows:

	Unaudited Six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
Revenue from contracts with customers within HKFRS 15		
Recognised on overtime basis		
– Provision of EMS	72,510	154,984
Recognised on point in time basis		
– Sales of PCBA and electronic components	<u>57,322</u>	<u>–</u>
	<u>129,832</u>	<u>154,984</u>

The amounts of revenue recognised for the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of the reporting period was approximately RMB797,000 (unaudited) (six months ended 30 June 2024: RMB1,175,000 (unaudited)).

5. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Bank interest income	255	201
Government subsidies (<i>Note</i>)	2,862	3,108
Others	19	141
	<u>3,136</u>	<u>3,450</u>

Note: Government subsidies primarily represent subsidies from (i) relevant local government authorities granted to the Group for purchase of certain qualified property, plant and equipment for its operation and (ii) additional deduction on the input valued-added taxes (“VAT”) of 5% allowed by the relevant government authorities in the PRC to the entities which are recognised as High and New Technology Enterprise (“HNTTE”). During the six months ended 30 June 2025, the assets related grants recognised to profit or loss were approximately RMB2,440,000 (unaudited) (six months ended 30 June 2024: RMB2,508,000 (unaudited)). There are no unfulfilled conditions or contingencies attached to the remaining government grants for the six months ended 30 June 2025 and 2024.

6. OTHER LOSSES, NET

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest income from unlisted corporate bonds	510	607
Interest income from amount due from an independent third party	228	226
Dividend income from equity investment at FVOCI	44	–
Fair value changes on financial assets at FVTPL	228	–
Losses on disposal of property, plant and equipment, net	(1,921)	(584)
Written off of property, plant and equipment	(23)	–
Exchange losses, net	(125)	(1,275)
Others	(32)	(2)
	<u>(1,091)</u>	<u>(1,028)</u>

7. PROFIT BEFORE TAX

This is stated after charging:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Finance costs		
Interest on bank borrowings	66	84
Interest on lease liabilities	76	452
	<u>142</u>	<u>536</u>
Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits in kind	21,227	30,046
Contributions to defined contribution plans (<i>Note i</i>)	2,394	2,238
	<u>23,621</u>	<u>32,284</u>
Manpower service expenses (<i>Note ii</i>)	2,958	5,010
	<u>26,579</u>	<u>37,294</u>
Other expenses by nature		
Cost of raw materials and consumables used	62,968	56,007
Subcontracting charges	10,390	10,459
Expenses recognised under short-term leases		
– Machineries	5,781	4,943
– Offices, warehouses, production plant and staff quarters	1,333	1,033
Utilities	507	3,628
Depreciation (<i>Note iii</i>)	12,697	20,871
Amortisation (<i>Note iv</i>)	305	246
Auditor's remuneration	249	409
Professional fees	2,903	3,315
Provision for write-down of inventories, net	1,303	99
Impairment losses on financial assets and contract assets	553	–
Other tax and surcharges	968	1,108
Transportation	19	100
Travelling expenses	718	596
	<u>718</u>	<u>596</u>

Notes:

- (i) As stipulated under the relevant rules and regulations in the PRC, subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees. For the six months ended 30 June 2025 and 2024, depending on the provinces of the employees' registered residences and their current region of work, the subsidiaries contributed certain percentages of the basic salaries of its employees and had no further obligations for the actual payment of pensions or postretirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

- (ii) During the six months ended 30 June 2025 and 2024, the Group entered into certain manpower service arrangements with several external manpower service organisations in the PRC. Under these arrangements, certain of the Group's manpower requirements were fulfilled by these organisations at agreed service fees whereas the human resources provided were directly employed by the relevant service organisations. The individuals providing services to the Group did not have any employment relationship with the Group.
- (iii) During the six months ended 30 June 2025 and 2024, depreciation expenses have been charged in costs of sales and administrative and other operating expenses, as appropriate, as below:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Costs of sales	12,361	19,799
Administrative and other operating expenses	336	1,072
	12,697	20,871

- (iv) During the six months ended 30 June 2025 and 2024, amortisation expenses have been charged in costs of sales and administrative and other operating expenses, as appropriate, as below:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Costs of sales	94	163
Administrative and other operating expenses	211	83
	305	246

- (v) Staff costs, material costs and other miscellaneous expenses incurred for research and development purposes in aggregate amounted to approximately RMB5,688,000 (unaudited) for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB6,612,000 (unaudited)) are included in costs of sales and administrative and other operating expenses of the Group.

8. INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current income tax		
PRC enterprise income tax ("PRC EIT")		
Provision for the period	249	1,557
Under provision in respect of prior year	437	—
	686	1,557
Deferred taxation		
Changes in temporary differences	12	(115)
Total income tax expenses	698	1,442

The Group's entities established in the Cayman Islands and the BVI are exempted from corporate income tax during the six months ended 30 June 2025 and 2024.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the six months ended 30 June 2025 and 2024.

The Group's entities established in the PRC are subject to the PRC EIT at a statutory rate of 25% except for Shenzhen Confidence Intelligence Electronic Co. Limited* ("**Shenzhen Confidence Intelligence**") (深圳信懋智能電子有限公司) and Chongqing Xinken Technology Company Limited* ("**Chongqing Xinken Technology**") (重慶信懋科技有限公司) ("**重慶信懋科技**") which were recognised as High and New Technology Enterprise and are entitled to a preferential tax rate of 15% during six months ended 30 June 2025 (six months ended 30 June 2024: Same). The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years.

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
<i>Profit</i>		
Profit for the period attributable to owners of the Company, used in basic and diluted earnings per share calculation	970	8,955
<i>Number of shares</i>	'000	'000
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	252,210	250,000
<i>Earnings per share</i>	RMB cents	RMB cents
Basic and diluted earnings per share	0.38	3.58

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

Diluted earnings per share are same as the basic earnings per share as there are no potential dilutive ordinary shares in existence for the six months ended 30 June 2025 and 2024.

10. DIVIDENDS

The directors did not recommend a payment of any dividend for the six months ended 30 June 2025 and 2024.

11. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Contract assets	14,971	20,814
Less: Loss allowances for contract assets	(1,447)	(1,450)
Contract assets, net	13,524	19,364
Trade receivables, from third parties	59,205	62,694
Less: Loss allowances for trade receivables	(2,196)	(1,640)
Trade receivables, net	57,009	61,054
Bills receivables	31,666	23,600
	<hr/>	<hr/>
Trade and bills receivables and contract assets, net	102,199	104,018
	<hr/>	<hr/>

Contract assets represent the Group's rights to consideration for work completed but unbilled for its services provided for EMS. The contract assets are transferred to trade receivables when the rights become unconditional which generally takes one to four months.

As at 30 June 2025 and 31 December 2024, the contract assets are expected to be recovered within 12 months.

As at 30 June 2025 and 31 December 2024, the Group's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 120 days (31 December 2024: 30 to 120 days).

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables, net of loss allowance, by invoice date was as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Less than 1 month	37,756	33,459
1 to 2 months	16,280	22,580
2 to 3 months	2,133	3,780
3 to 4 months	185	663
Over 4 months	655	572
	<hr/>	<hr/>
	57,009	61,054
	<hr/>	<hr/>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	<i>Note</i>		
Current portion			
Prepayments to suppliers		873	1,544
Prepayment for consultancy services fee		365	926
Rental and other deposits	(i)	676	1,413
Interest receivable from unlisted corporate bonds		814	269
Interest receivable from amount due from an independent third party		763	545
Other receivables	(i)	148	150
Amount due from an independent third party	(ii)	4,560	4,630
Amount due from Shanghai Wanhai Jinyuan Business Management Company Limited (“Wanhai Jinyuan”)	(iii)	7,032	7,032
		<u>15,231</u>	<u>16,509</u>
Less: Loss allowance		<u>(7,609)</u>	<u>(7,609)</u>
		7,622	8,900
Non-current portion			
Prepayments of acquisition of property, plant and equipment		<u>3,631</u>	<u>–</u>
		<u>11,253</u>	<u>8,900</u>

Notes:

- (i) As at 30 June 2025 and 31 December 2024, the carrying amounts of deposits and other receivables approximated their fair values. These balances were unsecured and interest free.
- (ii) Amount due from an independent third party

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Amount due from an independent third party	4,560	4,630
Less: Loss allowance	<u>(147)</u>	<u>(147)</u>
	<u>4,413</u>	<u>4,483</u>

This principal amount of the amount due from an independent third party was HK\$5,000,000 (equivalent to approximately RMB4,560,000) (31 December 2024: HK\$5,000,000 (equivalent to approximately RMB4,630,000)). The amount due was unsecured, bearing interest of 10% per annum, and repayable before 27 October 2025 (31 December 2024: Same).

(iii) Amount due from Wanhai Jinyuan

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Amount due from Wanhai Jinyuan	7,032	7,032
Less: Loss allowance	(7,032)	(7,032)
	<u>—</u>	<u>—</u>

The amount due was unsecured, interest free and repayable on demand.

Wanhai Jinyuan, being the wholly-owned subsidiary of the Group before 21 August 2023.

13. TRADE PAYABLES

The trade payables are unsecured, interest-free and with normal credit terms ranging from 30–90 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Within 1 month	8,897	11,046
1 to 2 months	4,226	2,823
2 to 3 months	938	1,077
Over 3 months	40	160
	<u>14,101</u>	<u>15,106</u>

14. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Contract liabilities	3,378	2,693
Other payables and accruals		
Payable for operating expenses	2,090	3,433
Payable for staff salaries and manpower service expenses	5,971	12,621
VAT and other tax payables	5,323	5,497
Other payables	284	1,066
Accruals	1,004	1,313
	<u>14,672</u>	<u>23,930</u>
	<u>18,050</u>	<u>26,623</u>

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group is an electronic manufacturing services (the “**EMS**”) provider offering comprehensive assembling and production services and sales of printed circuit board assembly (the “**PCBAs**”) in the PRC that integrate research and design, selection and procurement of raw materials, assembling of PCBAs, quality control, testing, logistics and after sales services.

During the Interim Period, the economy in China is facing significant challenges, such as U.S. tariff policies, uncertain China-U.S. trade negotiations, deep adjustments in the real estate sector, and insufficient domestic demand, which has led to increasingly fierce competition among enterprises. The Group ceased cooperation with several customers during the Interim Period, and the Group’s revenue decreased by 16.2% from RMB155.0 million for the six months ended 30 June 2024 to RMB129.8 million for the Interim Period. As a result of the decrease in revenue and the unavoidable fixed costs, the gross profit of the Group decreased significantly, and the Group recorded a net profit of approximately RMB2.2 million for the Interim Period, as compared to that of approximately RMB13.0 million for the corresponding period in 2024.

Prospects

Under current complex international environment and the challenging economy in China, the Group will keep more cautious on its spending and expansion to reduce finance risk. The Group is taking proactive measures and making active responses in an effort to sustain the business and actively diversify or expand our customer base and product base to broaden the sources of revenue and diversify business risk. The Group will continue to invest in our development of in-house capabilities and keep ourselves abreast of the development of latest technology advancement in our industries to secure more business opportunities, and also explore other business segments or new opportunities to earn better returns for the Company and the Shareholders. We will continue to strive a balance among the interests of shareholders, employees and customers, and pursue long-term and sustainable development for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue by customers' geographical location

The Group is domiciled in PRC. The Group's revenue by geographical location, which is determined by the location of customers, is as follows:

	Unaudited	
	six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
The PRC	129,832	154,875
The USA	–	109
	129,832	154,984

Revenue by Product Type

The Group derives its revenue from provision of EMS and sales of PCBAs and electronic components during the Interim Period. Based on the usage of the electronic products which incorporated with our PCBAs, our PCBAs can be primarily and broadly applied to electronic end products for three product categories, namely, telecommunication devices, IoT products and automotive related devices. The table below summarises the amounts of revenue generated and as a percentage of total revenue from each product category for the Interim Period and the corresponding period in 2024:

	Revenue for the six months ended 30 June			% of total revenue for the six months ended 30 June		
	2025	2024	Change	2025	2024	Change
	RMB'000	RMB'000	%			
Telecommunication devices	63,644	86,305	(26.3)	49.0	55.7	(6.7)
IoT products	8,302	32,723	(74.6)	6.4	21.1	(14.7)
Automotive related devices	39,114	33,512	16.7	30.1	21.6	8.5
Others	18,772	2,444	668.1	14.5	1.6	12.9
Total	129,832	154,984	(16.2)	100.0	100.0	–

Our revenue generated from telecommunication devices decrease by approximately 26.3% from approximately RMB86.3 million for the six months ended 30 June 2024 to approximately RMB63.6 million for the Interim Period, primarily due to that the group ceased to cooperate with a few customers as the group cannot agree on a favorable selling price with these customers.

Our Group recorded a decrease in revenue derived from IoT products by approximately 74.6% from approximately RMB32.7 million for the six months ended 30 June 2024 to approximately RMB8.3 million for the Interim Period, which was mainly attributable to the decline orders received from the IoT products customers for the reason that (i) the current sluggish consumer environment for the Interim Period; and (ii) the cessation cooperation with a few customer as the Group cannot agree on a favorable price with these customers.

Our revenue generated from automotive related devices increased by approximately 16.7% from approximately RMB33.5 million for the six months ended 30 June 2024 to approximately RMB39.1 million for the Interim Period, primarily because we achieve more orders from the customers with our satisfying technology and quality.

Other revenue mainly include (i) PCBAs for industrial-use devices; and (ii) the revenue generated from the sale of auxiliary and other materials. Other revenue increased by 668.1% from approximately RMB2.4 million to RMB18.8 million, which was mainly due to the increase of sales of IC materials for the Interim Period.

Revenue from contracts with customers within HKFRS 15

The Group's revenue from contracts with customers can be categorized into Provision of EMS and Sales of PCBA and electronic components according to the revenue recognition in according with HKFRS 15 based on the contract terms with customers. The table below summarises the amounts of revenue recognised and as a percentage of total revenue from each category for the Interim Period and the corresponding period in 2024:

Revenue from contracts with customers within HKFRS 15		Unaudited Six months ended 30 June			
	Recognition basis	2025		2024	
		RMB'000	%	RMB'000	%
Provision of EMS	Recognised on overtime basis	72,510	55.8	154,984	100.0
Sales of PCBA and electronic components	Recognised on point in time basis	57,322	44.2	–	–
Total		<u>129,832</u>	<u>100.0</u>	<u>154,984</u>	<u>100.0</u>

In 2024, some customers, particularly those requiring the Group to purchase raw materials in advance for PCBAs assembly, aimed to reduce their warehouse inventory and alleviate cash flow pressures. They attempted to negotiate changes to the contract terms or order execution through reconciliation.

Negotiations began at the start of FY2024, with a final agreement reached in the second half of the year. The agreed terms apply to all sales for FY2024. Under the revised business terms, revenue from these customers is recognised at the time of delivery, based on the agreed shipping terms and location specified by the customer, when the customer takes possession of and accepts the goods.

Prior to these changes, specifically before the interim reporting period of 2024, revenue recognition followed the old contract terms. Under these terms, when the company purchased raw materials based on customer forecasts, the Group had an enforceable right to payment for performance completed to date if the customer canceled the contract for reasons unrelated to the Group's performance. Consequently, all revenue for the interim period of 2024 was recognised as provision of EMS.

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Interim Period was approximately RMB17.7 million, representing a decrease of approximately RMB14.1 million or 44.4% as compared with approximately RMB31.8 million for the corresponding period in 2024. Overall gross profit margin decreased from 20.5% for the corresponding period in 2024 to 13.6% for the Interim Period.

	Gross profit for the six months ended 30 June			Gross profit margin for the six months ended 30 June		
	2025 RMB'000	2024 RMB'000	Change (%)	2025 %	2024 %	Change (%)
Telecommunication devices	10,276	19,692	(47.8)	16.1	22.8	(6.7)
IoT products	547	5,264	(89.6)	6.6	16.1	(9.5)
Automotive related devices	5,741	6,590	(12.9)	14.7	19.7	(5.0)
Others	1,118	282	296.5	6.0	11.5	(5.5)
Total	<u>17,682</u>	<u>31,828</u>	<u>(44.4)</u>	<u>13.6</u>	<u>20.5</u>	<u>(6.9)</u>

PCBAs

The gross profit for PCBAs for telecommunication devices decreased by approximately 47.8% to approximately RMB10.3 million for the Interim Period (six months ended 30 June 2024: approximately RMB19.7 million). The gross profit margin decreased to approximately 16.1% for the Interim Period (six months ended 30 June 2024: approximately 22.8%), which was in line with the decreased in sales of PCBAs for telecommunication devices.

The gross profit for PCBAs for IoT products decreased by approximately 89.6% to approximately RMB0.5 million for the Interim Period (six months ended 30 June 2024: approximately RMB5.3 million). The gross profit margin decreased to approximately 6.6% for the Interim Period (six months ended 30 June 2024: approximately 16.1%), which mainly due to the decrease of revenue and the unavoidable fixed cost.

The gross profit for PCBAs for automotive related devices decreased by approximately 12.9% to approximately RMB5.7 million for the Interim Period (six months ended 30 June 2024: approximately RMB6.6 million). The gross profit margin decreased to approximately 14.7% for the Interim Period (six months ended 30 June 2024: approximately 19.7%), which was due to absorption of more fixed costs with the decreased of the sales of the group for the Interim Period.

Other Income

Other income of the Group for the Interim Period of approximately RMB3.1 million (six months ended 30 June 2024: approximately RMB3.5 million) mainly represented government grants recognised by the Group and bank interest income.

Other Losses, Net

Net other losses of approximately RMB1.1 million for the Interim Period (six months ended 30 June 2024: other gains of approximately RMB1.0 million) mainly comprised interest income from unlisted corporate bonds and loan, exchange differences and loss on disposal of property, plant and equipment.

Selling and Distribution Expenses

Selling and distribution expenses mainly comprised (i) relevant employee benefit expenses; (ii) travelling and transportation costs; (iii) entertainment expenses and other expenses. For the Interim Period, selling and distribution expenses amounted to approximately RMB1.0 million (six months ended 30 June 2024: approximately RMB1.6 million). Selling and distribution expense against revenue ratio decreased to 0.8% for the Interim Period from 1% for the corresponding period of 2024, which was due to the decrease of revenue of the Group.

Administrative Expenses

Administrative expenses mainly represented (i) employment benefit expenses, (ii) depreciation, (iii) professional fee, (iv) expenses recognised under short-term leases, (v) travelling expenses, (vi) utilities, (vii) telecommunication and office expenses and other expenses. For the Interim Period, administrative expenses amounted to approximately RMB15.1 million (six months ended 30 June 2024: approximately RMB17.7 million). The decreased in administrative expense was mainly due to the decrease in staff costs.

Finance Costs

Finance costs mainly comprised interest expenses on bank and other borrowings and leases. For the Interim Period, the finance costs of the Group were approximately RMB0.1 million (six months ended 30 June 2024: approximately RMB0.5 million) which in line with the decrease in the balance of borrowings and lease liabilities.

Income Tax Expense

Income tax expense decreased by approximately RMB0.7 million from approximately RMB1.4 million for the six months ended 30 June 2024 to approximately RMB0.7 million for the Interim Period, which was mainly due to the decreased profit of the group.

Profit for the Period

As a result of the facts discussed above, net profit for the period was approximately RMB2.2 million for the Interim Period (six months ended 30 June 2024: RMB13.0 million).

Profit for the Period Attributable to Non-controlling Interest

Profit for the Period attributable to non-controlling interest was approximately RMB1.3 million for the Interim Period (for the six months ended 30 June 2024: approximately RMB4.0 million). This profit for the Interim Period was mainly from Chongqing factory.

Liquidity and Capital Resources

Net Current Assets

The Group had net current assets of approximately RMB206.4 million as at 30 June 2025 (31 December 2024: approximately RMB173.9 million). The current ratio of the Group increased from 4.3 as at 31 December 2024 and 5.9 as at 30 June 2025 which was mainly due to the proceeds received from the placing during the Interim Period as mentioned in the section “Use of Proceed From the Placing of New Shares Under General Mandate”.

Borrowing and the Pledge of Assets

The bank borrowings of the Group amounted to approximately RMB3.0 million as at 30 June 2025 (31 December 2024: approximately RMB3.2 million). As at 30 June 2025, the borrowings were secured by property, plant and equipment with carrying amounts approximately RMB8.1 million (31 December 2024: approximately RMB8.3 million).

Gearing Ratio

Our gearing ratio, which is calculated by total borrowings and lease liabilities divided by total equity, was approximately 2.6% and 3.6% as at 30 June 2025 and 31 December 2024, respectively. The gearing ratio remained low due to our low level of bank and other borrowings and lease liabilities.

Capital Structure

The Shares were listed on the Stock Exchange on 18 October 2019 (the “**Listing Date**”). There has been no change in the capital structure of the Group for the Interim Period except for the placing during the Interim Period as mentioned in the section “Use of Proceed From the Placing of New Shares Under General Mandate”. After the completion of the Placing, as at 30 June 2025, the number of issued shares of the Company was 300,000,000 ordinary shares of HK\$0.01 each.

Foreign Exchange Exposure and Exchange Rate Risk

The Group’s assets, liabilities and transactions are mainly denominated in Renminbi (“**RMB**”) and Hong Kong dollar (“**HK\$**”), and there are no significant assets and liabilities denominated in other currencies. Management considers that the Group is not exposed to any significant foreign exchange risk as at 30 June 2025 as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group’s entities.

Capital Expenditure

For the Interim Period, the Group had capital expenditure of approximately RMB4.4 million (six months ended 30 June 2024: approximately RMB12.9 million). The capital expenditure was mainly related to the additions of equipment for our factories in Shenzhen.

Interim Dividend

The Board does not recommend payment of interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Employees and Emoluments Policy and Training

The key components of the Group’s remuneration package include basic salary, and where appropriate, other allowances, bonuses and the Group’s contribution to mandatory provident funds or state-managed retirement benefits scheme. Other benefits include share options to be granted under the Share Option Schemes. The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs to employees, which are identified annually by individual departments.

As at 30 June 2025, the Group had 367 employees with a total remuneration of approximately RMB23.6 million during the Interim Period (six months ended 30 June 2024: approximately RMB32.3 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices.

Pension Scheme

Pursuant to the relevant labor laws and regulations of the PRC, the employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme (the “**Defined Contribution Scheme**”) operated by the PRC government. The Group is required to contribute a certain percentage of basic payroll costs to the Defined Contribution Scheme.

The Group's contributions to the Defined Contribution Scheme vest fully and immediately with the employees. Accordingly, (i) during the Interim Period, there was no forfeiture of contributions under the Defined Contribution Scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Scheme as at 30 June 2025. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Scheme.

Capital Commitment

As at 30 June 2025, the Group's capital commitment amounted to approximately RMB1.0 million (31 December 2024: approximately RMB0.4 million). The capital commitment was mainly related to the acquisition of machinery and equipment to enhance our production efficiency.

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures and Significant Investment

During the Interim Period, saved as disclosed in this announcement, there were no material acquisition, disposal of subsidiaries, associates and joint ventures or significant investment by the Group.

Contingent Liabilities

The Group did not have any contingent liabilities as of 30 June 2025 (31 December 2024: nil).

Use of Proceed From the Placing of New Shares Under General Mandate

On 13 June 2025, the Company entered into the placing agreement with Kingston Securities Limited (the “**Placing Agent**”) pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent placees for up to 50,000,000 new Shares at a price of HK\$0.27 per placing Share, for and on behalf of the Company (the “**Placing**”). The maximum number of 50,000,000 placing shares represents approximately 20.00% of the entire issued share capital of the Company of 250,000,000 Shares as at 13 June 2025 and approximately 16.67% of the Company’s entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$13.1 million will be used for (i) approximately HK\$4.4 million for acquisition of new machinery for assembly and production of PCBAs at the production plant in Shenzhen; (ii) approximately HK\$3.3 million for the repayment of bank borrowing; and (iii) the remaining of approximately HK\$5.4 million for other general working capital of the Group. All the conditions precedent set out in the Placing Agreement have been fulfilled and the Placing was completed on 23 June 2025 and 50,000,000 new Shares were issued to not less than six placees at the placing price. The net placing price (after deducting the related costs and expenses incurred in the Placing) is approximately HK\$0.261 per Share. Details are set out in the Company’s announcement dated 13 June 2025 and 23 June 2025.

The following table sets forth the status of use of proceeds from the Placing:

	Intended use of net proceeds from the Placing <i>HK\$ (Million)</i>	Utilised net proceeds from the Placing as at 30 June 2025 <i>HK\$ (Million)</i>	Unutilised net proceeds from the Placing as at 30 June 2025 <i>HK\$ (Million)</i>	Expected timeline for net proceeds from the Placing to be fully utilised
Acquisition of new machinery for assembly and production of PCBAs at the production plant in Shenzhen	4.4	4.4	–	–
Repayment of bank borrowing	3.3	–	3.3	By the end of 2025
General working capital	5.4	–	5.4	By the end of 2025
Total	<u>13.1</u>	<u>4.4</u>	<u>8.7</u>	

Event After Reporting Period

On 1 August, the Board announced that the Board conducted an analysis of the shareholding structure of the Company based on the information provided by an independent service provider engaged by the Company (the “**Analysis**”) and was satisfied that, based on the results of the Analysis and the information available as at 30 June 2025, (i) the shareholding concentration of the Company as at 6 March 2020 as stated in the Securities and Futures Commission Announcement dated 18 March 2020 no longer exists as at 30 June 2025; and (ii) there has been no concentration of the shareholdings of the Company in the hands of a limited number of Shareholders as at 30 June 2025.

Saved as disclosed above, the Group does not have any important events after the Interim Period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the trust of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance codes to meet the legal and commercial standards by focusing on areas such as internal control, adequate disclosure and accountability to all shareholders.

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules during the Interim Period except the following deviation:

CG Code provision C.2.1 stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. Mr. Li Hao is the chairman of the Board and the chief executive officer of our Group, which was deviated from the CG Code. However, having considered the nature and extent of our Group’s operations, Mr. Li Hao’s extensive experience in the industry, familiarity with the operations of our Group since its business operation, that all major decisions are made in consultation with members of our Board and relevant Board committees, and that there are three independent non-executive Directors on our Board offering independent perspectives, our Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between our Board and the management of our Company and that it is in the best interest of our Group to have Mr. Li Hao taking up both roles. As such, the roles of the chairman and chief executive officer of our Group are not being separated pursuant to the requirement under code provision C.2.1 of the CG Code. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

SHARE OPTION SCHEME

A share option scheme was conditionally adopted on 20 September 2019 (the “**Share Option Scheme**”), which became effective on the Listing Date. The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that the eligible participants had or may have made to the Group.

The Board may, at its absolute discretion, grant options to any employee (full-time or part-time), consultant or adviser of our Group, Directors, shareholder of our Group, or any supplier, customer, business partner or service provider of our Group (together, the “**Eligible Participants**” or each “**Eligible Participant**”).

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 25,000,000 shares) unless approved by the shareholders of the Company. The 10% limited may be renewed by the shareholders of the Company in general meeting from time to time provided always that the 10% limited so renewed must not exceed 10% of the shares in issue at the date of approval of such renewal by the shareholders of the Company.

No option shall be granted to any Eligible Participants which, if exercised in full would result in the total number of the shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled, and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 10% in aggregate of the shares in issue as at the date of such grant.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption and the remaining life of the share option Scheme is approximately 5 years.

No share option has been granted under the Share Option Scheme during the Interim Period.

CONNECTED TRANSACTIONS

During the six months ended 30 June 2025, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of securities on the Stock Exchange (the “**Listing Rules**”) which are required to comply with any of the reporting, announcement or independent shareholders’ approval requirements under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sales of treasury shares, if any) during the Interim Period.

At as 30 June 2025, the Company did not held any treasury shares.

ISSUE OF EQUITY SECURITIES

On 13 June 2025, the Company entered into the placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent placees for up to 50,000,000 new Shares at a price of HK\$0.27 per placing Share, for and on behalf of the Company (the “**Placing**”). The maximum number of 50,000,000 Placing Shares represents approximately 20.00% of the entire issued share capital of the Company of 250,000,000 Shares as at 13 June 2025 and approximately 16.67% of the Company’s entire issued share. All the conditions precedent set out in the placing agreement have been fulfilled and the Placing was completed on 23 June 2025 and 50,000,000 new Shares were issued to not less than six placees at the placing price. Details are set out in the Company’s announcement dated 13 June 2025 and 23 June 2025.

AUDITOR

Conpak CPA Limited, Certified Public Accountants, the auditor of the Company, has reviewed the unaudited condensed consolidated interim financial information of the Group for the Interim Period 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.

AUDIT COMMITTEE

The Company established the Audit Committee on 20 September 2019 with terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules for the purpose of to making recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide advice in respect of the financial reporting process, and to oversee the internal control procedures of our Group. The Audit Committee now comprises three members, all being independent non-executive Directors, namely, Mr. Chow Kit Ting (Chairman), Mr. Huang Jianfei and Ms. Mu Lingxia.

The Audit Committee had reviewed the interim results of the Group for the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the Interim Period and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules during the Interim Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.szxinken.com>). The interim report of the Company for the six months ended 30 June 2025 will be dispatched (if requested by shareholder(s)) to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Confidence Intelligence Holdings Limited
Li Hao
Chairman & Executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the executive Directors are Mr. Li Hao, Mr. Zhang Bizhong, Mr. Xu Shizhen, Ms. Li Biqiong and Mr. Hao Xiangjun, and the independent non-executive Directors are Mr. Huang Jianfei, Mr. Chow Kit Ting and Ms. Mu Lingxia.

* *For identification purpose only*