Futong
富通

Futong Technology Development Holdings Limited
富通科技發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 465)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Futong Technology Development Holdings Limited (the "**Company**") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*5*	**150,546**	145,562
Cost of sales and services		**(134,909)**	(120,957)
Gross profit		**15,637**	24,605
Other income	*6*	**10,597**	11,689
Other gains and losses, net	*7*	**(974)**	(2,754)
Loss allowance (recognised)/reversed on financial assets		**(301)**	1,622
Provision for impairment loss on intangible assets		**(10,334)**	(14,800)
Research and development costs		**(16,106)**	(15,420)
Selling expenses		**(32,150)**	(55,582)
Administrative expenses		**(35,500)**	(33,243)
Loss from operations		**(69,131)**	(83,883)
Finance costs	*8*	**(141)**	(142)
Loss before income tax	*9*	**(69,272)**	(84,025)
Income tax (expense)/credit	*10*	**(1,596)**	755
Loss and total comprehensive income for the year		**(70,868)**	(83,270)

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Loss and total comprehensive income for the year attributable to:			
Owners of the Company		**(70,833)**	(83,299)
Non-controlling interests		**(35)**	29
		(70,868)	(83,270)
		RMB	*RMB*
Loss per share			
Basic and diluted	*12*	**(0.23)**	(0.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**1,777**	3,099
Intangible assets		**33,402**	48,759
Right-of-use assets		**17,626**	19,506
Financial assets at fair value through profit or loss ("**FVTPL**")		**842**	642
Interest in joint venture		**—**	—
Deferred tax assets		**4,749**	4,845
Total non-current assets		**58,396**	76,851
Current assets			
Inventories		**—**	—
Trade, bill and other receivables	14	**35,704**	61,188
Contract assets		**10,422**	—
Bank balances and cash		**201,806**	245,067
Total current assets		**247,932**	306,255
Current liabilities			
Trade and other payables	15	**19,121**	21,196
Contract liabilities		**36,520**	38,881
Lease liabilities		**1,439**	1,699
Total current liabilities		**57,080**	61,776
Net current assets		**190,852**	244,479
Total assets less current liabilities		**249,248**	321,330
Non-current liabilities			
Lease liabilities		**398**	1,822
NET ASSETS		**248,850**	319,508
CAPITAL AND RESERVES			
Share capital		**27,415**	27,415
Reserves		**216,860**	287,483
Equity attributable to owners of the Company		**244,275**	314,898
Non-controlling interests		**4,575**	4,610
TOTAL EQUITY		**248,850**	319,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Futong Technology Development Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands as an exempted company. The address of the Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Rooms 2406-2412, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**").

The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in provision of enterprise IT infrastructure products, services and solutions, cloud computing products and intelligent digitalised application products. There were no significant changes in the business during the year.

As at 31 December 2024, the Company's immediate and ultimate parent is China Group Associates Limited which was incorporated in the British Virgin Islands (the "**BVI**"). Its ultimate controlling party is Mr. Chen Jian, who is also the chairman and executive director of the Company.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

2.1 Adoption of amended IFRS Accounting Standards – effective from 1 January 2024

In the current year, the Group has applied for the first time, the following amended IFRS Accounting Standards, International Accounting Standards ("**IASs**") and Interpretations (hereinafter collectively referred to as "**IFRS Accounting Standards**") as issued by International Accounting Standards Board ("**IASB**") that are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The adoption of the above amended IFRS Accounting Standards that are effective from 1 January 2024 did not have a material impact on the Group's financial performance for the current and prior year and/or on the disclosures set out on these consolidated financial statements.

2.2 New or amended IFRS Accounting Standards that have been issued but are not yet effective

The following new or amended IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 21 and IFRS 1	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after 1 January 2025

3 Effective for annual periods beginning on or after 1 January 2026

4 Effective for annual periods beginning on or after 1 January 2027

Except as disclosed below, the directors expect that the adoption of the above IFRS Accounting Standards will have no material impact on the consolidated financial statements in the year of initial application.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements* (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027. Retrospective application is required and so the comparative information for the financial year ending 31 December 2026 will be restated in the accordance with IFRS 18.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK (the "**Listing Rules**").

The consolidated financial statements have been prepared under historical cost except for financial assets at FVTPL, which are stated at fair value, at the end of reporting period.

Going concern basis

The Group incurred a loss of approximately RMB70,868,000 during the year ended 31 December 2024, this condition may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

For assessing the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements, the directors of the Company prepared a cash flow projection for a eighteen-month period from 31 December 2024. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources to continue as a going concern for at least eighteen months from 31 December 2024, after considering the cash flows used in its operations and existing cash position. In addition, the directors of the Company considered that the Group would be able to seek alternative sources of financing when the need arises.

Based on the above, the directors of the Company is of the view that the Group would have sufficient working capital to finance its operation and meet its financial obligations as and when they fall due over the period of at least eighteen months from 31 December 2024. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the senior executive management of the Company, the chief operating decision maker (the "**CODM**"), in order to allocate resources and to assess performance. The CODM has identified the following reportable segments for the current year:

(a) Enterprise management business engages in the provision of IT infrastructure products, cloud computing management products, cloud computing services and solutions;

(b) Intelligent health management business engages in the provision of intelligent health management services; and

(c) Intelligent application business engages in the provision of intelligent application products.

The CODM monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment loss.

Segment revenue and results

The Group's revenue and results are substantially derived from the operations in the PRC. The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Enterprise management business		**Intelligent health management business**		**Intelligent application business**		**Head office and others**		**Total**	
For the years ended	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**143,724**	134,814	**132**	2,648	**6,690**	8,100	**–**	–	**150,546**	145,562
Segment loss	**(18,404)**	(25,046)	**(21,924)**	(42,679)	**(9,471)**	(14,208)	**(21,069)**	(1,337)	**(70,868)**	(83,270)
Depreciation of property, plant and equipment	**(29)**	(96)	**(238)**	(302)	**(13)**	–	**(827)**	(900)	**(1,107)**	(1,298)
Amortisation of intangible assets	**(10,667)**	(7,857)	**(1,859)**	(8,040)	**–**	–	**–**	–	**(12,526)**	(15,897)
Depreciation of right-of-use assets	**–**	–	**–**	–	**–**	–	**(2,272)**	(2,139)	**(2,272)**	(2,139)
Provision for impairment losses on intangible assets	**–**	–	**(10,334)**	(14,800)	**–**	–	**–**	–	**(10,334)**	(14,800)
Loss allowance (recognised)/reversed on financial assets	**(301)**	1,622	**–**	–	**–**	–	**–**	–	**(301)**	1,622

Segment assets and liabilities

The following table presents the assets and liabilities information of the Group's operating segments as at 31 December 2024 and 2023:

	Enterprise management business *RMB'000*	Intelligent health management business *RMB'000*	Intelligent application business *RMB'000*	Head office and others *RMB'000*	Total *RMB'000*
Segment assets					
31 December 2024	**74,642**	**459**	**660**	**230,567**	**306,328**
31 December 2023	90,822	12,927	1,171	278,186	383,106
Segment Liabilities					
31 December 2024	**(46,022)**	**—**	**(2,595)**	**(8,861)**	**(57,478)**
31 December 2023	(50,263)	(759)	(2,664)	(9,912)	(63,598)

Segment assets primarily consist of all assets excluding interest in joint venture, financial assets at FVTPL, deferred tax assets, bank balances and cash and corporate assets which are not allocated to the reportable segments.

Segment liabilities primarily consist of all liabilities excluding corporate liabilities which are not allocated to the reportable segments.

Information about geographical areas

Information about the Group's non-current assets, excluding interest in joint venture, financial assets at FVTPL and deferred tax assets, determined based on the geographical location of the assets, is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Hong Kong	**735**	1,810
The PRC	**52,070**	69,554
	52,805	71,364

Information about major customer

Revenue from customer contributing 10% or more of the Group's total revenue for the years ended 31 December 2024 and 2023 is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Customer A	**82,599**	80,159

5. REVENUE

The Group's revenue is derived from contracts with customers for the provision of enterprise IT services and products.

Revenue is disaggregated by primary geographical market, and timing of revenue recognition is shown as follows:

	2024	2023
	RMB'000	*RMB'000*
Primary geographical market:		
The PRC	**150,546**	145,562
Timing of revenue recognition:		
At a point in time	**81,867**	95,821
Transferred over time	**68,679**	49,741
	150,546	145,562

The following table provides information about trade and bill receivables, contract assets and contract liabilities from contracts with customers.

	2024	2023
	RMB'000	*RMB'000*
Trade and bill receivables	**11,136**	32,412
Contract assets	**10,422**	—
Contract liabilities	**36,520**	38,881

Contract assets primarily relate to the Group's rights to consideration for work completed but not certified the receipt by customers at the reporting date on revenue related to the provision of enterprise IT services and products. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the delivery is certified and the Group provides the invoice to customers.

Contract liabilities mainly relate to the advance consideration received from customers. Balance of RMB13,349,000 as of 1 January 2024 has been recognised as revenue during the year from performance obligations satisfied due to the completion of services.

The Group applied the practical expedient to its sales contracts for provision of enterprise IT services and products and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for provision of enterprise IT services and products had an original expected duration of one year or less.

6. OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income	**10,466**	5,093
Government grants *(Note)*	**58**	130
Dividend income	**—**	3,705
Others	**73**	2,761
	10,597	11,689

Note:

During the year ended 31 December 2024, government grants of RMB58,000 (2023: RMB130,000) are unconditional and received by the Group from relevant government bodies in the PRC for the purpose of giving immediate financial support to the Group's operation.

7. OTHER GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Loss on disposals of property, plant and equipment	**(573)**	(4)
Foreign exchange gains, net	**4**	271
Fair value gains/(losses) on financial assets at FVTPL	**185**	(3,021)
Others	**(590)**	—
	(974)	(2,754)

8. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**141**	142

9. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2024	2023
	RMB'000	*RMB'000*
Auditor's remuneration:		
— Audit service	**1,500**	1,500
— Non-audit service	**207**	207
Amortisation of intangible assets *(Note (i))*	**12,526**	15,897
Cost of sales and services	**122,666**	105,343
Depreciation of property, plant and equipment	**1,107**	1,298
Depreciation of right-of-use assets	**2,272**	2,139
Interest on lease liabilities	**141**	142
Short-term lease expenses	**643**	1,031
Staff cost (including directors' emoluments) *(Note (ii))*:		
— Salaries and wages	**76,616**	89,439
— Contributions to retirement benefit schemes	**8,528**	9,705
— Equity-settled share-based payments	**210**	423
— Redundancy expenses	**6,705**	—
	92,059	99,567
Less: capitalised as intangible assets	**(7,055)**	(11,576)
	85,004	87,991

Notes:

(i) Amortisation charges of RMB12,243,000 (2023: RMB15,614,000) and RMB283,000 (2023: RMB283,000) have included in cost of sales and services and administrative expenses respectively for the year ended 31 December 2024.

(ii) The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. These subsidiaries are required to contribute certain percentage of payroll costs according to the relevant local authorities to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2023: 5%) of relevant payroll costs (subject to a cap) to the scheme, which contribution is matched by employees.

Under the state-managed retirement benefit scheme in the PRC and the Mandatory Provident Fund Scheme in Hong Kong, the Group's employer contributions vest fully with the employees when contributed and no contribution may be forfeited and used by the Group as the employer to reduce the existing level of contributions.

Total cost charged to profit or loss of RMB8,528,000 (2023: RMB9,705,000) represents contributions payable to these schemes by the Group in respect of the year ended 31 December 2024.

10. INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Withholding tax on dividends received from subsidiary	**1,500**	—
Over provision in respect of prior year	**—**	(758)
	1,500	(758)
Deferred tax		
Origination and reversal of temporary difference	**96**	3
	1,596	(755)

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No Hong Kong Profits Tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

(iii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, except for two subsidiaries have been granted continuously on a three-year interval with a qualification of high-tech enterprise which entitles these two subsidiaries a preferential income tax rate of 15%, the tax rate of the Company's subsidiaries in the PRC is 25% for the years ended 31 December 2024 and 2023.

11. DIVIDENDS

For the years ended 31 December 2024 and 2023, the directors do not recommend the payment of a final dividend.

12. LOSS PER SHARE

Calculation of the basic and diluted loss per share is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Loss for the purpose of basic and diluted loss per share	**70,833**	83,299
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**311,250**	311,250

Basic loss per share

The basic loss per share for the years ended 31 December 2024 and 2023 has been computed by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the years ended 31 December 2024 and 2023.

Diluted loss per share

The diluted loss per share for the years ended 31 December 2024 and 2023 is the same as the basic loss per share as the Company has no dilutive potential ordinary shares outstanding during both years. The outstanding share options had antidilutive effect on the basic loss per share presented.

13. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group spent approximately RMB297,000 (2023: RMB452,000) to acquire leasehold improvements and furniture, fixtures and equipment.

14. TRADE, BILL AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**19,751**	83,052
Less: loss allowance	**(8,633)**	(50,640)
	11,118	32,412
Bill receivables	**18**	—
Total trade and bill receivable	**11,136**	32,412
Prepayments	**19,951**	22,657
Deposits	**1,112**	1,148
VAT receivables	**2,793**	3,713
Other receivables	**712**	1,258
	35,704	61,188

The Group allows an average credit period of 30 to 90 days (2023: 30 to 90 days) to its trade customers. For certain major customers such as the state owned enterprises, the credit term which will be negotiated by management individually.

Based on invoice date, the ageing analysis of trade receivables, net of loss allowance, as at the end of each reporting period is as follows:

	2024	2023
	RMB'000	*RMB'000*
0-30 days	**400**	4,908
31-60 days	**—**	1,765
61-90 days	**635**	533
More than 90 days	**10,083**	25,206
Total	**11,118**	32,412

Ageing of trade receivables, net of loss allowance, based on past due date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Not yet past due	**546**	5,904
More than 3 months past due	**10,572**	26,508
Total	**11,118**	32,412

Trade receivables of RMB10,572,000 (2023: RMB26,508,000) were past due but not yet been impaired at 31 December 2024. For remaining amounts not impaired were related to a large number of diversified customers whom had a good track record with the Group. Based on past experience, management believed that there had been no significant change in credit quality and the balances were still considered fully recoverable. The Group does not hold any collaterals or other credit enhancements over these balances.

The below table reconciles the loss allowance on trade receivables for the year:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**50,640**	59,026
Transferred from contract assets	**—**	194
Loss allowance recognised/(reversed)	**198**	(1,622)
Uncollectible amounts written off	**(42,270)**	(7,007)
Exchange alignment	**65**	49
At end of year	**8,633**	50,640

15. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**11,173**	13,766
Other payables and accruals	**7,818**	7,308
Other tax payables	**130**	122
	19,121	21,196

All of the above balances are expected to be settled within one year.

Included in trade payables are trade creditors with the following ageing analysis, based on invoice date at the end of reporting period:

	2024	2023
	RMB'000	*RMB'000*
Current or less than 1 month	**1,119**	4,780
1 to 3 months	**1,559**	—
More than 3 months	**8,495**	8,986
	11,173	13,766

Average credit period on purchases of goods was 30 to 90 days (2023: 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the acceptable timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is one of the leading providers of enterprise digital transformation services in China. With extensive experience in the industry and strong research and development (R&D) and innovation capabilities, the Group has been able to widely adopt emerging technologies such as cloud computing, big data and artificial intelligence (AI) to provide corporate customers with digital products, solutions and professional information technology (IT) services. As enterprise customers in China accelerate digital transformation in their operation, the Group has also actively adjusted its business development direction and consolidated its main business into three segments, namely enterprise management business, intelligent application business and intelligent health management business.

Enterprise Management Business

The Group's enterprise management business has been growing with good momentum over the years and has been among its main sources of income. Through close collaboration with leading IT companies and cloud resources providers local and abroad, such as CECloud, H3C, Tencent Cloud and Alibaba Cloud, complemented by its proprietary CMP2020 multi-cloud management platform and other cloud computing products, the Group has actively provided enterprise customers with "cloud+AI" integrated platform solutions, and strived to offer customers a unified, concise and standardized proprietary multi-cloud+AI platform that not only supports the efficient management of multiple computational powers, models, data and applications, but also enables flexible integration methods and intelligent operating strategies. For the year ended 31 December 2024 ("**the Year**"), despite the slowdown in China's economic growth and the increasingly fierce competition in the country, the Group actively optimized its existing products and launched new products, allowing it to boost revenue growth. The Group will further optimize its product portfolio and services to maintain favorable cash flow and increase profits.

Intelligent Application Business

Driven by emerging technologies such as AI and big data, the Group has continued to expand the application of AI technology in the business scenarios of customers in various industries, particularly the automotive, transportation and medical industries. The Group has conducted in-depth data analysis, gained insights into data value, and helped customers unleash the potential of data in order to stay ahead of digital transformation in the AI era. Among them, the Group has developed the Futong Voice of Customer (VOC) products targeting end-customers in the automotive industry. VOC collects and analyzes end-customers' feedback on products and services and converts it into effective insights, to guide further actions of the customers of the Group. It helps automotive enterprises better understand their customers' perceptions and interactions with their brands, products and services at various touchpoints and throughout the product usage lifecycle. They will then be able to identify and thoroughly resolve any problems, and create better and more refined experiences for the end-customers. For customers in the medical sector, the Group applies leading technologies such as AI, big data, cloud computing, Internet of Things and blockchain to provide them with professional medical quality control products and solutions, empowering them to achieve digital transformation. During the Year, the Group continued to strengthen the integration of technologies in its intelligent application business and invested more resources in improving technologies and marketing, successfully increasing the revenue of this business segment. The Group will continue to provide services to more customers and actively accumulate industry expertise to lay a solid foundation for future business development.

Intelligent Health Management Business

The Group launched "5+AI Health" management products using innovative "AI+Medical" application technology to provide users with personalized integrated health management solutions. The solutions accommodate multi-dimensional integration of nutritional health, sports health, mental health, traditional Chinese medicine and wellness, and chronic disease management, with the aim of providing practical integrated health management solutions. However, due to the slowdown of economic growth in China, customer demand for personalized integrated health management solutions has decreased. Therefore, the Group has decided to discontinue this business upon completion of the existing contracts in order to effectively allocate resources to enhance the overall performance of the Group.

FINANCIAL REVIEW

Revenue

For the Year, revenue of the Group increased by approximately RMB5.0 million or 3.4% as compared with the corresponding period in 2023, to approximately RMB150.5 million (2023: approximately RMB145.6 million). The revenue of the Group remained at a stable level.

Gross profit

Gross profit of the Group decreased by approximately RMB9.0 million or 36.4% to approximately RMB15.6 million for the Year (2023: approximately RMB24.6 million) while the gross profit ratio decreased from 16.9% to 10.4%. The decline in gross profit margin was mainly due to intense competition in the Chinese information technology market, prompting the Group to adjust prices to maintain market competitiveness.

Other income and other gains and losses, net

Other income and other gains and losses, net consist mainly of interest income from bank deposits, foreign exchange gain or loss and government grants. For the Year, net gains from other income and other gains and losses amounted to approximately RMB9.6 million (2023: approximately RMB8.9 million), representing an increase of approximately RMB0.7 million. This increase was mainly due to combined effect of (i) an increase in interest income of approximately RMB5.4 million and (ii) a decrease in dividends received from the investment of financial assets of approximately RMB3.7 million.

Loss allowance (recognised)/reversed on financial assets

For the Year, the loss allowance recognised on financial assets amounted to approximately RMB0.3 million (2023: loss allowance reversed on financial assets amounted to approximately RMB1.6 million). The loss allowance recognised on financial assets was mainly due to the conclusion of litigation involving an aged debtor pursuant to which such aged debtor was determined to have no repayment ability.

Research and development costs

For the Year, research and development costs of the Group amounted to approximately RMB16.1 million (2023: approximately RMB15.4 million), representing an increase of approximately RMB0.7 million or 4.4% compared with the corresponding period in 2023. The research and development costs were maintained at a stable level.

Provision for impairment loss on intangible assets

For the Year, a provision for impairment loss on intangible assets amounted to approximately RMB10.3 million (2023: approximately RMB14.8 million). The impairment loss on intangible assets was mainly due to the decision made on the cessation of the intelligent health management business segment of the Group in view of slowdown in China's economic growth and the reduction in customer demand for personalized comprehensive health management.

Selling expenses

For the Year, selling expenses of the Group amounted to approximately RMB32.2 million (2023: approximately RMB55.6 million), representing a decrease of approximately RMB23.4 million or 42.2% compared with the corresponding period in 2023. The decrease was mainly due to the continuing adjustments of business structure, causing the staff and other related expenses to fall accordingly.

Administrative expenses

Administrative expenses of the Group for the Year amounted to approximately RMB35.5 million (2023: approximately RMB33.2 million), representing an increase of approximately RMB2.3 million or 6.8% compared with the corresponding period in 2023. The increase was mainly due to the one off compensation cost incurred from laying off staff resulting from an adjustment to its business structure during the Year.

Finance costs

Finance costs represented the interest portion derived from the lease liabilities. It was maintained at a low level as limited numbers of premises were leased by the Group.

Income tax (expense)/credit

Income tax expense of the Group for the Year amounted to approximately RMB1.6 million (2023: income tax credit amounted to approximately RMB0.8 million), representing an increase of approximately RMB2.4 million, compared with the corresponding period in 2023. The increase was mainly due to China's withholding tax on dividends declared by a PRC subsidiary of the Company during the Year in respect of its retained profits.

Loss and total comprehensive income for the year attributable to owners of the Company

For the Year, the loss and total comprehensive income attributable to owners of the Company was approximately RMB70.8 million (2023: approximately RMB83.3 million), representing a decrease of approximately RMB12.5 million as compared with the corresponding period in 2023. The decrease was mainly due to the Group's significant reduction in operating costs through the integration of internal resources, resulting in a decrease in the loss attributable to owners of the Company.

Liquidity and Financial Resources

The Group generally finances its daily operations from internally generated cash flows and banking facilities. As at 31 December 2024, the Group had total assets of approximately RMB306.3 million and net assets of approximately RMB248.9 million (2023: approximately RMB383.1 million and approximately RMB319.5 million, respectively). In respect of the trade receivables and contract assets of the Group which amounted to approximately RMB21.6 million (2023: approximately RMB32.4 million), net of loss allowance of approximately RMB8.7 million (2023: approximately RMB50.6 million), the management will perform a regular review and implement stringent control measures on trade receivables with a view to ensuring the recovery of trade receivables on the due dates and closely monitoring the Group's liquidity. The Group's bank balances and cash amounted to approximately RMB201.8 million as at 31 December 2024 (2023: approximately RMB245.1 million). There was no bank borrowings as at 31 December 2024 and 2023. Taking into account the cash on hand and recurring cash flow from its business, the Group's financial position remained healthy and was sufficient to achieve its business objectives.

As at 31 December 2024, the cash and cash equivalents were held at Renminbi ("**RMB**"), United States dollars ("**USD**') and Hong Kong dollars.

Net Debt-To-Capital Ratio

The Group's net debt-to-capital ratio as at 31 December 2024 and 2023 was zero. This ratio was calculated as total borrowings less bank balances and cash, divided by total equity.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and Hong Kong dollars.

During the Year, the Group did not enter into any hedging arrangement. The management will continue to monitor closely its foreign currency exposure and requirements and to arrange hedging facilities when necessary.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed during the following periods:

To determine the identity of shareholders who are entitled to attend and vote at the 2025 AGM

Latest time for lodging transfers:	4:30 p.m. on Friday, 16 May 2025
Closure of register of members:	Monday, 19 May 2025 to Thursday, 22 May 2025 (both dates inclusive)
Record date:	Thursday, 22 May 2025
Date of 2025 AGM:	Thursday, 22 May 2025

In order to be eligible for attending and voting at the 2025 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the latest time for lodging transfers as stated above.

ANNUAL GENERAL MEETING

The 2025 AGM of the Company will be held on Thursday, 22 May 2025. Notice of 2025 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company and despatched to the shareholders of the Company in due course.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 295 (2023: 303) employees in the PRC and Hong Kong. Total staff costs amounted to approximately RMB92.1 million (2023: approximately RMB99.6 million).

The Group's employees are remunerated by reference to industry practices and performance and the experience of individual employees. Our main focus is to ensure that the Group remains competitive within the market it operates in, and to ensure we attract and retain the right talent necessary to grow the business and maximise shareholders' value. We place great emphasis on the development of our people as we firmly believe they are the core of the Group. Through our ongoing training programme, we encourage them to develop their talents and to move up the organisation. We believe these efforts are mutually beneficial to the Group and its employees.

PURCHASE, SALE AND REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year. The Company did not hold any treasury share during the Year.

IMPORTANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The Directors are not aware of any important events affecting the Company that have occurred since the end of the Year.

OUTLOOK

Looking back at 2024, the Chinese economy faced numerous challenges, including a slowdown in economic growth, weak consumer demand and uncertainties surrounding the international environment. However, owing to the Group's restructuring of its business and consolidation of internal resources in response to market changes in recent years, it was able to reduce operating costs while further optimizing its proprietary services and products. As a result, the Group managed to steadily increase its total revenue in this challenging year, demonstrating the success of the Group's transformation strategy.

Looking ahead to 2025, China's economy is expected to gradually stabilize, but competition in the IT market will become increasingly fierce, with the environment still full of variables and challenges. However, the Chinese IT market is expected to continue to grow, especially in areas such as AI, cloud computing, big data, and the Internet of Things. In response to this trend, the Group will strengthen its business development in two main directions, namely the digital intelligence business and the cloud intelligence business, by leveraging emerging technologies such as cloud computing, big data, and AI, to create the "AI + products + services" omni-business model to help its customers embrace digital transformation.

In the context of accelerating the digital transformation of enterprises, the Group will continue to focus on business innovation and industry development for its corporate customers. By combining AI technology with industry application scenarios and gradually increasing investment in R&D resources, the Group aims to continuously provide customers with more stable and higher-quality products and services. With years of experience in enterprise services, an extensive industry customer base, and a solid foundation in providing industry system integration and operation and maintenance services, the Group is capable of using AI technology to empower target industries, integrating cutting-edge technologies such as large language models, algorithmic models, machine learning, neural network, and deep learning to empower to help enterprise customers quickly achieve digital transformation and innovate their businesses.

In recent years, the Group has been actively developing innovative proprietary products and intelligent applications. It has established the Genesis AI Innovation Center and assembled a specialized and pioneering research team of professors and holders of relevant doctorate degrees from renowned local and overseas universities, dedicated to improving the R&D and technological service capabilities of AI products. In the future, the Group will continue to increase its investment in R&D in a timely manner to strengthen its core competitiveness. At the same time, the Group will continue to strengthen cooperation with scientific research institutions. For example, the Group is cooperating with Hong Kong Applied Science and Technology Research Institute Company Limited on AI, big data, knowledge graph, communication technology and other aspects, carrying out potential applied technology research pinpointing the needs of enterprise customers, as well as promoting together transformation of scientific research results to realize maximum economic benefits.

Although the Group has successfully controlled operating costs by restructuring its business and consolidating resources, fluctuations in the global economy and uncertainties in the external environment will continue to affect the domestic market. In the coming years, the Group will continuously implement refined resource management solutions to ensure effective utilization of resources and improve operational efficiency. The Group will also strictly implement cost control measures to maintain a healthy financial position.

As an innovative technology enterprise, the Group believes that in such a complex market environment, the only way for it to gain competitive advantages is by mastering its core product technologies and providing products and services that truly address key pain points. Looking ahead, the Group will continue to accelerate business innovation and transformation, attract top notch high-tech talent, consolidate the transformation of scientific research results and business foundation, step up market expansion, strengthen technological and product innovation capabilities, and further establish itself as a technology and innovation-driven enterprise. The Group will continue to promote business development, differentiating ourselves in the rapidly changing market, and create greater value for our customers.

CORPORATE GOVERNANCE

During the Year, the Board considered that the Company had applied the principles of and had complied with the code provisions set out in the Corporate Governance Code in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

COMPLIANCE WITH THE 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 of the Listing Rules as standard for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors by the Company, during the Year, the Directors have confirmed in writing that they complied with the standards set out in the Model Code.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the Year including the accounting principles and practices adopted by the Group, and discussed the risk managements, internal control and financial reporting matters during the review.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.futong.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2024 annual report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

For and on behalf of the Board
Futong Technology Development Holdings Limited
Chen Jian
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the executive Director is Mr. Chen Jian, the non-executive Director is Ms. Chen Jing; and the independent non-executive Directors are Mr. Chow Siu Lui, Mr. Lo Kwok Kwei David and Mr. Yao Yun.