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## **SPROCOMM INTELLIGENCE LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1401)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
Revenue ( <i>RMB'000</i> )	<b>2,917,434</b>	2,822,921
Gross profit ( <i>RMB'000</i> )	<b>257,769</b>	299,588
Gross profit margin (%)	<b>8.8</b>	10.6
Net profit for the year ( <i>RMB'000</i> )	<b>15,609</b>	31,016
Earnings per share		
– Basic and diluted ( <i>RMB cents</i> )	<b>1.63</b>	3.24

The board (the “**Board**”) of directors (the “**Directors**”) of Sprocomm Intelligence Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024. These results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2024*

	<i>Notes</i>	<b>2024</b>	2023
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue	3	<b>2,917,434</b>	2,822,921
Cost of sales		<u><b>(2,659,665)</b></u>	<u>(2,523,333)</u>
Gross profit		<b>257,769</b>	299,588
Other gains and income	5	<b>74,007</b>	38,780
Selling and distribution expenses		<b>(56,758)</b>	(58,654)
Administrative expenses		<b>(76,601)</b>	(63,797)
Research and development expenses		<b>(141,885)</b>	(139,686)
Finance costs		<u><b>(36,191)</b></u>	<u>(36,284)</u>
<b>Profit before tax</b>		<b>20,341</b>	39,947
Income tax expense	6	<u><b>(4,732)</b></u>	<u>(8,931)</u>
<b>Profit for the year</b>	7	<b>15,609</b>	31,016
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translating foreign operations		<u><b>(289)</b></u>	<u>(511)</u>
Total comprehensive income for the year		<u><b>15,320</b></u>	<u>30,505</u>
Profit attributable to:			
Owners of the Company		<b>16,341</b>	32,369
Non-controlling interests		<u><b>(732)</b></u>	<u>(1,353)</u>
		<u><b>15,609</b></u>	<u>31,016</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>16,056</b>	31,863
Non-controlling interests		<u><b>(736)</b></u>	<u>(1,358)</u>
		<u><b>15,320</b></u>	<u>30,505</u>
Earnings per share	9		
Basic and diluted ( <i>RMB cents</i> )		<u><b>1.63</b></u>	<u>3.24</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		97,166	95,899
Right-of-use assets	10	35,855	8,166
Intangible assets		4,720	6,162
Deferred tax assets		2,966	688
		<u>140,707</u>	<u>110,915</u>
<b>Current assets</b>			
Inventories	11	326,034	377,630
Trade and bills receivables	12	587,382	808,830
Prepayments and other receivables	13	127,997	82,067
Amounts due from shareholders		6,341	6,341
Pledged bank deposits		2,127,302	2,368,420
Bank balances and cash		79,364	67,951
		<u>3,254,420</u>	<u>3,711,239</u>
<b>Current liabilities</b>			
Trade and bills payables	14	2,708,516	3,158,712
Accruals and other payables	15	88,331	92,541
Contract liabilities	15	23,117	32,472
Borrowings		138,877	142,622
Lease liabilities	10	5,861	5,890
Deferred income		850	1,633
Income tax payable		2,277	4,591
		<u>2,967,829</u>	<u>3,438,461</u>
<b>Net current assets</b>		<u>286,591</u>	<u>272,778</u>
<b>Total assets less current liabilities</b>		<u>427,298</u>	<u>383,693</u>

	<i>Note</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Deferred income		<b>3,705</b>	4,135
Deferred tax liability		<b>14,738</b>	14,102
Lease liabilities	10	<b>33,504</b>	2,425
Borrowings		<b>8,817</b>	11,817
		<u><b>60,764</b></u>	<u>32,479</u>
<b>Net assets</b>		<u><b>366,534</b></u>	<u>351,214</u>
<b>Capital and reserve</b>			
Share capital		<b>8,945</b>	8,945
Reserves		<b>359,196</b>	343,140
		<u><b>368,141</b></u>	<u>352,085</u>
Equity attributable to owners of the Company		<b>368,141</b>	352,085
Non-controlling interests		<b>(1,607)</b>	(871)
		<u><b>366,534</b></u>	<u>351,214</u>
<b>Total equity</b>		<u><b>366,534</b></u>	<u>351,214</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2024

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 15 August 2018 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 November 2019 (the “**Listing**”). The ultimate controlling parties are Mr. Li Chengjun and Mr. Xiong Bin, who are also executive directors of the Company.

The address of the registered office is located in P.O. BOX 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and the principal place of business of the Company is located in 33/F, Building 1, Huaqiang Science and Technology Innovation Plaza, Meilin Street, No. 6018 North Ring Boulevard, Futian District, Shenzhen, China.

The Company is an investment holding company. The principal activities of its subsidiaries are designing, manufacturing and sales of mobile phones and printed circuit board assembly products (“**PCBA**”) and Internet of things (“**IoT**”) related products and investment holding. Particulars of the subsidiaries have been set out in Note 35 of the annual report. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in RMB which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### (a) *Adoption of amendments to HKFRSs*

In the current year, the Group has applied the amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the financial statements:

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

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

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

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

The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b) (iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in notes 14.

**(b) *New and amendments to HKFRSs not yet effective***

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to HKFRSs mentioned below, the directors of the Group anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

## *HKFRS 18 Presentation and Disclosure in Financial Statements*

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

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

### **3. REVENUE**

Revenue represents revenue arising on sales of goods in the normal course of business, net of discounts and sales related taxes. The Group's revenue for the year is recognised on a point in time basis.

An analysis of revenue from contracts with customers disaggregated by major product types is as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Mobile phones	<b>1,894,440</b>	2,137,747
PCBAs	–	55,588
IoT related products	<b>822,713</b>	483,801
Others*	<b>200,281</b>	145,785
	<b><u>2,917,434</u></b>	<u>2,822,921</u>

\* *Mainly represent sales of materials and components of the mobile phones and IoT related products.*

#### **Transaction price allocated to the remaining performance obligations**

The sales contracts are with an original expected duration of less than one year. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price for the performance obligation that is unsatisfied as of the end of respective reporting period.

#### 4. SEGMENT INFORMATION

Information is reported on a regular basis to the executive directors of the Company, being the chief operating decision makers, for their review of the Group's internal reporting in order to assess performance and allocate resources. The Group is principally engaged in designing, manufacturing and sales of mobile phones and PCBA and IoT related products. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

##### Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC") (the place of domicile of the Group's operation).

Information about the Group's revenue from external customers presented based on the location of customers is as follows:

	Revenue from external customers	
	2024 RMB'000	2023 RMB'000
India	365,200	863,557
The PRC	2,328,450	1,742,400
People's Republic of Bangladesh	53,426	74,572
Algeria	5,912	10,568
United States of America	73,792	–
Islamic Republic of Pakistan	65,212	131,798
Republic of Yemen	19,004	–
Dubai	5,605	–
Other regions	833	26
	<u>2,917,434</u>	<u>2,822,921</u>

The Group's non-current assets, excluding deferred tax assets, amounted to RMB137,741,000 (2023: RMB110,077,000), and are mainly located in the PRC.

##### Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Customer A	150,072*	469,412
Customer B	757,651	503,107
Customer C	626,028	570,521

\* The customer did not contribute over 10% of the total revenue of the Group in 2024.

## 5. OTHER GAINS AND INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	44,061	11,503
Government subsidies ( <i>Note</i> )	28,155	16,834
Amortisation of government grant	1,680	9,818
Sundry income	111	625
	<u>74,007</u>	<u>38,780</u>

*Note:* The government subsidies represent the one-off government grants that were received from local government authorities of which the entitlements were unconditional and were not capital in nature and therefore immediately recognised as other income.

## 6. INCOME TAX EXPENSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax – Hong Kong profit tax</b>		
– Provision for the year	152	1,360
– Under/(over)-provision in respect of prior years	52	(48)
<b>Current tax – PRC Enterprise Income Tax</b>		
– Provision for the year	5,836	1,312
– Under-provision in respect of prior years	334	6,129
	<u>6,374</u>	<u>8,753</u>
Deferred tax:		
– (Credit)/charge to current year	(1,642)	178
Income tax expense	<u>4,732</u>	<u>8,931</u>

## 7. PROFIT FOR THE YEAR

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	3,213	2,448
Salaries, allowances and other benefits (excluding directors' emoluments)	165,158	128,121
Contributions to retirement benefits scheme (excluding directors' emoluments)	20,382	14,400
Total staff costs	<u>188,753</u>	<u>144,969</u>
Auditors' remuneration	1,050	1,000
Amortisation of intangible assets	2,374	2,382
Amount of inventories recognised as an expense	2,659,665	2,523,333
Depreciation of property, plant and equipment	15,752	14,221
Depreciation of right-of-use assets	10,665	18,325
Provision of impairment loss recognised in respect of trade and bills receivables	8,415	3,360
Loss on disposal of property, plant and equipment	9	509
Loss on disposal of a subsidiary	–	419
Research and development expenses	<u>141,885</u>	<u>139,686</u>

## 8. DIVIDEND

No dividend was paid, declared or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share during the years is based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings for the purpose of basic earnings per share profit for the year attributable to owners of the Company	<u>16,341</u>	<u>32,369</u>
	<b>Number of shares '000</b>	<b>Number of shares '000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,000,000</u>	<u>1,000,000</u>

## Diluted earnings per share

Diluted earnings per share for both years were the same as the basic earnings per share as there was no potential ordinary shares in issue for both 2024 and 2023.

## 10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### (i) Right-of-use assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Leasehold properties	<u>35,855</u>	<u>8,166</u>

The Group has lease arrangements for buildings, mainly for use as the Group's headquarter and factories for production purpose. The lease terms range from one to eight years (2023: one to five years) with fixed lease payments and no renewal/termination option.

During the year, additions to right-of-use assets were RMB38,312,000 (2023: RMB20,740,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

### (ii) Lease liabilities

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current portion	33,504	2,425
Current portion	<u>5,861</u>	<u>5,890</u>
	<u>39,365</u>	<u>8,315</u>

The weighted average incremental borrowing rates applied to lease liabilities range from 4.0% to 10.0% (2023: from 5.0% to 9.0%).

## 11. INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Materials and components	140,023	226,284
Work in progress	106,000	28,223
Finished goods	<u>80,011</u>	<u>123,123</u>
	<u>326,034</u>	<u>377,630</u>

## 12. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	588,302	750,907
Less: Loss allowance	<u>(14,280)</u>	<u>(5,865)</u>
	574,022	745,042
Bills receivables	<u>13,360</u>	<u>63,788</u>
Trade and bills receivables	<u><u>587,382</u></u>	<u><u>808,830</u></u>

The gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB601,662,000 as at 31 December 2024 (2023: RMB814,695,000).

An aging analysis of trade and bills receivables (after loss allowance) based on invoice date is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	276,611	404,421
31 to 60 days	168,363	267,787
61 to 90 days	73,617	118,702
Over 90 days	<u>68,791</u>	<u>17,920</u>
Total	<u><u>587,382</u></u>	<u><u>808,830</u></u>

No interest is charged on the trade and bills receivables.

## 13. PREPAYMENTS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Prepayment to suppliers	45,595	21,106
Lease deposits and other deposits	2,891	5,856
VAT recoverable ( <i>Note</i> )	64,661	52,649
Interest receivables	6,928	1,432
Others	<u>7,922</u>	<u>1,024</u>
	<u><u>127,997</u></u>	<u><u>82,067</u></u>

*Note:* VAT recoverable includes the input VAT and prepaid VAT that is expected to be deducted within one year.

As at 31 December 2024 and 2023, there was no significant impairment for the prepayments and other receivables.

#### 14. TRADE AND BILLS PAYABLES

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Trade payables	<b>555,359</b>	834,590
Bills payables under supplier finance arrangement ( <i>note</i> )	<b>2,153,157</b>	2,324,122
	<hr/>	<hr/>
Trade and bills payables	<b>2,708,516</b>	3,158,712
	<hr/> <hr/>	<hr/> <hr/>

*Note:* These amounts relate to bills payables under supplier finance arrangements, including bills issued to relevant external suppliers for the settlement of trade payables amounting to approximately RMB243,762,000 as at 31 December 2024 (2023: RMB322,652,000), and bills issued to Group entity under arrangements for financing the production of the respective group entities, amounting to approximately RMB1,909,395,000 as at 31 December 2024 (2023: RMB2,001,470,000). All of the aforementioned bills payables are fully secured by pledged bank deposits amounting to approximately RMB2,127,302,000 (2023: RMB2,368,420,000). In the consolidated statement of cash flows, payments to the banks are classified as financing cash flows, net of receipts from the bank in respect of intercompany bills, reflecting the nature of the arrangements.

In order to facilitate extended payment terms with suppliers and intragroup transactions, the Group enters into arrangements involving bills secured by pledged deposits equivalent to the invoice amounts. The arrangements involving external suppliers provide for payment terms of 30–60 days for the group to issue the bills to the external suppliers, and the issued bills have 90 to 180 days to maturity for those issued to external suppliers and 90 to 365 days to maturity for intragroup companies, respectively, depending on the specific terms of the bills. The Group repays the banks the full invoice amount on the maturity date of the bills as required. The Group classifies these related bills payables as trade and other payables.

The following is an aging analysis of trade payables presented based on invoice date at the end of the reporting period:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Within 30 days	<b>324,145</b>	438,157
31 to 60 days	<b>173,950</b>	299,454
61 to 90 days	<b>39,532</b>	72,968
Over 90 days	<b>17,732</b>	24,011
	<hr/>	<hr/>
Total	<b>555,359</b>	834,590
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchases of goods is ranging from 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aging analysis of bills payables under supplier finance arrangement based on bills issuance date at the end of the reporting period.

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Within 30 days	<b>484,230</b>	338,679
31–60 days	<b>459,996</b>	466,769
61–90 days	<b>440,993</b>	629,051
Over 90 days	<b>767,938</b>	889,623
	<hr/>	<hr/>
Total	<b>2,153,157</b>	2,324,122
	<hr/> <hr/>	<hr/> <hr/>

All the bills payables of the Group are not yet due at the end of each reporting period.

## 15. ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Salaries payable	<b>61,028</b>	58,575
Other payables	<b>9,903</b>	10,377
Government subsidies in advance ( <i>Note (i)</i> )	<b>12,867</b>	13,788
Other tax payables	<b>4,533</b>	9,801
	<hr/>	<hr/>
	<b>88,331</b>	92,541
	<hr/>	<hr/>
Contract liabilities ( <i>Note (ii)</i> )	<b>23,117</b>	32,472
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) Government subsidies in advance included in accruals and other payables are mainly related to the capital expenditure incurred for property and equipment, leasehold improvement and subsidies for recruitment of certain number of workers for factory operation, before fulfilling certain conditions under the terms of the government subsidies. The government subsidies received may need to be refunded if the subsidiary failed to fulfill the attached conditions within the stipulated time. Upon fulfillment of those conditions, government subsidies related to compensation of operating expenses are credited to the profit or loss in the year the Group complied with the conditions attached to the subsidies, whereas assets-related subsidies are reclassified to deferred income and credited to the profit or loss on a straight-line basis over the expected lives of the related assets.
- (ii) Contract liabilities as at 31 December 2024 amounted to approximately RMB23,117,000 (2023: RMB32,472,000), which represented receipts in advance from customers.

### Revenue recognised in relation to contract liabilities

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is approximately RMB24,764,000 (2023: RMB30,251,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

During the year ended 31 December 2024, the Group, as one of the leading ODM mobile phone suppliers based in China, continued to focus on the research and development, designing, manufacturing and sale of mobile phones, PCBAs for mobile phones and IoT related products, targeting emerging markets.

In 2024, China's economy demonstrated resilience and adaptability despite facing complex domestic and global challenges. China's smartphone market experienced a robust rebound, driven by strong performances from reputable mobile phone brands. The IoT market in China also witnessed substantial growth, solidifying the country's position as the world's largest IoT market. According to data from the global market research firm International Data Corporation, China's IoT spending reached approximately US\$300 billion in 2024, accounting for 26.7% of global spending in the sector. This growth was fuelled by strong demand across manufacturing, government, and consumer sectors, with a significant emphasis on smart manufacturing and AI integration. Looking ahead, it is anticipated that China's IoT spending will continue to grow at a compound annual growth rate of 13% over the next five years.

During the year ended 31 December 2024, the Group successfully secured an increased volume of purchase orders for IoT related products. These orders came from the Group's major customers in China, indicating their continued trust and satisfaction with the Group's product quality and service. Revenue from China increased by 33.6% to RMB2,328.5 million for the year ended 31 December 2024 from RMB1,742.4 million for the year ended 31 December 2023. Despite the increase in revenue, the Group had to strategically accommodate a reduced gross profit margin. This was a necessary measure to ensure the procurement of sales orders from major customers. The decision, while impacting the Group's immediate profitability, is aimed at fostering long-term relationships and securing future business opportunities.

Overall, the Group recorded total revenue of approximately RMB2,917.4 million for the year ended 31 December 2024, representing an increase of approximately 3.3% from approximately RMB2,822.9 million for the year ended 31 December 2023. However, due to the reduced gross profit margin, the Group's profit after tax decreased by approximately 49.7% to approximately RMB15.6 million for the year ended 31 December 2024 from approximately RMB31.0 million for the year ended 31 December 2023.

### **OUTLOOK AND BUSINESS STRATEGY**

Going forward, China's ODM mobile phone market will be filled with challenges and opportunities. The Group intends to seize this moment to reinforce its market-leading position, leveraging strategic initiatives to ensure continued growth and success. By staying at the forefront of innovation and anticipating market trends, the Group aims to capitalise on emerging opportunities while effectively addressing any challenges that may arise. The

Directors believe that the integration of artificial intelligence into smartphones and other devices, coupled with the rapid deployment of 5G telecommunications networks worldwide, will significantly drive the demand for smartphones and IoT products.

In order to capture the potential market opportunities and maximise the interests of the Company and its shareholders, the Group will adopt a prudent approach to develop its business, enhance its research and development capability, enrich its product portfolio and increase its sales and marketing effort to diversify its geographical locations.

## FINANCIAL REVIEW

### Revenue

#### *Revenue by product categories*

The Group's product portfolio includes smartphones, feature phones, PCBAs for mobile phones and IoT related products. The Group mainly derives its revenue from the sales of smartphones and IoT products. Set out below is a breakdown of the Group's total revenue by product categories and the revenue generated from each product category as a percentage of total revenue for the year ended 31 December 2024 and 2023:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Mobile phones				
– Smartphones	<b>1,456,867</b>	<b>50.0</b>	1,814,028	64.3
– Feature phones	<b>437,573</b>	<b>14.9</b>	323,719	11.4
Sub-total:	<b>1,894,440</b>	<b>64.9</b>	2,137,747	75.7
PCBAs	–	–	55,588	2.0
IoT related products	<b>822,713</b>	<b>28.2</b>	483,801	17.1
Others ( <i>Note</i> )	<b>200,281</b>	<b>6.9</b>	145,785	5.2
Total	<b>2,917,434</b>	<b>100.0</b>	2,822,921	100.0

*Note:* Others mainly include revenue from the sales of mobile device components used for after sales-services and the provision of research and development and technical services for mobile phones, PCBAs and cloud related products.

The Group's total revenue increased by 3.3% to RMB2,917.4 million for the year ended 31 December 2024 from RMB2,822.9 million for the year ended 31 December 2023.

Revenue from mobile phones decreased by 11.4% to RMB1,894.4 million for the year ended 31 December 2024 from RMB2,137.7 million for the year ended 31 December 2023, primarily attributed to the decrease in sales of smartphones to India and Pakistan.

Revenue from PCBAs decreased to nil for the year ended 31 December 2024 from RMB55.6 million for the year ended 31 December 2023, primarily attributed to the Group's strategy to reserve its capacity to meet the demand for smartphones and IoT related products from major customers in the PRC.

Revenue from IoT related products increased by 70.0% to RMB822.7 million for the year ended 31 December 2024 from RMB483.8 million for the year ended 31 December 2023, primarily attributed to the increase in sales orders from major customers in the PRC.

### ***Revenue by geographical regions***

The Group's products are sold worldwide with strategic focus on emerging markets which have high population and growing demands on mobile phones. Set out below is a breakdown of the Group's total revenue by geographical region and the revenue generated from each region as a percentage of total revenue for the year ended 31 December 2024 and 2023:

	<b>Year ended 31 December</b>			
	<b>2024</b>		<b>2023</b>	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
<b>Emerging Asia</b>				
The PRC	2,328,450	79.8	1,742,400	61.7
India	365,200	12.5	863,557	30.6
Pakistan	65,212	2.2	131,798	4.7
People's Republic of Bangladesh	53,426	1.9	74,572	2.6
Sub-total:	<u>2,812,288</u>	<u>96.4</u>	<u>2,812,327</u>	<u>99.6</u>
<b>Other regions</b>				
United States of America	73,792	2.5	–	–
Algeria	5,912	0.2	10,568	0.4
Republic of Yemen	19,004	0.7	–	–
Dubai	5,605	0.2	–	–
Others	833	–	26	–
Sub-total:	<u>105,146</u>	<u>3.6</u>	<u>10,594</u>	<u>0.4</u>
Total	<u><u>2,917,434</u></u>	<u><u>100.0</u></u>	<u><u>2,822,921</u></u>	<u><u>100.0</u></u>

Revenue from the PRC increased by 33.6% to RMB2,328.5 million for the year ended 31 December 2024 from RMB1,742.4 million for the year ended 31 December 2023, primarily attributed to increase in sales orders for smartphones and IoT related products from major customers in the PRC.

Revenue from India decreased by 57.7% to RMB365.2 million for the year ended 31 December 2024 from RMB863.6 million for the year ended 31 December 2023, primarily attributed to the decrease in demand for smartphones from major customers.

Revenue from Pakistan decreased by 50.5% to RMB65.2 million for the year ended 31 December 2024 from 131.8 million for the year ended 31 December 2023, primarily attributed to the Group's strategic decision to reserve its production capacity for the sales orders from the United States of America.

Revenue from People's Republic of Bangladesh decreased by 28.4% to RMB53.4 million for the year ended 31 December 2024 from RMB74.6 million for the year ended 31 December 2023, primarily attributed to decrease in sales orders for smartphones from major customers.

Revenue from the United States of America increased to RMB73.8 million for the year ended 31 December 2024 from nil for the year ended 31 December 2023, resulting from the Group's strategic marketing initiatives in this country.

Revenue from Algeria decreased by 44.3% to RMB5.9 million for the year ended 31 December 2024 from RMB10.6 million for the year ended 31 December 2023, primarily attributed to the decrease in demand for smartphones.

Revenue from Republic of Yemen increased to RMB19.0 million for the year ended 31 December 2024 from nil for the year ended 31 December 2023, resulting from the Group's strategic marketing initiatives in this country.

Revenue from Dubai increased to RMB5.6 million for the year ended 31 December 2024 from nil for the year ended 31 December 2023, resulting from the Group's strategic marketing initiatives in this region.

### **Gross profit and gross profit margin**

Gross profit decreased by 14.0% to RMB257.8 million for the year ended 31 December 2024 from RMB299.6 million for the year ended 31 December 2023. Gross profit margin decreased to 8.8% for the year ended 31 December 2024 from 10.6% for the year ended 31 December 2023. Despite the increase in revenue, the Group had to strategically accommodate a reduced gross profit margin. This was a necessary measure to ensure the procurement of sales orders from major customers. The decision, while impacting the Group's immediate profitability, is aimed at fostering long-term relationships and securing future business opportunities.

## **Other gains and income**

Other gains and income mainly include comprises government subsidies, amortisation of government subsidies, bank interest income and sundry income. The Group's other gains and income increased by 90.7% to RMB74.0 million for the year ended 31 December 2024 from RMB38.8 million for the year ended 31 December 2023, primarily attributed to increase in bank interest income and government subsidies, but partially offset by the decrease in amortisation of government subsidies.

## **Selling and distribution expenses**

Selling and distribution expenses mainly represent transportation and custom declaration expenses, salaries and employee benefits of our sales and marketing staff, business-related travelling and entertainment expenses. Selling and distribution expenses for the year ended 31 December 2024 remained relatively stable at RMB56.8 million as compared with RMB58.7 million for the year ended 31 December 2023.

## **Administrative expenses**

Administrative expenses mainly represent salaries and benefits of our administrative and management staff, depreciation, amortisation of intangible assets, general office expenses, legal and professional fees, rental expenses, insurance expenses, bank charges, impairment loss recognised in respect of trade and bills receivables, exchange losses and other miscellaneous administrative expenses. Administrative expenses for the year ended 31 December 2024 increased by 20.1% to RMB76.6 million from RMB63.8 million for the year ended 31 December 2023, primarily attributed to the increase in provision for impairment loss in respect of trade and bills receivables by RMB5.1 million, and increase in headcount and staff redundancy costs.

## **Research and development expenses**

Research and development expenses for the year ended 31 December 2024 increased by 1.6% to RMB141.9 million from RMB139.7 million for the year ended 31 December 2023, primarily attributed to the increase in staff costs for research and development.

## **Finance costs**

Finance costs mainly represent interests on discounted bills, interest portion of lease liabilities and borrowings. The Group's finance costs for the year ended 31 December 2024 remained relatively stable at RMB36.2 million as compared with RMB36.3 million for the year ended 31 December 2023.

## **Income tax expenses**

For the year ended 31 December 2024, the Group's income tax expenses amounted to RMB4.7 million as compared with RMB8.9 million for the year ended 31 December 2023. The decrease in income tax expenses was primarily attributed to the decrease in assessable profits for the year ended 31 December 2024.

## **Net profit for the year**

As a result of the above factors, the Group recorded a net profit of RMB15.6 million (2023: RMB31.0 million) for the year ended 31 December 2024. The Group's net profit margin reduced to 0.5% for the year ended 31 December 2024 from 1.1% for the year ended 31 December 2023.

## **Dividend**

The Board does not recommend the payment of dividend for the year ended 31 December 2024 (2023: nil).

## **Trade and bills receivables**

As at 31 December 2024, the Group's trade and bills receivables amounted to RMB587.4 million (31 December 2023: RMB808.8 million). The significant decrease in trade and bills receivables as at 31 December 2024 was primarily attributed to settlements received from customers. The Group generally grants credit period of 90 days to its customers and allows its PRC customers to settle their purchases by way of bills with maturity period ranging from three to seven months.

In order to minimise credit risk, the Group carefully assesses the background information and credit worthiness of its customers before it decides to grant them credit periods. Further, the Group also closely monitors the payment record of its customers and regularly reviews the credit terms granted to them. The Group's credit assessment is based on various factors, including but not limited to the financial strength, size of the business and payment history of customers and length of their business relationship with the Group.

The Group's average trade and bills receivables turnover days for the year ended 31 December 2024 were 87.3 days (2023: 64.7 days), which were within the range of credit periods normally offered by the Group to its customers. The lengthened average trade and bills receivables turnover days were primarily attributed to the increase in the average trade and bills receivables balance, determined by averaging the opening and closing balances for the period. Based on the dates of the relevant sales invoices, 88.3% of the Group's trade and bills receivables as at 31 December 2024 aged within 90 days.

For the year ended 31 December 2024, the Group recognised provision for impairment loss allowances of trade and bills receivables of RMB8.4 million (2023: RMB3.4 million).

The Group applies the simplified approach prescribed by HKFRS 9 to assess the expected credit loss (the “ECL”) on trade and bills receivables using a lifetime ECL model. The Group determines the ECL on an individual basis and/or collectively by using a provision matrix, estimated based on historical credit loss experience and forward-looking information at the end of the reporting period, such as general economic conditions of the industry in which the debtors operate. In line with the Group’s credit risk management strategy, internal credit ratings are assigned to customers. Customers are categorised into three internal credit rating buckets within the provision matrix, based on shared credit risk characteristics and past due exposure. The ratings are as follows: (1) Low risk: Customers with good credit standing; (2) Medium risk: Customers with normal credit standing; and (3) High risk: Credit-impaired customers. There has been no change in the estimation techniques or significant assumptions made during the year ended 31 December 2024. Debtors with significant outstanding balances with gross carrying amounts of RMB37.8 million as at 31 December 2024 (2023: Nil) were assessed individually.

### **Trade and bills payables**

As at 31 December 2024, the Group’s trade and bills payables amounted to RMB2,708.5 million (31 December 2023: RMB3,158.7 million). The significant decrease in trade and bills payables as at 31 December 2024 was primarily attributed to the payments settled with suppliers. Suppliers generally grant the Group credit period ranging from 30 to 60 days, with certain suppliers require the Group to make advance payment before product delivery. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. Certain suppliers allow the Group to settle its purchases by way of bank acceptance bills and the Group may also endorse certain bills receivables to its suppliers in order to settle the trade payable due to them.

The Group’s average trade and bills payables turnover days for the year ended 31 December 2024 were 402.6 days (2023: 296.5 days). The lengthened average trade and bills payables turnover days were primarily attributed to the increase in the average trade and bills payables balance, determined by averaging the opening and closing balances for the period.

### **CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING**

The Group mainly funds its business and working capital requirements by using a balanced mix of internal resources and borrowings.

The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group. For the year ended 31 December 2024, the Group recorded a negative cash flow from operating activities of RMB27.1 million (Year ended 31 December 2023: positive cash flow of RMB56.9 million), primarily attributed to payments settled with suppliers.

As at 31 December 2024, the Group had net current assets of RMB286.6 million (31 December 2023: RMB272.8 million), cash and cash equivalents amounted to RMB79.4 million (31 December 2023: RMB68.0 million), pledged bank deposits of RMB2,127.3 million (31 December 2023: RMB2,368.4 million) and borrowings amounted to RMB147.7 million (31 December 2023: RMB154.4 million). The Group's cash and cash equivalents and bank borrowings as at 31 December 2024 were mainly denominated in RMB.

As at 31 December 2024, the Group had borrowings of RMB122.9 million (31 December 2023: RMB35.0 million) subject to fixed interest rates and borrowings of RMB24.8 million (31 December 2023: RMB119.4 million) subject to variable interest rates. As at 31 December 2024, the Group had a current ratio of 1.1 times (31 December 2023: 1.1 times) and gearing ratio of 0.4 (calculated by dividing total debt by total equity) (31 December 2023: 0.4).

As at 31 December 2024, the Group's unutilised borrowing facilities amounted to RMB162.7 million (31 December 2023: RMB29.8 million).

### **CAPITAL EXPENDITURE**

For the year ended 31 December 2024, the Group incurred cash flows on capital expenditures for the purchase of properties, plant and equipment in the amount of RMB17.6 million (2023: RMB7.0 million); and intangible assets in the amount of RMB0.9 million (2023: RMB0.9 million), respectively.

### **CAPITAL COMMITMENTS**

As at 31 December 2024, the Group did not have any capital commitments (31 December 2023: nil).

### **CONTINGENT LIABILITIES**

As at 31 December 2024, the Group did not have any material contingent liabilities or guarantees (31 December 2023: nil).

### **PLEDGE OF ASSETS AND RESTRICTED DEPOSIT**

As at 31 December 2024, the Group pledged trade and bills receivables with carrying amount of RMB5.1 million (31 December 2023: RMB73.7 million), bank deposits with carrying amount of RMB2,127.3 million (31 December 2023: RMB2,368.4 million) and land and building with carrying amount of RMB47.4 million (31 December 2023: RMB47.6 million) to secure its borrowings and banking facilities.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

During the year ended 31 December 2023, the Group disposed of a wholly owned subsidiary at a consideration of approximately RMB14.4 million and recognised a loss on disposal of approximately RMB0.4 million. Immediately prior to disposal, this subsidiary possessed the land use right of a land parcel situated at Nanhui New Town, Pudong New Area. The disposal was primarily driven by the Group's strategic decision to reallocate resources to its business operations. Other than this disposal, the Group did not have any other material acquisitions and disposals of subsidiaries, associates or joint ventures in 2023.

## **SIGNIFICANT INVESTMENTS HELD BY THE GROUP**

Saved as disclosed herein, the Group did not make any other significant investments during the year ended 31 December 2024.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Saved as disclosed herein, the Group did not have any future plans for material investments and capital assets during the year ended 31 December 2024.

## **FOREIGN EXCHANGE RISKS**

For the year ended 31 December 2024, the Group derived 20.2% (2023: 54.8%) of its total revenue from export sales and these export sales were principally denominated in USD. As at 31 December 2024, the Group had USD-denominated monetary assets with carrying amount of RMB142.7 million (31 December 2023: RMB211.9 million) and USD-denominated monetary liabilities of RMB109.4 million (31 December 2023: RMB221.5 million). The Group is exposed to foreign exchange risk arising from its export sales, monetary assets and liabilities denominated in foreign currencies. Any appreciation of RMB against USD will have a negative impact on the Group's profit margin. Management of the Group regularly reviews the impact of exchange risk exposure on the Group's financial performance and may use foreign exchange hedging instruments to reduce the Group's exchange risk exposure if appropriate.

## **EMPLOYEES, REMUNERATION POLICY AND TRAINING**

As at 31 December 2024, the Group had 1,414 employees (31 December 2022: 1,328 employees), whose remunerations and benefits are determined based on market rates, government policies and individual performance. For the year ended 31 December 2024, the Group's total staff costs (including directors' emoluments, salaries, allowances and other benefits and contributions to retirement benefits scheme) amounted to RMB188.8 million (2023: RMB145.0 million). To provide incentives or rewards to its employees, the Company adopted a share option scheme, particulars of which are set out in the section headed "Share option scheme" in this announcement. The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which are identified annually by individual departments.

## **PENSION SCHEME**

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) for the year ended 31 December 2024, 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 31 December 2024. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Scheme.

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

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

Apart from the Group's business, none of the Directors or any of their respective close associates was engaged in or had any interest in any business that competes or may compete with the principal business of the Group, or has any other conflict of interest with the Group during the year ended 31 December 2024 and up to the date of this announcement.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 18 October 2019 ("**Adoption Date**"), which became effective on 13 November 2019. The purpose of which is to motivate the eligible participants to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The eligible participants include any full-time or part-time employees, executives or officers, directors, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries; and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

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 13 November 2019 (i.e. 100,000,000 shares) unless approved by the shareholders of the Company. Such limit represented 10% of the shares of the Company in issue as at the date of this announcement.

Unless approved by shareholders of the Company in general meeting in the manner stipulated in The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the maximum entitlement for each eligible participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares in issue as at the date of grant.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date. The minimum period for which an option must be held before it can be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted.

The exercise price of share option granted under the Share Option Scheme shall be a price solely determined by the Board and shall be at least highest of: (a) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the option; (b) the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant of the option; and (c) the nominal value of a share.

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 Adoption Date. As at 31 December 2024, the remaining life of the Share Option Scheme is approximately four years and 9.5 months.

For further details on the principal terms of the Share Option Scheme, please refer to the paragraph headed “Statutory and General Information – Other Information – 1. Share Option Scheme” in Appendix IV to the prospectus of the Company dated 30 October 2019.

As at 1 January 2024 and 31 December 2024, the number of share options available for grant under the Share Option Scheme was 100,000,000 and 100,000,000, respectively. During the year ended 31 December 2024, no share options were granted, exercised, cancelled or lapsed.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)**

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 have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the year ended 31 December 2024 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) since 13 November 2019. Except for code provision C.2.1, the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2024.

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisation structure of the Company, Mr. Li Chengjun is the Group’s chief executive officer, and he also performs as the chairman of the Board as he has considerable experience in the mobile communication industry. The Board believes that vesting the roles of both the chairman of our Board and the chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group.

Although Mr. Li Chengjun performs both the roles of chairman of the board and chief executive officer, the division of responsibilities between the chairman of the board and chief executive officer is clearly established. In general, the chairman of the board is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the Group’s businesses. The two roles are performed by Mr. Li Chengjun distinctly. Further, the current structure does not impair the balance of power and authority between the Board and management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors.

## **CLOSURE OF THE REGISTER OF MEMBERS**

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 30 May 2025 (Friday), the register of members of the Company will be closed from 27 May 2025 (Tuesday) to 30 May 2025 (Friday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 26 May 2025 (Monday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 26 May 2025 (Monday).

## **AUDIT COMMITTEE**

The Company has established the Audit Committee on 18 October 2019 with written terms of reference in compliance with Rule 3.21 and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee consists of four independent non-executive Directors, namely Mr. Wong Kwan Kit, Mr. Lu Brian Yong Chen, Mr. Hung Wan Man and Mr. Ching Khei Cheong Christopher. Mr. Wong Kwan Kit is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting system, risk management and internal control systems, and has reviewed the Group's annual results for the year ended 31 December 2024. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

## **SCOPE OF WORK OF AUDITORS**

The figures in respect of this announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Company's external auditor, Moore CPA Limited ("**Moore**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Moore on this announcement.

## **EVENT AFTER THE REPORTING PERIOD**

Saved as disclosed herein, the Group does not have any important events after the year ended 31 December 2024 and up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.sprocomm.com](http://www.sprocomm.com)). The annual report of the Company for the year ended 31 December 2024 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By order of the Board  
**Sprocomm Intelligence Limited**  
**Mr. Li Chengjun**  
*Chairman and Executive Director*

Hong Kong, 27 March 2025

*As at the date of this announcement, the executive Directors are Mr. LI Chengjun, Mr. XIONG Bin, Mr. WEN Chuanchuan, Mr. GUO Qinglin, Mr. HE Wenyuan and Mr. CHAN Hoi Shu, and the independent non-executive Directors are Mr. HUNG Wai Man, Mr. WONG Kwan Kit, Mr. LU Brian Yong Chen, Ms. TSENG Chin I and Mr. CHING Khei Cheong Chistopher.*