Howkingtech International Holding Limited
濠暻科技國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2440)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**98,580**	440,550
Cost of Sales	**(99,036)**	(356,723)
Gross (Loss)/Profit	**(456)**	83,827
Net (Loss)/Profit	**(77,527)**	25,493
Adjusted Net (Loss)/Profit (non-HKFRS measure)[1]	**(64,002)**	36,014

Note:

(1) Equity-settled share option and award expense were not included in non-HKFRS measure.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors (the "**Directors**") of Howkingtech International Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2024.

The financial information below is an extract of the audited consolidated financial statements of the Group for the year ended December 31, 2024:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	*5*	**98,580**	440,550
Cost of sales		**(99,036)**	(356,723)
Gross (loss)/profit		**(456)**	83,827
Other income and gains	*5*	**2,687**	3,762
Selling and distribution expenses		**(4,694)**	(3,577)
Administrative expenses		**(37,551)**	(38,112)
Impairment losses on financial assets, net		**(29,432)**	(10,003)
Other expenses		**(783)**	(1,221)
Finance costs	*7*	**(197)**	(220)
(LOSS)/PROFIT BEFORE TAX	*6*	**(70,426)**	34,456
Income tax expense	*8*	**(7,101)**	(8,963)
(LOSS)/PROFIT FOR THE YEAR		**(77,527)**	25,493
Attributable to:			
Owners of the parent		**(77,527)**	25,493
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**78**	118
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**78**	118
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(77,449)**	25,611
Attributable to:			
Owners of the parent		**(77,449)**	25,611
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	*10*	**(36.01) cents**	11.61 cents
Diluted (RMB)	*10*	**(36.01) cents**	11.55 cents

Consolidated Statement of Financial Position
31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,344**	3,549
Equity investments designated at fair value through other comprehensive income		**13,513**	13,513
Right-of-use assets		**929**	1,886
Other intangible assets		**73**	98
Contract assets	*13*	**–**	32
Prepayments, other receivables and other assets	*14*	**377**	1,968
Deferred tax assets	*19*	**–**	7,101
Total non-current assets		**16,236**	28,147
CURRENT ASSETS			
Inventories	*11*	**–**	1,503
Trade and notes receivables	*12*	**223,268**	279,831
Contract assets	*13*	**32**	1,950
Prepayments, other receivables and other assets	*14*	**8,435**	6,091
Time deposits	*15*	**–**	5,707
Cash and cash equivalents	*15*	**4,082**	27,540
Total current assets		**235,817**	322,622
CURRENT LIABILITIES			
Trade payables	*16*	**34,282**	59,340
Other payables and accruals	*17*	**6,625**	9,944
Interest-bearing bank borrowings	*18*	**3,000**	5,010
Lease liabilities		**717**	999
Tax payable		**1,767**	6,172
Total current liabilities		**46,391**	81,465
NET CURRENT ASSETS		**189,426**	241,157
TOTAL ASSETS LESS CURRENT LIABILITIES		**205,662**	269,304

	Notes	**2024** **RMB'000**	2023 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**205,662**	269,304
NON-CURRENT LIABILITIES			
Lease liabilities		**211**	913
Deferred tax liabilities	*19*	**14**	14
Total non-current liabilities		**225**	927
Net assets		**205,437**	268,377
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*20*	**15,646**	15,646
Share premium		**160,329**	175,310
Treasury shares		**–**	(23,839)
Reserves		**29,462**	101,260
Total equity		**205,437**	268,377

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 25 August 2021. The registered office of the Company is located at the offices of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in the provision of data transmission and processing services for Internet of Thing ("**IoT**") applications and telecommunication equipment.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 December 2022. Dr. Chen Ping, Ms. Wang Zheshi, Ms. Jin Yan and Howkingtech Holding Limited were the controlling shareholders of the Company. Howkingtech Holding Limited is a business company incorporated in the British Virgin Islands with limited liability on 11 August 2021, which is owned by Ms. Wang Zheshi and Ms. Jin Yan.

On 17 January 2025, Home Office Development Limited, a company incorporated in the British Virgin Islands with limited liability and controlled by Chan Chin Ching, entered into share purchase agreements with the controlling shareholders and certain other shareholders of the Company to purchase 157,755,400 issued shares, representing approximately 70.11% of the issued capital of the Company as at the date of share purchase agreements, at a consideration of Hong Kong dollars ("**HK$**") 140,245,000, at a price of HK$0.889 per share. Completion took place on 27 January 2025.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Howkingtech (BVI) Limited	British Virgin Islands 3 September 2021	United States Dollars ("**US$**") 1	100%	–	Investment holding
Parka Aragon Holding Limited	British Virgin Islands 13 October 2021	US$1	100%	–	Investment holding
HowKingTech Hong Kong Limited ("**Howking Hong Kong**")	Hong Kong 17 September 2021	HK$1	–	100%	Investment holding
Parka Aragon Hong Kong Limited	Hong Kong 27 October 2021	HK$1	–	100%	Investment holding
Nanjing Howking Technology Co., Ltd. ("**Nanjing Howking**") (南京濠暻通訊科技有限公司)*	People's Republic of China ("**PRC**")/ Mainland China 29 September 2013	RMB127,466,667	–	100%	Research, development and sale of antenna system products, 5G equipment and other devices
Shenzhen M2Micro Electronics Co., Ltd. ("**Shenzhen M2M**") (深圳市物聯微電子有限公司)*	PRC/Mainland China 17 April 2012	RMB10,000,000	–	100%	Research and development and data transmission and processing services for IoT applications and assembly of antenna products

Name	Place and date of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
HongKong HowKing Technology Limited ("**HongKong HowKing**")	Hong Kong 23 January 2020	HK$31,192,800	–	100%	Import and export trade
Anji Haojing Communication Technology Co., Ltd. (安吉濠景通訊科技有限公司)*	PRC/Mainland China 28 December 2022	RMB220,165,242	–	100%	Research and development and sale of antenna system products, equipment and other devices

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern assumption

As at 31 December 2024, the Group recorded a total loss of RMB77,527,000 and a net cash outflow from operating of RMB27,007,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements.

As at the reporting date, the Group had unutilised credit facilities from a bank of RMB7,000,000 to meet the debt obligations and capital expenditure requirements partially. Home Office Development Limited, the new shareholder, has confirmed to provide continuous financial support to the Group to enable it to have sufficient liquidity to finance its operations as and when they fall due for a period of not less than 9 months from the date of the reporting date.

The directors of the Company have reviewed the Group's cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investments retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's 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* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

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

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

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies*, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables, notes receivable and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, notes receivable and contract assets. The provision matrix is initially based on the expected credit loss rates of peer group. The Group will calibrate the matrix to adjust the expected credit loss with factors that are specific to the debtors and the economic environment. For peer group's assessment, the Group takes into consideration the ECLs accounting policy, business nature and revenue size. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition.

The assessment of ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The peer group's expected credit loss may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables, notes receivable and contract assets is disclosed in note 12 and note 13 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. There was no carrying value of deferred tax assets relating to recognised tax losses at 31 December 2024 and 31 December 2023.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**98,580**	433,814
Other countries	**–**	6,736
Total revenue	**98,580**	440,550

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	2024 *RMB'000*	2023 *RMB'000*
Mainland China	**2,346**	7,420

The non-current asset information above is based on the locations of the assets and excludes financial instruments, contract assets and deferred tax assets.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2024 *RMB'000*	2023 *RMB'000*
Customer 1	**30,843**	51,770
Customer 2	**19,811**	N/A
Customer 3	**12,849**	N/A
Customer 4	**N/A**	87,491
Customer 5	**N/A**	50,894
Customer 6	**N/A**	55,602

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers	**98,580**	440,550

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	2024 *RMB'000*	2023 *RMB'000*
Types of goods or services		
Data transmission and processing services for IoT applications	**73,207**	380,316
Sales of telecommunication equipment	**25,373**	58,205
Others	**–**	2,029
Total	**98,580**	440,550

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods/services transferred at a point in time	**98,580**	438,673
Services transferred over time	**–**	1,877
Total	**98,580**	440,550

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Data transmission and processing services for IoT applications	**2,119**	2,641

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Data transmission and processing services for IoT applications

The performance obligation is satisfied at a point in time when customer acceptance is acquired, and payment is generally due between 3 to 300 days from the final acceptance, depending on the specific payment terms in each contract.

Sales of telecommunication equipment

The performance obligation is satisfied upon delivery of goods and payment is generally due within 6 months from delivery.

Others

Generally, the performance obligation is satisfied at a point in time when customer acceptance is acquired, and payment is generally due within 3 months from the final acceptance. For certain contracts, the performance obligation is satisfied over time as services are rendered and billed based on the time incurred.

As at the end of the reporting period, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants*	**2,322**	2,421
Bank interest income	**286**	688
Other interest income from financial assets at fair value through profit or loss	**12**	14
Other interest income from financial assets measured at amortised cost	**59**	–
Total other income	**2,679**	3,123
Gains		
Foreign exchange gain	**8**	521
Gain on revision of lease terms arising from changes in the non-cancellable period and scope of leases	**–**	118
Total gains	**8**	639
Total other income and gains	**2,687**	3,762

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. The Group has a lease contract with governments for office premises used in its operations, which is rent-free as non-monetary grants. These non-monetary grants are recorded at a nominal amount and the fair value is RMB905,000 (2023: RMB1,279,000).

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		**24,720**	50,919
Cost of services provided		**74,316**	305,804
Depreciation of property, plant and equipment*		**1,439**	1,580
Depreciation of right-of-use assets*		**968**	1,356
Amortisation of other intangible assets*		**83**	96
Research and development costs		**13,538**	9,649
Lease payments not included in the measurement of lease liabilities		**731**	112
Auditor's remuneration		**1,680**	2,000
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**3,493**	8,982
Equity-settled share option and award expense		**8,418**	935
Pension scheme contributions**		**408**	865
Staff welfare expenses		**1,729**	1,066
Total		**14,048**	11,848
Foreign exchange differences, net		**(8)**	(521)
Impairment of property, plant and equipment***		**774**	–
Impairment of trade and notes receivables, net	*12*	**28,030**	10,030
Reversal of impairment of contract assets, net	*13*	**(71)**	(27)
Impairment of financial assets included in prepayments, other receivables and other assets	*14*	**1,473**	–
Loss on disposal of items of property, plant and equipment		**–**	462
Bank interest income	*5*	**(286)**	(688)
Government grants	*5*	**(2,322)**	(2,421)

* The deprecation of property, plant and equipment and right-of-use assets and the amortisation of other intangible assets are included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** The impairment of property, plant and equipment is included in "Other expenses".

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	**121**	113
Interest on lease liabilities	**76**	107
Total	**197**	220

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. No provision for income tax has been made as the Group did not generate any assessable profits in Hong Kong during the reporting period.

The provision for current income tax in Mainland China is based on the statutory tax rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, except for certain subsidiaries of the Group in Mainland China which are granted tax concession.

	2024	2023
	RMB'000	*RMB'000*
Current	**–**	10,085
Deferred	**7,101**	(1,122)
Total tax charge for the year	**7,101**	8,963

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(70,426)**	34,456
Tax at the statutory tax rate	**(17,606)**	8,614
Lower tax rates enacted by local authorities	**533**	(1,184)
Expenses not deductible for tax	**852**	321
Additional deductible allowance for research and development costs	**(1,557)**	(1,434)
Deductible temporary differences not recognised	**15,382**	2,048
Tax losses not recognised	**9,517**	598
Tax charge at the Group's effective rate	**7,101**	8,963

9. DIVIDENDS

No dividends have been paid or declared by the Company since its incorporation.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the profit or loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 215,306,534 (2023: 219,540,126) in issue during the year, as adjusted to reflect the shares granted under share award scheme during the year.

The calculation of the diluted (loss)/earnings per share amount is based on the profit or loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 in respect of a dilution as the impact of the share-based payment outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of the basic and diluted (loss)/earnings per share is based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation	**(77,527)**	25,493

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year	**215,306,534**	219,540,126
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	1,151,091
Total	**215,306,534**	220,691,217

11. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Work in progress	**–**	328
Finished goods	**–**	1,175
Total	**–**	1,503

12. TRADE AND NOTES RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**294,083**	321,254
Notes receivable measure at amortised cost	**–**	1,362
	294,083	322,616
Impairment	**(70,815)**	(42,785)
Net carrying amount	**223,268**	279,831

The Group's trading terms with its customers are mainly on credit. The credit period is generally 3 to 300 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**29,862**	191,340
1 to 2 years	**134,784**	71,072
2 to 3 years	**54,348**	11,205
3 to 4 years	**4,005**	5,022
4 to 5 years	**269**	1,192
Total	**223,268**	279,831

The movements in the loss allowance for impairment of trade and notes receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**42,785**	34,157
Impairment losses, net *(note 6)*	**28,030**	10,030
Amount written off as uncollectible	**–**	(1,402)
At end of year	**70,815**	42,785

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics. The provision rates are based on its peer group's expected credit loss rate and ageing for groupings of various customer with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the reporting period about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade and notes receivables using a provision matrix:

As at 31 December 2024

	Gross carrying amount	**Expected credit loss rate**	**Expected credit loss**
	RMB'000		***RMB'000***
Individually assessed:			
Credit risk increased significantly	**23,820**	**100.00%**	**23,820**
Collectively assessed:			
Less than 1 year	**30,961**	**3.55%**	**1,099**
1 to 2 years	**151,528**	**11.05%**	**16,744**
2 to 3 years	**73,803**	**26.36%**	**19,455**
3 to 4 years	**8,465**	**52.69%**	**4,460**
4 to 5 years	**968**	**72.21%**	**699**
Over 5 years	**4,538**	**100.00%**	**4,538**
Total	**294,083**		**70,815**

As at 31 December 2023

	Gross carrying amount *RMB'000*	Expected credit loss rate	Expected credit loss *RMB'000*
Individually assessed:			
Credit risk increased significantly	18,786	87.98%	16,527
Collectively assessed:			
Less than 1 year	198,301	3.51%	6,961
1 to 2 years	79,454	10.55%	8,382
2 to 3 years	15,138	25.98%	3,933
3 to 4 years	5,918	53.31%	3,155
4 to 5 years	4,038	70.48%	2,846
Over 5 years	981	100%	981
Total	322,616		42,785

13. CONTRACT ASSETS

	2024 ***RMB'000***	2023 *RMB'000*
Contract assets arising from:		
Data transmission and processing services for IoT applications	**–**	1,621
Sales of telecommunication equipment	**33**	433
Total	**33**	2,054
Impairment	**(1)**	(72)
Net carrying amount	**32**	1,982
Analysed into:		
Current	**32**	1,950
Non-current	**–**	32

Contract assets are initially recognised for revenue earned from data transmission and processing services for IoT applications and sales of telecommunication equipment as the receipt of consideration is conditional on successful completion of warranty periods. Included in contract assets are retention receivables. Upon completion of warranty periods, the amounts recognised as contract assets are reclassified to trade receivables. The Group's trading terms and credit policy with customers are disclosed in note 18 to the financial statements.

The expected timing of recovery or settlement for contract assets as at the end of reporting period is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within 1 year	**32**	1,950
After 1 year	**–**	32
Total contract assets	**32**	1,982

The movements in the loss allowance for impairment of contract assets are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**72**	99
Reversal of impairment losses, net *(note 6)*	**(71)**	(27)
At end of year	**1**	72

An impairment analysis is performed at the end of the reporting period to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

Set out below is the information about the credit risk exposure on the Group's contract assets:

	2024	2023
Expected credit loss rate	**3.55%**	3.51%
Gross carrying amount *(RMB'000)*	**33**	2,054
Expected credit loss *(RMB'000)*	**1**	72

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Non-current:		
Deposits	**377**	81
Prepayments	**–**	1,887
Total	**377**	1,968
Current:		
Prepayments	**3,653**	5,249
Deductible input value-added tax	**2,035**	87
Deposits and other receivables	**4,220**	755
	9,908	6,091
Impairment	**(1,473)**	–
Total	**8,435**	6,091

An impairment analysis was performed at the end of the reporting period. The Group has applied the general approach to provide expected credit losses for non-trade other receivables under HKFRS 9. The Group considered the historical loss rate and adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate.

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses, net *(note 6)*	**1,473**	–
At end of year	**1,473**	–

15. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**4,082**	33,247
Less: Time deposits	**–**	(5,707)
Cash and cash equivalents	**4,082**	27,540
Denominated in:		
RMB	**1,818**	19,928
US$	**148**	6,675
HK$	**2,116**	937
Total cash and cash equivalents	**4,082**	27,540

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

16. TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**11,522**	47,034
1 to 2 years	**11,975**	9,971
2 to 3 years	**8,453**	1,658
Over 3 years	**2,332**	677
Total	**34,282**	59,340

The trade payables are non-interest-bearing and have no fixed terms of payment.

17. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Payroll and welfare payable		**699**	3,792
Other payables	*(a)*	**3,003**	2,105
Contract liabilities	*(b)*	**187**	2,582
Other tax payables		**2,773**	1,462
Interest payable		**3**	3
Total		**6,625**	9,944

Notes:

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Short-term advances received from customers			
Data transmission and processing services for IoT applications	**187**	2,582	5,223

18. INTEREST-BEARING BANK BORROWINGS

31 December 2024

	Effective interest rate	Maturity	RMB'000
Bank loans – unsecured	**2.75%**	**2025**	**3,000**

31 December 2023

	Effective interest rate	Maturity	RMB'000
Bank loans – unsecured	3.45%	2024	10
Bank loans – unsecured	3.00%	2024	5,000
Total			5,010

	2024 RMB'000	2023 RMB'000
Analysed into:		
Within one year	**3,000**	5,010

19. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

2024

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2024	**151**
Deferred tax credited to profit or loss during the year	**(81)**
Gross deferred tax liabilities at 31 December 2024	**70**

Deferred tax assets

	Impairment of financial assets	**Accrued expenses**	**Lease liabilities**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
At 1 January 2024	**6,683**	**415**	**140**	**7,238**
Deferred tax charged to profit or loss during the year	**(6,683)**	**(415)**	**(84)**	**(7,182)**
Gross deferred tax assets at 31 December 2024	**–**	**–**	**56**	**56**

2023

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2023	249
Deferred tax credited to profit or loss during the year	(98)
Gross deferred tax liabilities at 31 December 2023	151

Deferred tax assets

	Impairment of financial assets *RMB'000*	Accrued expenses *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
At 1 January 2023	5,138	809	267	6,214
Deferred tax credited/(charged) to profit or loss during the year	1,545	(394)	(127)	1,024
Gross deferred tax assets at 31 December 2023	6,683	415	140	7,238

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 ***RMB'000***	2023 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**–**	7,101
Net deferred tax liabilities recognised in the consolidated statement of financial position	**14**	14

Deferred tax assets

The Group has tax losses and deductible temporary differences arising in Hong Kong of RMB8,388,000 (2023: RMB3,624,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses and deductible temporary differences arising in Mainland China of RMB96,157,000 (2023: nil) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following item:

	2024 ***RMB'000***	2023 *RMB'000*
Tax losses	**10,115**	598
Deductible temporary differences	**15,382**	–
	25,497	598

The Group is liable for withholding taxes on dividends distributed by those foreign invested subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, these subsidiaries' fund will be retained in Mainland China for the expansion of these subsidiaries' operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB34,467,000 at 31 December 2024 (2023: RMB98,739,000).

20. ISSUED CAPITAL

	2024	2023
	RMB'000	*RMB'000*
Authorised:		
300,000,000 (2023: 300,000,000) ordinary shares of US$0.01 each	**20,863**	20,863
Issued and fully paid:		
225,000,000 (2023: 225,000,000) ordinary shares of US$0.01 each	**15,646**	15,646

A summary of movements in the Company's share capital is as follows:

	Number of Share in use	**Share capital**
		RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	225,000,000	15,646

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a PRC provider for (i) data transmission and processing services for IoT applications and (ii) telecommunication equipment, serving a broad range of industrial customers. The Group has been operating in the rapidly growing IoT market in the PRC since 2012, and commenced the provision of data transmission and processing services for IoT applications to customers in various industries in 2018. The Group set foot in the private 5G network market in the PRC in 2020 through upgrading its data transmission and processing services for IoT applications with the application of 5G technologies, and has since become one of the named providers in the explosively growing private 5G network market in the PRC. In 2022, the Company was successfully listed on the Stock Exchange and became one of the few IoT-focused listed companies on the Stock Exchange.

Highlights in 2024

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**98,580**	440,550
Cost of Sales	**(99,036)**	(356,723)
Gross (Loss)/Profit	**(456)**	83,827
Net (Loss)/Profit	**(77,527)**	25,493
Adjusted Net (Loss)/Profit (non-HKFRS measure)[1]	**(64,002)**	36,014

Note:

(1) Equity-settled share option and award expense were not included in non-HKFRS measure.

Entering 2024, the global operating environment remained uncertain. The Group's revenue decreased by approximately 77.6% from approximately RMB440.6 million for the year ended December 31, 2023 to approximately RMB98.6 million for the year ended December 31, 2024. Such decrease in revenue for the year ended December 31, 2024 was mainly attributable to: (i) a decrease in revenue from data transmission and processing services because the Group's clients in the IoT industry have delayed their projects taking into consideration of their concerns in cash flows and uncertainty in macroeconomic condition; and (ii) a decrease in revenue from sales of equipment due to the lack of customer demand in 2024.

While the results for the year ended December 31, 2024 may paint a challenging picture, it is essential to look beyond the numbers and focus on the opportunities that lie ahead. Despite the setbacks the Group has faced, we are confident that the Group is well-positioned to overcome these challenges and emerge stronger in the coming future.

The Group continues to focus on the non-5G business and tap into the more promising private 5G network market. Due to economic uncertainty, many of our clients preferred to build a non-5G network during the first stage to satisfy their needs and upgrade to a 5G network during the second phase. As a result, the Group's revenue in 2024 was concentrated in non-5G businesses. The Group's non-5G business revenue decreased by approximately 81.7% from approximately RMB350.7 million in 2023 to approximately RMB64.2 million in 2024. In the meantime, the Group's 5G business revenue decreased from approximately RMB89.9 million in 2023 to RMB34.3 million for the year ended December 31, 2024.

The Group's gross (loss)/profit decreased from approximately RMB83.8 million in 2023 to approximately RMB(0.5) million in 2024. The Group's net loss was approximately RMB77.5 million in 2024, as compared to a net profit of approximately RMB25.5 million in 2023. The adjusted net loss of the Group was approximately RMB64.0 million in 2024, as compared to an adjusted net profit of approximately RMB36.0 million in 2023. Such decrease in adjusted net profit in 2024 was mainly attributable to (i) a decrease in revenue and gross margin as a result of intensified market competition; and (ii) an increase in impairment losses on trade receivables due to slow collection.

Outlook for 2025

In 2025, it is expected that the more complex and volatile external macro environment, rising competition in the information and telecommunication industry, and the accelerating changes of technology will present opportunities and challenges to both the industry and the Group. The PRC government recently launched a series of measures to create a more business-friendly environment so as to stimulate economic growth, which the Company believes will further enhance the overall growth momentum in the PRC IoT market. Given this opportunity, the Group will take the following measures to ensure sustainable business development in 2025.

First of all, the Group will diversify its 5G private network industrial customers to include industries such as advanced manufacturing industry, transportation industry, environmental protection industry and energy industry. The Group will improve its overall marketing capabilities and seek to reach more customers in the industrial IoT industry so as to diversify its customer base and grasp the increasing industrial IoT market opportunities.

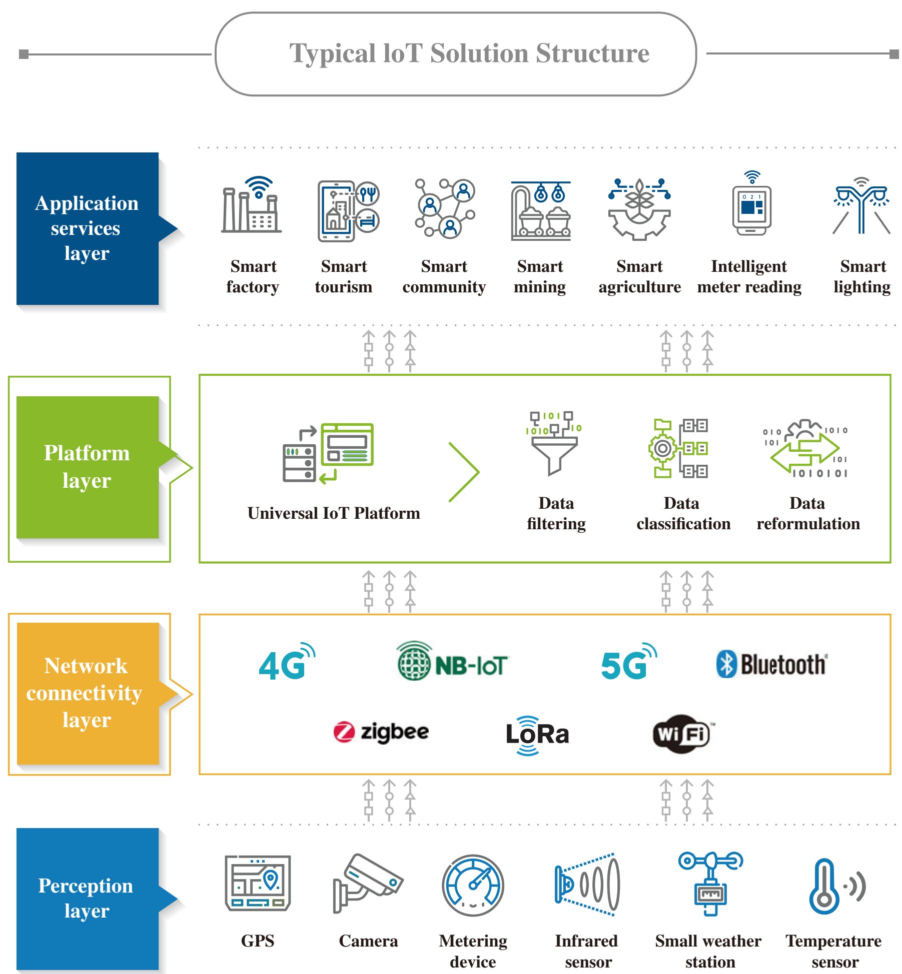
Secondly, the Group will further upgrade its industry data platform to embrace AI and big data. In addition to consolidating its operational results, the Group will refactor its centralized data platform, namely Universal IoT Platform, and extend its functions to cover industrial IoT applications so that Universal IoT Platform can become a real common digitalization foundation to facilitate the Group's different applications.

Lastly, the Group will continue to forge ahead in the challenging economic environment in China, strengthening risk management and control. The Group will enhance efforts to collect trade receivables and control credit risk to ensure sufficient cash flow for operations. In the meantime, the Group will implement prudent and solid development strategy, effective operational management policies and cost control measures to promote the sustainable and healthy development of the group's business.

Business Performance

The Industry and the Group's Strength

The IoT industry where the Group operates possesses great growth potential, driven by growing adoption of advanced technology, rapid development of industrial IoT, increasing demand for private 5G network as well as strong government support. According to Frost & Sullivan, the IoT market in the PRC is expected to grow at a CAGR of approximately 13.3% from 2021 to 2026, reaching approximately RMB5,466.0 billion in 2026, of which the 5G-based IoT market is expected to grow at a CAGR of approximately 62.2% from 2021 to 2026, reaching approximately RMB491.9 billion in 2026. More specifically, the private 5G network market in the PRC is expected to reach approximately RMB236.1 billion in 2026, with a CAGR of approximately 108.2% from 2021 to 2026.



However, the IoT market in the PRC is also competitive and fragmented with more than 30,000 participants competing with each other in each layer of the IoT market from perception layer, network connectivity layer, platform layer to application services layer. Nevertheless, the Company believes that the Group, as an IoT solution provider focusing on network connectivity layer and platform layer, is well positioned to capture the growing demand for IoT solutions and telecommunication equipment in the PRC given its years of industry experience, in-depth market knowledge and insight as well as a proven track record in providing data transmission and processing services and telecommunication equipment. The Company also believes that the Group's one-stop solution, diversified product portfolio, short service delivery capabilities, strong innovation and research capabilities as well as experienced and visionary management will help the Group stand out from its competitors in the future.

Data Transmission and Processing Services

The Group offers data transmission and processing services for IoT applications to its customers in manufacturing, municipal services and other industries in the PRC to assist them to realize and optimize their digitalization. The Group classifies its data transmission and processing services as non-5G network services and private 5G network services depending on the network connection mode the Group adopts in the services. Non-5G network services help customers connect terminal devices with the Group's proprietary Universal IoT Platform via various telecommunication networks or gateways, such as 4G, LORA, Zigbee, NB-IoT or Bluetooth, and the Group provides tailored non-5G network services based on customers' demands and their application scenarios. The Group began to provide data transmission and processing services with private 5G network since 2020, and has successfully improved the efficiency and cost-effectiveness of the Group's services by offering turnkey solutions with hardware and software integration for its customers.

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Non-5G Network Services Revenue	**64,235**	342,349
Private 5G Network Services Revenue	**8,972**	37,967
Data Transmission and Processing Services for IoT Applications	**73,207**	380,316

Revenue from data transmission and processing services decreased by approximately 80.8% from approximately RMB380.3 million in 2023 to approximately RMB73.2 million in 2024. Due to the overall poor market conditions in the PRC, many of our clients preferred to build a non-5G network during the first stage to satisfy the basic needs and upgrade to a 5G network during the second phase. As a result, the Group's revenue in 2024 was mainly concentrated in non-5G businesses. The Group's non-5G network services revenue decreased by approximately 81.2% from approximately RMB342.3 million in 2023 to approximately RMB64.2 million in 2024. In the meantime, the Group's 5G network services revenue decreased from approximately RMB38.0 million in 2023 to approximately RMB9.0 million in 2024.

Sales of Telecommunication Equipment

In addition to data transmission and processing services for IoT applications, the Group also researches, develops and sells telecommunication equipment in the PRC. The Group provides its customers with 5G telecommunication equipment, including 5G pRRU, various types of 5G antennas and 5G communication modules, which were designed to cater to preferences of different consumer groups. The Group also provides other telecommunication equipment, which primarily includes 4G telecommunication equipment and other IT devices, to its customers.

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Sales of 5G Telecommunication Equipment	**25,373**	51,770
Sale of Antennas	**–**	6,435
Sales of Telecommunication Equipment	**25,373**	58,205

Revenue from sales of telecommunication equipment decreased by approximately 56.4% from approximately RMB58.2 million in 2023 to approximately RMB25.4 million in 2024. The sales of 5G telecommunication equipment decreased by approximately 51.0% from approximately RMB51.8 million in 2023 to approximately RMB25.4 million in 2024. The lack of customer demand resulted in the decrease in revenue from sales of telecommunication equipment in 2024.

Customers and Contracts

The Group's main customers include (i) state-owned or private project owners, and (ii) main contractors for data transmission and processing services for IoT applications, who sub-contract a pre-defined section of the project to the Group. The Group has strived to broaden and diversify its customer base. The number of new customers accounted for approximately 63.6% of the total number of customers in 2024. Revenue generated from the Group's five largest customers amounted to approximately RMB82.6 million in 2024, accounting for approximately 83.7% of total revenue, while such ratio was approximately 64.3% in 2023. The high customer concentration is a common occurrence in the market where the Group operates since IoT solution projects are relatively large in size as compared with most of the service providers in the market. Therefore, service providers have to allocate a majority of their resources, capacity and manpower to such projects to ensure the delivery of projects. The Group believes that its customer concentration will gradually decrease over time with continuous business expansion in the future.

Benefiting from its in-depth industry knowledge, years of experience and considerate customer services, the Group has been awarded an increasing number of new contracts by its customers on an annual basis. The Group was awarded 31 new contracts in 2024, with an average contract value of approximately RMB3.3 million.

Research and Development

The Group believes that its competitiveness and success depend critically on its continuous commitment to research and development and its ability to improve the functionality of, and add new features to, its services and products. Thus, the Group devotes significant resources to research and development and develops core features of its services and products in-house.

The Group's continuous research and development efforts have enhanced the competitiveness in its services and products. The Group self-developed its centralized data platform, namely Universal IoT Platform, for its data processing services. Universal IoT Platform adopted a series of in-house developed technologies in areas of terminal data protocol unification, device shadow, data flow, data aggregation and integration, and data purification and processing, which have greatly differentiated Universal IoT Platform from traditional data platforms and turned Universal IoT Platform into one of the Group's core business capabilities and competitive edges. In addition, as of December 31, 2024, the Group had successfully registered 30 utility model patents, 23 patents for invention, one international PCT and 90 copyrights in the PRC, indicating the Group's strong innovation and research capabilities.

Employees and Remuneration Policy

As of December 31, 2024, the Group had a total number of 30 employees (as of December 31, 2023: 65). The Group's staff costs (including equity-settled share option and award expense) remained stable at approximately RMB22.9 million in 2024 as compared to approximately RMB24.9 million in 2023.

The Group's success depends on its ability to attract, retain and motivate qualified personnel, and the Group believes that the high-quality talent pool is one of its core strengths. The Group recruits employees mainly through campus recruitment, online recruitment, internal referral and hunting firms or agents, to satisfy its demands for different types of talents.

The Group provides trainings to its employees. In addition to the trainings provided to employees, they can also improve their skills through the Group's development of services and mutual learning among colleagues. The Group offers competitive compensation for its employees. In addition, the Group regularly evaluates the performance of employees and reward those who perform well with higher compensation or promotion.

The Group enters into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics and non-competition with executive officers and full-time employees. These contracts typically include a non-competition provision effective during and up to two years after their employment with the Group and a confidentiality provision effective during and after their employment with the Group.

In addition, to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group, the Company has adopted the Share Option Scheme and the Share Award Scheme on November 11, 2022 and May 16, 2023, respectively. The objectives of the Share Award Scheme are: (i) to recognize the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Financial Review

Revenue

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**98,580**	440,550
Data Transmission and Processing Services	**73,207**	380,316
Sales of Equipment	**25,373**	58,205
Others	**–**	2,029
or:		
5G Business	**34,345**	89,889
Non-5G Business	**64,235**	350,661
or:		
PRC	**98,580**	433,814
The United States	**–**	6,736

The Group's revenue decreased by approximately 77.6% from approximately RMB440.6 million in 2023 to approximately RMB98.6 million in 2024. Revenue from data transmission and processing services decreased by approximately 80.8% from approximately RMB380.3 million in 2023 to approximately RMB73.2 million in 2024, mainly attributable to the Group's clients in the IoT industry having delayed their projects taking into consideration of their concerns in cash flows and uncertainty in macroeconomic condition. The Group's revenue from sales of equipment decreased by approximately 56.4% from approximately RMB58.2 million in 2023 to approximately RMB25.4 million in 2024, mainly due to the lack of customer demand.

Due to the overall poor market conditions in the PRC, many of our clients preferred to build a non-5G network during the first stage to satisfy the basic needs and upgrade to a 5G network during the second phase. As a result, the Group's revenue in 2024 was concentrated in non-5G businesses. The Group's non-5G business revenue decreased by approximately 81.7% from approximately RMB350.7 million in 2023 to approximately RMB64.2 million in 2024. In the meantime, the Group's 5G business revenue decreased from approximately RMB89.9 million in 2023 to approximately RMB34.3 million in 2024.

The Group generates most of its revenue from the PRC market and 100.0% of the Group's revenue was generated from the PRC market in 2024, while such ratio was approximately 98.5% in 2023. Revenue generated from the United States in 2023 was primarily attributable to the Group's export of IoT antennas to the United States. Revenue from the United States market decreased from approximately RMB6.7 million in 2023 to nil in 2024.

Costs and Expenses

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cost of Sales	**99,036**	356,723
Material Costs	**74,032**	267,087
OEM Expenses	**24,748**	87,056
Administrative Expenses	**37,551**	38,112
R&D Expenses	**13,538**	9,649
Staff Costs	**12,521**	13,508
Professional Expenses	**5,115**	7,131
Selling and Distribution Expenses	**4,694**	3,577
Staff Costs	**4,340**	1,766
Impairment Losses on Financial Assets	**29,432**	10,003
Trade and Notes Receivables	**28,030**	10,030

Cost of sales includes (i) material costs, (ii) OEM expenses and (iii) labor costs. The Group's cost of sales decreased by approximately 72.2% from approximately RMB356.7 million in 2023 to approximately RMB99.0 million in 2024. Material costs decreased by approximately 72.3% in 2024 as compared to 2023, and its share of cost of sales remained stable at approximately 74.8% in 2024 as compared to approximately 74.9% in 2023.

Administrative expenses consist of (i) R&D expenses, (ii) staff costs, (iii) professional expenses, (iv) depreciation and amortization, (v) office expenses, and (vi) tax surcharges. The Group's administrative expenses remained stable at approximately RMB37.6 million in 2024 as compared to approximately RMB38.1 million in 2023. The R&D expenses increased by 40.3% from approximately RMB9.6 million in 2023 to approximately RMB13.5 million in 2024, and the increase was partially offset by (i) the decrease in staff costs from approximately RMB13.5 million in 2023 to approximately RMB12.5 million in 2024 resulting from dismissal; and (ii) the decrease in professional expenses from approximately RMB7.1 million in 2023 to approximately RMB5.1 million in 2024.

Selling and distribution expenses consist of (i) staff costs, (ii) travelling expenses, (iii) depreciation, and (iv) entertainment expenses. The Group's selling and marketing expenses increased by approximately 31.2% from approximately RMB3.6 million in 2023 to approximately RMB4.7 million in 2024, mainly due to an increase in equity-settled share option and award expense.

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and use a provision matrix to calculate ECLs for trade receivables, notes receivable and contract assets based on historical expected credit loss rates of industry peers and aging for groupings of various customers with similar loss pattern. The Group's impairment losses on financial assets increased by approximately 194.2% from approximately RMB10.0 million in 2023 to approximately RMB29.4 million in 2024 mainly attributable to slower collection of overdue trade receivables that resulted in an increase in the impairment allowance for trade receivables aged over one year.

Gross (Loss)/Profit, (Loss)/Profit Before Tax and Net (Loss)/Profit

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gross (Loss)/Profit	**(456)**	83,827
Gross Margin	**(0.5%)**	19.0%
5G Business	**6.1%**	12.3%
Non-5G Business	**(4.0%)**	20.7%
(Loss)/Profit Before Tax	**(70,426)**	34,456
Net (Loss)/Profit	**(77,527)**	25,493

The Group's gross (loss)/profit decreased from approximately RMB83.8 million in 2023 to approximately RMB(0.5) million in 2024 resulting from the decrease in gross margin from approximately 19.0% in 2023 to approximately (0.5%) in 2024. Such decrease in gross margin in 2024 is mainly attributable to (i) intensified market competition and uncertainty in macroeconomic conditions; (ii) a relatively lower cooperation price to develop new customers, the number of which accounted for approximately 63.6% of the total number of customers in 2024; and (iii) a decrease in exports of IoT antennas to the United States, which had a high gross profit margin of approximately 34.1% in 2023.

The Group recorded a loss before tax of approximately RMB70.4 million in 2024 as compared to a profit before tax of approximately RMB34.5 million in 2023, resulting from the decrease in revenue and the intensified market competition. The Group's net loss in 2024 was approximately RMB77.5 million, compared to a net profit of approximately RMB25.5 million in 2023. Without taking into account equity-settled share option and award expense for the years ended December 31, 2023 and 2024, the Group's adjusted net loss in 2024 was approximately RMB64.0 million, compared to an adjusted net profit of approximately RMB36.0 million in 2023. Such change in adjusted net loss in the first half of 2024 was mainly attributable to the decrease in revenue and gross margin as a result of intensified market competition and uncertainty in macroeconomic conditions.

Non-HKFRS Measure

To supplement the consolidated financial statements which are presented in accordance with HKFRS Accounting Standards, the Group also presents the adjusted net (loss)/profit as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. The Group believes that this non-HKFRS measure facilitates comparison of operating performance from period to period by eliminating impacts of equity-settled share option and award expense. In addition, the Group believes that this non-HKFRS measure provides useful information to investors and others in understanding and evaluating the results of operations in the same manner as the Group's management and in comparing financial results across the relevant periods. The use of this non-HKFRS measure has limitations as an analytical tool. As such, it should not be considered in isolation from, or as substitute for analysis of, the consolidated statements of profit or loss and other comprehensive income or financial condition as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore, may not be comparable to similar measures presented by other companies.

The Group defines its adjusted net (loss)/profit (non-HKFRS measure) as the net (loss)/profit adding back equity-settled share option and award expense. The table below sets out the adjusted net (loss)profit (non-HKFRS measure) as of the dates indicated:

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
(Loss)/Profit for the Year	**(77,527)**	25,493
Adding:		
Equity-settled share option and award expense	**13,525**	10,521
Adjusted Net (Loss)/Profit for the Year	**(64,002)**	36,014

Cash and Cash Equivalents and Time Deposits

Cash and cash equivalents and time deposits decreased from approximately RMB33.2 million as of December 31, 2023 to approximately RMB4.1 million as of December 31, 2024, mainly due to the net cash used in operating activities of approximately RMB27.0 million. The net cash used in operating activities is mainly due to the loss before tax of RMB70.4 million, which was partially offset by (i) impairment of trade and notes receivables of RMB28.0 million; and (ii) equity-settled share option and award expense of RMB13.5 million.

Trade and Notes Receivables

The following table sets forth trade receivables and notes receivable measured at amortized cost and impairment as of the dates indicated:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade Receivables	**294,083**	321,254
Notes Receivable Measured at Amortized Cost	**–**	1,362
Impairment	**(70,815)**	(42,785)
	223,268	279,831

Both total trade receivables and net trade receivables experienced a decrease as a result of overall business reduce in 2024, with total trade receivables decreasing by approximately 8.5% from approximately RMB321.3 million in 2023 to approximately RMB294.1 million in 2024 and net trade and notes receivables by approximately 20.2% from approximately RMB279.8 million in 2023 to approximately RMB223.3 million in 2024. The provision for impairment amount grew by approximately 65.5% from approximately RMB42.8 million as of December 31, 2023 to approximately RMB70.8 million as of December 31, 2024, mainly because both the absolute amount of trade and notes receivables aged over one years and its proportion in total trade and notes receivables as of December 31, 2024 increased as compared to those as of December 31, 2023 resulting from slow collection.

The following table sets forth the aging analysis of net trade and notes receivables, based on the invoice date and net of loss allowance as of the dates indicated:

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within 1 Year	**29,862**	191,340
1 to 2 Years	**134,784**	71,072
2 to 3 Years	**54,348**	11,205
3 to 4 Years	**4,005**	5,022
4 to 5 Years	**269**	1,192
Total	**223,268**	279,831

Net trade and notes receivables aged over one year increased from approximately RMB88.5 million as of December 31, 2023 to approximately RMB193.4 million as of December 31, 2024, mainly due to slow collection.

Borrowing

As of December 31, 2024, the Group had interest-bearing bank borrowings of RMB3.0 million (December 31, 2023: RMB5.0 million), which were all denominated in RMB and with fixed interest rate. The Group's total authorized credit facilities remained at RMB10.0 million, among which RMB7.0 million had not been utilized as of the same date.

Gearing Ratio

The Group's gearing ratio, calculated by total debt (including interest-bearing bank borrowings and lease liabilities) divided by total equity, maintained at approximately 1.9% as of December 31, 2024, as compared to approximately 2.6% as of December 31, 2023, mainly due to a decrease in total debt from approximately RMB6.9 million as of December 31, 2023 to approximately RMB3.9 million as of December 31, 2024.

Cash Flow and Capital Expenditure

The Group generated net cash flow used in operating activities of approximately RMB27.0 million in 2024, as compared to approximately RMB39.5 million in 2023. The net cash flow used in operating activities in 2024 is mainly due to the loss before tax of RMB70.4 million, which was partially offset by (i) impairment of trade and notes receivables of RMB28.0 million; and (ii) equity-settled share option and award expense of RMB13.5 million.

Net cash flow from investing activities amounted to approximately RMB5.7 million in 2024, as compared to approximately RMB50.4 million in 2023. The net cash flow from investing activities in 2024 is mainly due to the disposal of a time deposit of approximately RMB5.7 million.

Net cash flow used in financing activities amounted to approximately RMB2.2 million in 2024, as compared to approximately RMB33.0 million in 2023. The net cash flow used in financing activities in 2024 is mostly due to repayment of bank loans of RMB5.0 million, which was partially offset by new bank loans of approximately RMB3.0 million.

Capital expenditure primarily consisted of purchases of property, plant and equipment and renovation expenses, which decreased from approximately RMB2.5 million in 2023 to nil in 2024.

Charges on Assets

As of December 31, 2024, the Group did not have any assets or rights pledged (December 31, 2023: Nil).

Contingent Liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities (December 31, 2023: Nil).

Foreign Currency Risk

The Group has transactional currency exposures and are subject to foreign currency risk arising from fluctuations in exchange rates between RMB and foreign currencies. As of December 31, 2024, the Group had transactional currency exposures. Such exposures arose from changes in the fair value of monetary assets and liabilities and exchange differences resulting from translation of the financial statements of certain overseas subsidiaries.

As of December 31, 2024, the Group did not hedge or consider necessary to hedge any of these risks. The Group will constantly review the economic situation and the foreign exchange risk profile and consider appropriate hedging measures in the future, when necessary.

Significant Investments, Acquisitions and Disposals

The Group did not have any significant acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended December 31, 2024.

As of December 31, 2024, none of each individual investment held by the Group constituted 5% or above of the total assets of the Group and there was no future plans for material investments or capital assets.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 24, 2025 and January 27, 2025, Home Office Development Limited (the "**Offeror**") and the Company jointly announced the acquisition of shares in Howkingtech International Holding Limited by Home Office Development Limited; and the mandatory unconditional cash offers to acquire all the issued shares of and to cancel all outstanding share options of the Company (other than those already owned and/or agreed to be acquired by Home Office Development Limited and/or parties acting in concert with it) (the "**Offer**"). The Offer opened for acceptance on March 7, 2025 and was declared unconditional in all respects on March 7, 2025. The Offer closed on March 28, 2025. Immediately after the close of the Offer, the Offeror holds, controls or has directions over 157,773,400 shares of the Company, representing approximately 64.31% of the total issued shares of the Company immediately after the close of the Offers and as at March 28, 2025.

For full details of the Offer, please refer to the joint announcements dated January 24, 2025 and January 27, 2025, the composite document dated March 7, 2025, the joint announcement dated March 7, 2025, and the joint announcement dated March 28, 2025 jointly issued by the Offeror and the Company.

As at March 31, 2025, a total of 20,319,513 share options granted under the Scheme had been exercised and allotted pursuant to the rules of the Scheme.

Save as disclosed above, there were no other significant events that required additional disclosure or adjustments occurred after the end of the Reporting Period and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended December 31, 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the 2025 AGM to be held on Friday, May 16, 2025, the register of members of the Company will be closed from Tuesday, May 13, 2025 to Friday, May 16, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the 2025 AGM, all share transfer documents accompanied by the relevant share certificates 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 for registration not later than 4:30 p.m. on Monday, May 12, 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) (as defined under the Listing Rules) during the year ended December 31, 2024. As at December 31, 2024, there were no treasury Shares (as defined under the Listing Rules) held by the Company.

COMPLIANCE WITH MODEL CODE REGARDING SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, which applies to all Directors and relevant employees of the Company who are likely to possess inside information in relation to the Company or its securities due to his/her office or employment.

The Company has made specific enquiries with each Director, and each of them confirmed that he/she had complied with all required standards under the Model Code during the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintenance of good corporate governance practices and procedures. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in part 2 of the CG Code.

Pursuant to code provision C.2.1 of part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Dr. Chen Ping currently performs these two roles concurrently.

The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company to ensure appropriate and timely arrangements are in place to meet changing circumstances.

Save for the deviation from code provision C.2.1 of part 2 of the CG Code as described above, the Company had complied with all applicable code provisions set out in part 2 of the CG Code during the year ended December 31, 2024.

AUDIT COMMITTEE

The Audit Committee, consisting of three independent non-executive Directors, namely, Mr. Gu Jiong (Chairman), Mr. Fong Wo, Felix and Mr. Yang Hai, has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024, including the accounting principles and practices adopted by the Group and has recommended for the Board's approval thereof. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended December 31, 2024, but represents an extract from the consolidated financial statements for the year ended December 31, 2024 which have been audited by the auditors of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.howkingtech.com). The annual report of the Company for the year ended December 31, 2024 will be published on the same websites and despatched to the Shareholders requiring printed copies in due course.

DEFINITIONS

"2025 AGM"	the forthcoming annual general meeting of the Company to be held on May 16, 2025
"5G"	the 5th generation mobile network, a new global wireless standard after 1G, 2G, 3G and 4G networks
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CAGR"	compound annual growth rate; the CAGR formula involves (i) dividing the ending value by the beginning value, (ii) making a radical of the amount by the number of years (e.g., 2019~2021 = 2 years) and (iii) subtracting one to make the rate a percentage
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

"China" or "PRC"	the People's Republic of China, but for the purpose of this announcement only and except where the context requires otherwise, references in this announcement to "China" or "PRC" do not include Hong Kong, the Macau Special Administrative Region and Taiwan
"Company"	Howkingtech International Holding Limited, an exempted company with limited liability incorporated in Cayman Islands on August 25, 2021, and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 13, 2022
"Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong public offering and international offering of the Shares
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Howkingtech" or "Group"	the Company and its subsidiaries
"IT"	information technology
"IoT"	internet of things
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LORA"	Long Range, a proprietary low-power wide-area network modulation technique
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"OEM"	original equipment manufacturer
"pRRU"	pico remote radio unit, which is used to the baseband unit
"R&D"	research and development

"Reporting Period" or "Year"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of China
"Share Award Scheme"	the Howkingtech Share Award Scheme adopted by the Company on May 16, 2023
"Share Option Scheme"	the share option scheme adopted by the Company on November 11, 2022
"Share(s)"	the ordinary share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Universal IoT Platform"	the Group's self-developed centralized data platform of IoT solutions, which provides the infrastructural functions for upper applications
"%"	per cent

By Order of the Board
Howkingtech International Holding Limited
Chen Ping
Chairman

Hong Kong, March 31, 2025

As of the date of this announcement, the Board comprises Dr. Chen Ping, Ms. Wang Zheshi, Mr. Feng Yijing and Mr. Wang Jun as executive Directors and Mr. Gu Jiong, Mr. Fong Wo, Felix and Mr. Yang Hai as independent non-executive Directors.

* *For identification purpose only*