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## **FUTURE MACHINE LIMITED**

### **未來機器有限公司**

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

**(Stock Code: 1401)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Revenue ( <i>RMB'000</i> )	<b>4,350,253</b>	2,917,434
Gross profit ( <i>RMB'000</i> )	<b>361,825</b>	257,769
Gross profit margin (%)	<b>8.3</b>	8.8
Net profit for the year ( <i>RMB'000</i> )	<b>41,705</b>	15,609
Earnings per share		(Restated)
– Basic and diluted ( <i>RMB cents</i> )	<b>3.18</b>	1.28

The board (the “**Board**”) of directors (the “**Directors**”) of Future Machine Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025. These results have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2025*

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	3	<b>4,350,253</b>	2,917,434
Cost of sales		<u><b>(3,988,428)</b></u>	<u>(2,659,665)</u>
Gross profit		<b>361,825</b>	257,769
Other gains or losses and income, net	5	<b>54,579</b>	74,007
Reversal of impairment losses/(Impairment losses) on trade receivables		<b>7,017</b>	(8,415)
Selling and distribution expenses		<b>(75,736)</b>	(56,758)
Administrative expenses		<b>(82,092)</b>	(68,186)
Research and development expenses		<b>(181,790)</b>	(141,885)
Finance costs		<u><b>(27,493)</b></u>	<u>(36,191)</u>
<b>Profit before tax</b>		<b>56,310</b>	20,341
Income tax expense	6	<u><b>(14,605)</b></u>	<u>(4,732)</u>
<b>Profit for the year</b>	7	<b>41,705</b>	15,609
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translating foreign operations		<u><b>363</b></u>	<u>(289)</u>
Total comprehensive income for the year		<u><b>42,068</b></u>	<u>15,320</u>
Profit attributable to:			
Owners of the Company		<b>41,417</b>	16,341
Non-controlling interests		<u><b>288</b></u>	<u>(732)</u>
		<u><b>41,705</b></u>	<u>15,609</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>41,746</b>	16,056
Non-controlling interests		<u><b>322</b></u>	<u>(736)</u>
		<u><b>42,068</b></u>	<u>15,320</u>
Earnings per share	9		(Restated)
Basic and diluted ( <i>RMB cents</i> )		<u><b>3.18</b></u>	<u>1.28</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2025*

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>95,686</b>	97,166
Right-of-use assets	10	<b>30,201</b>	35,855
Intangible assets		<b>7,601</b>	4,720
Deferred tax assets		<b>1,816</b>	2,966
		<u><b>135,304</b></u>	<u>140,707</u>
<b>Current assets</b>			
Inventories	11	<b>404,327</b>	326,034
Trade and bills receivables	12	<b>1,007,152</b>	587,382
Prepayments and other receivables	13	<b>207,533</b>	127,997
Derivative financial instruments		<b>507</b>	–
Financial asset at FVTPL	14	<b>33,265</b>	–
Amounts due from shareholders		<b>6,475</b>	6,341
Pledged bank deposits		<b>2,139,087</b>	2,127,302
Bank balances and cash		<b>153,309</b>	79,364
		<u><b>3,951,655</b></u>	<u>3,254,420</u>
<b>Current liabilities</b>			
Trade and bills payables	15	<b>3,217,911</b>	2,708,516
Accruals and other payables	16	<b>104,576</b>	88,331
Financial liabilities at FVTPL		<b>1,761</b>	–
Contract liabilities	16	<b>76,688</b>	23,117
Borrowings		<b>91,683</b>	138,877
Lease liabilities	10	<b>6,681</b>	5,861
Deferred income		<b>847</b>	850
Income tax payable		<b>3,748</b>	2,277
		<u><b>3,503,895</b></u>	<u>2,967,829</u>
<b>Net current assets</b>		<u><b>447,760</b></u>	<u>286,591</u>
<b>Total assets less current liabilities</b>		<u><b>583,064</b></u>	<u>427,298</u>

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Deferred income		<b>2,858</b>	3,705
Deferred tax liability		<b>16,973</b>	14,738
Lease liabilities	10	<b>27,964</b>	33,504
Borrowings		<u>–</u>	<u>8,817</u>
		<b>47,795</b>	60,764
<b>Net assets</b>		<b><u>535,269</u></b>	<b><u>366,534</u></b>
<b>Capital and reserve</b>			
Share capital		<b>13,511</b>	8,945
Reserves		<b>523,043</b>	359,196
Equity attributable to owners of the Company		<b>536,554</b>	368,141
Non-controlling interests		<b>(1,285)</b>	(1,607)
<b>Total equity</b>		<b><u>535,269</u></b>	<b><u>366,534</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. GENERAL INFORMATION

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

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

The Company is an investment holding company. The principal activities of its subsidiaries are designing, manufacturing and sales of mobile phones and printed circuit board assembly products (“**PCBA**”) and Internet of things (“**IoT**”) related products and investment holding. Particulars of the subsidiaries have been set out in Note 38 of the annual report. The Company and its subsidiaries are collectively referred to as the “**Group**”.

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

#### (a) *Adoption of amendments to an HKFRS Accounting Standard*

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) *New and amendments to HKFRS Accounting Standards not yet effective*

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

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

*HKFRS 18 Presentation and Disclosure in Financial Statements*

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

HKFRS 18, and consequential amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and disclosures in the future financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

### 3. REVENUE

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

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Mobile phones	<b>2,430,600</b>	1,894,440
IoT related products	<b>1,775,844</b>	822,713
Others*	<b>143,809</b>	200,281
	<b>4,350,253</b>	2,917,434

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

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

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

### 4. SEGMENT INFORMATION

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

#### **Geographical information**

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

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

	<b>Revenue from external customers</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
The PRC	<b>3,036,444</b>	1,702,422
India	<b>1,045,045</b>	991,228
United States of America	<b>83,625</b>	73,792
United Arab Emirates	<b>58,752</b>	5,605
People's Republic of Bangladesh	<b>35,608</b>	53,426
Algeria	<b>31,130</b>	5,912
Republic of the Sudan	<b>25,920</b>	–
Islamic Republic of Pakistan	<b>21,279</b>	65,212
Kingdom of Saudi Arabia	<b>10,137</b>	–
Republic of Yemen	–	19,004
República de Colombia	<b>1,584</b>	–
Other regions	<b>729</b>	833
	<b>4,350,253</b>	<b>2,917,434</b>

The Group's non-current assets, excluding deferred tax assets, amounted to RMB133,488,000 (2024: RMB137,741,000), and are mainly located in the PRC.

#### **Information about major customers**

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

	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
Customer A	<b>1,078,773</b>	757,651
Customer B	<b>421,684*</b>	626,028
Customer C	<b>686,071</b>	62,900*

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

## 5. OTHER GAINS OR LOSSES AND INCOME, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank interest income	33,104	44,061
Interest income from financial asset at FVTPL	723	–
Gain from changes in fair value of derivative financial instruments and financial liabilities at FVTPL	733	–
Fair value loss on financial asset at FVTPL	(2,904)	–
Government subsidies ( <i>Note</i> )	21,678	28,155
Amortisation of government grant	850	1,680
Sundry income	395	111
	<u>54,579</u>	<u>74,007</u>

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

## 6. INCOME TAX EXPENSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Current tax – Hong Kong profit tax</b>		
– Provision for the year	468	152
– Under-provision in respect of prior years	–	52
<b>Current tax – PRC Enterprise Income Tax</b>		
– Provision for the year	11,555	5,836
– (Over)/under-provision in respect of prior years	(7)	334
<b>Current tax – United States enterprise income tax</b>		
– Over-provision in respect of prior years	(796)	–
	<u>11,220</u>	<u>6,374</u>
<b>Deferred tax:</b>		
– Charged/(credited) to current year	3,385	(1,642)
Income tax expense	<u>14,605</u>	<u>4,732</u>

## 7. PROFIT FOR THE YEAR

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year has been arrived at after (crediting)/charging:		
Directors' emoluments	3,822	3,213
Salaries, allowances and other benefits (excluding directors' emoluments)	184,840	165,158
Contributions to retirement benefits scheme (excluding directors' emoluments)	30,957	20,382
	<u>219,619</u>	<u>188,753</u>
Total staff costs		
Auditors' remuneration	1,080	1,050
Amortisation of intangible assets	1,311	2,374
Cost of inventories recognised as an expense	3,988,428	2,659,665
Depreciation of property, plant and equipment	18,417	16,366
Depreciation of right-of-use assets	7,005	10,665
(Reversal)/provision of loss allowance recognised in respect of trade receivables	(7,017)	8,415
Loss on disposal of property, plant and equipment	5	9
Research and development expenses	181,790	141,885
Transportation costs charged to selling and distribution expenses	36,026	25,225
	<u><u>36,026</u></u>	<u><u>25,225</u></u>

## 8. DIVIDEND

No dividend was paid, declared or proposed during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

## 9. EARNINGS PER SHARE

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings for the purpose of basic earnings per share profit for the year attributable to owners of the Company	<u>41,417</u>	<u>16,341</u>
	<b>Number of shares '000</b>	Number of shares '000 (Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,303,008</u>	<u>1,271,739</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2025 and 2024 has been adjusted to reflect the bonus element arising from the rights issue completed on 12 November 2025.

As the rights issue was at a price lower than the fair value of the shares of the Company at the relevant time, it effectively included a bonus element. Consequently, the weighted average number of ordinary shares outstanding before the rights issue in 2025 and 2024 have been adjusted by multiplying an adjustment factor of 1.2717, which represents the ratio of the fair value per share immediately before the exercise of the rights to the theoretical ex-rights price per share.

### Diluted earnings per share

Diluted earnings per share for both years were the same as the basic earnings per share as there was no potential ordinary shares in issue for both 2025 and 2024.

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

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Leasehold properties	<b>30,201</b>	35,855

The Group has lease arrangements for buildings, mainly for use as the Group's headquarter and factories for production purpose. The lease terms range from one to seven years (2024: one to eight years) with fixed lease payments and no renewal/termination option. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year, additions to right-of-use assets were RMB1,390,000 (2024: RMB38,312,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

### (ii) Lease liabilities

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Non-current portion	<b>27,964</b>	33,504
Current portion	<b>6,681</b>	5,861
	<b>34,645</b>	39,365

The weighted average incremental borrowing rates applied to lease liabilities ranging from 4.0% to 10.0% (2024: from 4.0% to 10.0%).

## 11. INVENTORIES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Materials and components	<b>198,239</b>	140,023
Work in progress	<b>63,832</b>	106,000
Finished goods	<b>142,256</b>	80,011
	<b>404,327</b>	326,034

## 12. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	771,972	588,302
Less: Loss allowance	<u>(7,263)</u>	<u>(14,280)</u>
	764,709	574,022
Bills receivables	<u>242,443</u>	<u>13,360</u>
Trade and bills receivables	<u><b>1,007,152</b></u>	<u><b>587,382</b></u>

The gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB1,014,415,000 as at 31 December 2025 (2024: RMB601,662,000).

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	559,283	276,611
31 to 60 days	249,467	168,363
61 to 90 days	134,592	73,617
Over 90 days	<u>63,810</u>	<u>68,791</u>
Total	<u><b>1,007,152</b></u>	<u><b>587,382</b></u>

No interest is charged on the trade and bills receivables. The trade receivables have credit terms ranging from 30 to 120 days.

## 13. PREPAYMENTS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayment to suppliers	75,074	45,595
Lease deposits and other deposits	2,585	2,891
VAT recoverable ( <i>Note i</i> )	79,629	64,661
Interest receivables	6,498	6,928
Margin deposits ( <i>Note ii</i> )	16,834	–
Others	<u>26,913</u>	<u>7,922</u>
	<u><b>207,533</b></u>	<u><b>127,997</b></u>

Notes:

- (i) VAT recoverable includes the input VAT and prepaid VAT that is expected to be deducted within one year.
- (ii) As at 31 December 2025, margin deposits of the Group amounting to RMB16,834,000 were held by the bank as security for outstanding foreign exchange forward contracts and currency options. These deposits are restricted and are typically released upon the settlement of the underlying derivative contracts.

As at 31 December 2025 and 2024, there was no significant impairment for the prepayments and other receivables.

#### 14. FINANCIAL ASSET AT FVTPL

During the year ended 31 December 2025, the Group granted discretionary investment management rights under a discretionary account agreement (the “**Agreement**”) with a regulated entity in Hong Kong, which is a licensed corporation under the Securities and Futures Ordinance (the “**Investment Manager**”). Pursuant to the Agreement, the Investment Manager is appointed as agent and attorney-in-fact of the Group to invest and reinvest the Group assets under the discretionary account in accordance with the investment objectives and risk tolerance level agreed with the Group on a discretionary basis.

During the year ended 31 December 2025, the Investment Manager invested in Global Market Fixed-rate Notes (the “**Notes**”) on behalf of the Group under the Discretionary Account, with a principal amount of HK\$40,000,000 (equivalent to approximately RMB36,128,000).

The Notes are redeemable daily at par, subject to a 7-day advance notice period and a minimum redemption amount of HK\$778,000. There is no lock-up period, and no management, subscription, redemption, or performance fees are payable in respect of this investment. The Investment Manager acted as the subscriber of the Notes and serves as the executing broker, custodian, and nominee of the Group.

As at 31 December 2025, the fair value of the Notes held in the discretionary account was RMB33,265,000, and none of the Notes had been pledged as security for any banking facilities or other purposes. During the year ended 31 December 2024, the Group had no balance in relation to this investment.

#### 15. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	755,712	555,359
Bills payables under supplier finance arrangement ( <i>note</i> )	<u>2,462,199</u>	<u>2,153,157</u>
Trade and bills payables	<u><u>3,217,911</u></u>	<u><u>2,708,516</u></u>

*Note:* These amounts relate to bills payables under supplier finance arrangements, including bills issued to relevant external suppliers for the settlement of trade payables amounting to approximately RMB532,872,000 as at 31 December 2025 (2024: RMB243,762,000), and bills issued to Group entity under arrangements for financing the production of the respective Group entities, amounting to approximately RMB1,929,327,000 as at 31 December 2025 (2024: RMB1,909,395,000). All of the aforementioned bills payables are fully secured by pledged bank deposits amounting to approximately RMB2,139,087,000 (2024: RMB2,127,302,000). In the consolidated statement of cash flows, payments to the banks are classified as financing cash flows, net of receipts from the bank in respect of intercompany bills, reflecting the nature of the arrangements.

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

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

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	<b>428,666</b>	324,145
31 to 60 days	<b>233,611</b>	173,950
61 to 90 days	<b>62,334</b>	39,532
Over 90 days	<b>31,101</b>	17,732
Total	<b>755,712</b>	555,359

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

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

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	<b>239,125</b>	484,230
31–60 days	<b>310,411</b>	459,996
61–90 days	<b>419,438</b>	440,993
Over 90 days	<b>1,493,225</b>	767,938
Total	<b>2,462,199</b>	2,153,157

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

## 16. ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries payable	69,089	61,028
Accruals and other payables	12,592	9,903
Government subsidies in advance ( <i>Note (i)</i> )	16,831	12,867
Other tax payables	6,064	4,533
	<u>104,576</u>	<u>88,331</u>
Contract liabilities ( <i>Note (ii)</i> )	<u>76,688</u>	<u>23,117</u>

### Notes:

- (i) Government subsidies in advance included in accruals and other payables are mainly related to the capital expenditure incurred for property and equipment, leasehold improvement and subsidies for recruitment of certain number of workers for factory operation, before fulfilling certain conditions under the terms of the government subsidies. The government subsidies received may need to be refunded if the subsidiary failed to fulfill the attached conditions within the stipulated time. Upon fulfillment of those conditions, government subsidies related to compensation of operating expenses already incurred are credited to the profit or loss in the year the Group complied with the conditions attached to the subsidies, whereas assets-related subsidies are reclassified to deferred income and credited to the profit or loss on a straight-line basis over the expected lives of the related assets.
- (ii) Contract liabilities as at 1 January 2024, 31 December 2024 and 31 December 2025 amounted to approximately RMB32,472,000, RMB23,117,000 and RMB76,688,000 respectively, which represented receipts in advance from customers.

### Revenue recognised in relation to contract liabilities

Revenue recognised during the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is approximately RMB21,887,000 (2024: RMB24,764,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

During the year ended 31 December 2025, the Group, as one of the leading ODM mobile phone suppliers based in China, continued to focus on the research and development, designing, manufacturing and sale of mobile phones, PCBAs for mobile phones and IoT related products, targeting emerging markets.

In 2025, China's ODM mobile phone market demonstrated resilience amid a recovering domestic smartphone sector. The overall Chinese mobile phone market achieved modest growth, driven by government trade-in subsidies and a strong rebound in the fourth quarter led by premium models. Notwithstanding economic pressures and geopolitical challenges, China's ODM mobile phone providers played a pivotal role in enabling efficient, cost-effective manufacturing for both domestic and international customers, fostering supply chain stability and advancements in AI-enabled and foldable device technologies.

Concurrently, China's IoT products market demonstrated robust growth in 2025, bolstered by national strategies such as "Made in China 2025" and accelerated adoption in industrial, automotive, and consumer applications. Market revenue achieved remarkable growth, fuelled by advancements in 5G connectivity, AI integration, and applications in smart manufacturing, healthcare, and urban infrastructure. This performance highlighted China's leadership in IoT innovation, positioning the sector for continued high-growth trajectory amid increasing demand for intelligent and interconnected solutions.

During the year ended 31 December 2025, the Group maintained its robust market position through a diversified product offering and effective pricing approaches. The Group achieved increased order volumes for smartphones and IoT related products, principally from major customers in China and India, underscoring ongoing trust in the Group's quality standards and service excellence. Revenue from these two markets increased by 51.5% to RMB4,081.5 million for the year ended 31 December 2025 from RMB2,693.7 million for the year ended 31 December 2024.

In summary, the Group delivered strong performance for the year ended 31 December 2025. Revenue increased by 49.1% to RMB4,350.3 million for the year ended 31 December 2025 from RMB2,917.4 million for the year ended 31 December 2024. Net profit increased by 167.3% to RMB41.7 million for the year ended 31 December 2025 from RMB15.6 million for the year ended 31 December 2024.

## OUTLOOK AND BUSINESS STRATEGY

In July 2025, the Company completed the change of name from “Sprocomm Intelligence Limited” to “Future Machine Limited” and adopted the dual foreign name of the Company of “未來機器有限公司”. The short stock name for trading in the securities of the Company on the Stock Exchange also changed from “SPROCOMM INTEL” to “FUTURE MACH LTD” in English and “未來機器有限公司” was adopted as the short stock name in Chinese.

The Board considers that the adoption of the new name, Future Machine Limited, better reflects the direction of the future business plans and development of the Company. The Board also believes that the new name can provide the Company with a new corporate image and identity, which will strengthen its future business development.

Looking ahead, China’s ODM mobile phone market is anticipated to present a mix of challenges and opportunities. The Group remains committed to consolidating its leading market position through the execution of targeted strategic initiatives designed to drive sustainable growth and deliver long-term value to the shareholders of the Company. By maintaining a focus on innovation and proactively responding to evolving market dynamics, the Group aims to seize emerging opportunities while effectively mitigating potential risks.

The Directors are of the view that the continued integration of artificial intelligence into smartphones and connected devices, together with the global rollout of 5G networks, will drive substantial demand for smartphones and IoT products. To capitalise on these market prospects and maximise shareholder value, the Group adopts a prudent growth strategy focused on strengthening research and development capabilities, expanding and diversifying its product portfolio, enhancing sales and marketing efforts to broaden geographical presence, further diversifying its customer base, and pursuing suitable mergers, acquisitions, and strategic investments as appropriate opportunities arise.

In support of this strategy, the Company proposed a rights issue in July 2025, which was successfully completed in November 2025 with the allotment and issue of 500,000,000 rights shares, raising net proceeds of approximately HK\$138 million. These proceeds are intended to be applied towards expanding production capacity for mobile phones and related products, increasing the workforce, enhancing research and development capabilities, enlarging the automobile business production line, upgrading the Group’s ERP system, replenishing working capital, and funding potential mergers, acquisitions, and strategic investments.

As part of the Group’s proactive expansion into overseas markets, the Group entered into nine Memoranda of Understanding (“**MOUs**”). These MOUs establish long-term strategic partnerships, based on a collaborative model of shared value and innovation, with reputable telecommunications and mobile phone distribution companies (the “**Business Partners**”) in the United Arab Emirates, Bangladesh, India, Sri Lanka, Türkiye, and other regions between October 2025 and January 2026. These alliances mark a significant milestone in the Group’s international strategy, transitioning from the traditional ODM model to exporting integrated solutions in emerging markets with large populations and rising demand for mobile phones and smart devices.

Under the MOUs, the parties will combine strengths for full collaboration, seizing opportunities and jointly developing intellectual properties. The Group will also supply mobile phones and smart devices, assist the Business Partners in brand promotion and market share growth. As at 25 March 2026, the Business Partners placed orders for 2.3 million mobile phones valued at approximately USD160 million.

The Board is confident that these partnerships will enhance the Group’s global presence and financial performance. Joint plans will align strategies to maximise penetration, with expected additional orders diversifying revenue. Shared technologies and intellectual properties from collaborative research and development will bolster long-term innovation and competitiveness, aligning with core priorities, as the Group expands its telecommunications and AI portfolio to deliver greater shareholder value.

## FINANCIAL REVIEW

### Revenue

#### *Revenue by product categories*

The Group's product portfolio includes smartphones, feature phones, PCBAs for mobile phones and IoT related products. The Group mainly derives its revenue from the sales of smartphones and IoT products. Set out below is a breakdown of the Group's total revenue by product categories and the revenue generated from each product category as a percentage of total revenue for the year ended 31 December 2025 and 2024:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Mobile phones				
– Smartphones	<b>2,179,257</b>	<b>50.1</b>	1,456,867	50.0
– Feature phones	<b>251,343</b>	<b>5.8</b>	437,573	14.9
Sub-total:	<b>2,430,600</b>	<b>55.9</b>	1,894,440	64.9
IoT related products	<b>1,775,844</b>	<b>40.8</b>	822,713	28.2
Others ( <i>Note</i> )	<b>143,809</b>	<b>3.3</b>	200,281	6.9
Total	<b><u>4,350,253</u></b>	<b><u>100.0</u></b>	<b><u>2,917,434</u></b>	<b><u>100.0</u></b>

*Note:* Others mainly include revenue from the sales of materials and components of the mobile phones and IoT related products.

The Group's total revenue increased by 49.1% to RMB4,350.3 million for the year ended 31 December 2025 from RMB2,917.4 million for the year ended 31 December 2024.

Revenue from mobile phones increased by 28.3% to RMB2,430.6 million for the year ended 31 December 2025 from RMB1,894.4 million for the year ended 31 December 2024, primarily attributed to the increase in sales of smartphones to the PRC and India.

Revenue from IoT related products increased by 115.9% to RMB1,775.8 million for the year ended 31 December 2025 from RMB822.7 million for the year ended 31 December 2024, primarily attributed to the increase in sales orders from major customers in the PRC. Furthermore, the Group's electric vehicles and police body camera products have rapidly gained market traction, and reported substantial increase in revenue.

### *Revenue by geographical regions*

The Group's products are sold worldwide with strategic focus on emerging markets which have high population and growing demands on mobile phones. Set out below is a breakdown of the Group's total revenue by geographical region and the revenue generated from each region as a percentage of total revenue for the year ended 31 December 2025 and 2024:

	<b>Year ended 31 December</b>			
	<b>2025</b>		<b>2024</b>	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
<b>Emerging Asia</b>				
The PRC	<b>3,036,444</b>	<b>69.8</b>	1,702,422	58.4
India	<b>1,045,045</b>	<b>24.0</b>	991,228	33.9
Pakistan	<b>21,279</b>	<b>0.5</b>	65,212	2.2
People's Republic of Bangladesh	<b>35,608</b>	<b>0.8</b>	53,426	1.9
Sub-total:	<b>4,138,376</b>	<b>95.1</b>	2,812,288	96.4
<b>Other regions</b>				
United States of America	<b>83,625</b>	<b>1.9</b>	73,792	2.5
Algeria	<b>31,130</b>	<b>0.7</b>	5,912	0.2
Republic of Yemen	–	–	19,004	0.7
United Arab Emirates	<b>58,752</b>	<b>1.4</b>	5,605	0.2
Republic of the Sudan	<b>25,920</b>	<b>0.6</b>	–	–
Kingdom of Saudi Arabia	<b>10,137</b>	<b>0.2</b>	–	–
República de Colombia	<b>1,584</b>	<b>0.1</b>	–	–
Others	<b>729</b>	–	833	–
Sub-total:	<b>211,877</b>	<b>4.9</b>	105,146	3.6
Total	<b>4,350,253</b>	<b>100.0</b>	2,917,434	100.0

Revenue from the PRC increased by 78.4% to RMB3,036.4 million for the year ended 31 December 2025 from RMB1,702.4 million for the year ended 31 December 2024, primarily attributed to increase in sales orders for smartphones and IoT related products from major customers in the PRC.

Revenue from India increased by 5.4% to RMB1,045 million for the year ended 31 December 2025 from RMB991.2 million for the year ended 31 December 2024, primarily attributed to the increase in demand for smartphones from major customers.

Revenue from Pakistan decreased by 67.3% to RMB21.3 million for the year ended 31 December 2025 from RMB65.2 million for the year ended 31 December 2024, primarily attributed to the Group's strategic decision to reserve its production capacity for the sales orders from other geographical regions.

Revenue from People's Republic of Bangladesh decreased by 33.3% to RMB35.6 million for the year ended 31 December 2025 from RMB53.4 million for the year ended 31 December 2024, primarily attributed to decrease in sales orders for smartphones from major customers.

Revenue from the United States of America increased by 13.3% to RMB83.6 million for the year ended 31 December 2025 from RMB73.8 million for the year ended 31 December 2024, resulting from the increase in sales orders for mobile phones and IoT related products.

Revenue from Algeria increased by 427.1% to RMB31.1 million for the year ended 31 December 2025 from RMB5.9 million for the year ended 31 December 2024, primarily attributed to the increase in demand for smartphones.

Revenue from Republic of Yemen decreased to nil for the year ended 31 December 2025 from RMB19.0 million for the year ended 31 December 2024, resulting from the Group's strategic decision to reserve its production capacity for the sales orders from other geographical regions.

Revenue from United Arab Emirates increased by 950% to RMB58.8 million for the year ended 31 December 2025 from RMB5.6 million for the year ended 31 December 2024, resulting from the Group's strategic marketing initiatives in this region.

For the year ended 31 December 2025, the Group's strategic marketing initiatives and proactive international expansion successfully secured inaugural sales orders from new customers in the Republic of the Sudan, the Kingdom of Saudi Arabia and the Republic of Colombia. Revenue from these three regions amounted to RMB25.9 million, RMB10.1 million and RMB1.6 million, respectively.

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

Gross profit increased by 40.3% to RMB361.8 million for the year ended 31 December 2025 from RMB257.8 million for the year ended 31 December 2024, along with the increase in sales revenue. Gross profit margin remained relatively stable at 8.3% for the year ended 31 December 2025 as compared with 8.8% for the year ended 31 December 2024.

## **Other gains or losses and income, net**

Other gains or losses and income, net mainly include comprises government subsidies, amortisation of government subsidies, bank interest income, interest income from financial assets at FVTPL, gain from changes in fair value of financial assets and liabilities at FVTPL, fair value loss on financial asset at FVTPL and sundry income. The Group's other gains or losses and income, net decreased by 26.2% to RMB54.6 million for the year ended 31 December 2025 from RMB74.0 million for the year ended 31 December 2024, primarily attributed to decrease in bank interest income and government subsidies.

## **Selling and distribution expenses**

Selling and distribution expenses mainly represent transportation and custom declaration expenses, salaries and employee benefits of our sales and marketing staff, business-related travelling and entertainment expenses. Selling and distribution expenses for the year ended 31 December 2025 increased by 33.3% to RMB75.7 million from RMB56.8 million for the year ended 31 December 2024, primarily attributed to higher transportation costs, salaries, and marketing expenses aimed at expanding the customer base.

## **Administrative expenses**

Administrative expenses mainly represent salaries and benefits of our administrative and management staff, depreciation, amortisation of intangible assets, general office expenses, legal and professional fees, rental expenses, insurance expenses, bank charges, exchange losses and other miscellaneous administrative expenses. Administrative expenses for the year ended 31 December 2025 increased by 20.4% to RMB82.1 million from RMB68.2 million for the year ended 31 December 2024, primarily attributed to the increase in salaries and contributions to retirement benefit scheme.

## **Research and development expenses**

Research and development expenses for the year ended 31 December 2025 increased by 28.1% to RMB181.8 million from RMB141.9 million for the year ended 31 December 2024, primarily driven by higher staff costs and moulding expenses related to research and development activities.

## **Finance costs**

Finance costs mainly represent interests on discounted bills and bills under supplier finance arrangement, interest portion of lease liabilities and borrowings. The Group's finance costs for the year ended 31 December 2025 decreased by 24.0% to RMB27.5 million from RMB36.2 million for the year ended 31 December 2024, primarily attributed to repayment of borrowings.

## **Income tax expenses**

For the year ended 31 December 2025, the Group's income tax expenses amounted to RMB14.6 million as compared with RMB4.7 million for the year ended 31 December 2024. The increase in income tax expenses was primarily attributed to the increase in assessable profits for the year ended 31 December 2025. Effective tax rate for the year ended 31 December 2025 was 25.9% (2024: 23.3%).

## **Net profit for the year**

As a result of the above factors, the Group recorded a net profit of RMB41.7 million (2024: RMB15.6 million) for the year ended 31 December 2025. The Group's net profit margin remained relatively stable at 1.0% for the year ended 31 December 2025 from 0.54% for the year ended 31 December 2024.

## **Dividend**

The Board does not recommend the payment of dividend for the year ended 31 December 2025 (2024: nil).

## **Trade and bills receivables**

As at 31 December 2025, the Group's trade and bills receivables amounted to RMB1,007.2 million (31 December 2024: RMB587.4 million). The significant increase in trade and bills receivables as at 31 December 2025 was primarily attributed to the increased sales during the year. The Group generally grants credit period ranging from 30 to 120 days to its customers and allows its PRC customers to settle their purchases by way of bills with maturity period ranging from three to seven months.

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

The Group's average trade and bills receivables turnover days for the year ended 31 December 2025 were 66.9 days (2024: 87.3 days), which were within the range of credit periods normally offered by the Group to its customers. The shortened average trade and bills receivables turnover days were primarily attributed to sales increasing at a greater rate than the average trade and bills receivables balance, determined by averaging the opening and closing balances for the period. Based on the dates of the relevant sales invoices, 93.7% of the Group's trade and bills receivables as at 31 December 2025 aged within 90 days.

For the year ended 31 December 2025, the Group recognised reversal of impairment loss allowances of trade and bills receivables of RMB7.0 million (2024: provision for impairment loss allowances of RMB8.4 million).

The Group applies the simplified approach prescribed by HKFRS 9 to assess the expected credit loss (the “ECL”) on trade and bills receivables using a lifetime ECL model. The Group determines the ECL on an individual basis and/or collectively by using a provision matrix, estimated based on historical credit loss experience and forward-looking information at the end of the reporting period, such as general economic conditions of the industry in which the debtors operate. In line with the Group’s credit risk management strategy, internal credit ratings are assigned to customers. Customers are categorised into three internal credit rating buckets within the provision matrix, based on shared credit risk characteristics and past due exposure. The ratings are as follows: (1) Low risk: Customers with good credit standing; (2) Medium risk: Customers with normal credit standing; and (3) High risk: Credit-impaired customers. There has been no change in the estimation techniques or significant assumptions made during the year ended 31 December 2025 for estimation of ECL on trade receivables. A debtor assessed as credit impaired with significant outstanding balances with gross carrying amount of RMB12.1 million as at 31 December 2025 (2024: RMB37.8 million) was assessed individually. This substantial reduction in gross carrying amount was primarily due to settlements from a debtor amounting to RMB25,700,000 during the year.

### **Trade and bills payables**

As at 31 December 2025, the Group’s trade and bills payables amounted to RMB3,217.9 million (31 December 2024: RMB2,708.5 million). The significant increase in trade and bills payables as at 31 December 2025 was primarily attributed to the increased purchases during the year. Suppliers generally grant the Group credit period ranging from 30 to 60 days, with certain suppliers require the Group to make advance payment before product delivery. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. Certain suppliers allow the Group to settle its purchases by way of bank acceptance bills and the Group may also endorse certain bills receivables to its suppliers in order to settle the trade payable due to them.

The Group’s average trade and bills payables turnover days for the year ended 31 December 2025 were 271.2 days (2024: 402.6 days). The shortened average trade and bills payables turnover days were primarily attributed to the cost of sales increasing at a greater rate than the average trade and bills payables balance, determined by averaging the opening and closing balances for the period.

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

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

The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group. For the year ended 31 December 2025, the Group recorded a negative cash flow from operating activities of RMB230.6 million (Year ended 31 December 2024: negative cash flow of RMB27.1 million), primarily attributed to the increase in trade and bills receivables.

As at 31 December 2025, the Group had net current assets of RMB447.8 million (31 December 2024: RMB286.6 million), cash and cash equivalents amounted to RMB153.3 million (31 December 2024: RMB79.4 million), pledged bank deposits of RMB2,139.1 million (31 December 2024: RMB2,127.3 million) and borrowings amounted to RMB91.7 million (31 December 2024: RMB147.7 million). The Group's cash and cash equivalents and bank borrowings as at 31 December 2025 were mainly denominated in RMB.

As at 31 December 2025, the Group had borrowings of RMB91.6 million (31 December 2024: RMB122.9 million) subject to fixed interest rates, with no borrowings subject to variable interest rates (31 December 2024: RMB24.8 million). As at 31 December 2025, the Group had a current ratio of 1.1 times (31 December 2024: 1.1 times) and gearing ratio of 0.2 (calculated by dividing total debt by total equity) (31 December 2024: 0.4).

As at 31 December 2025, the Group's unutilised borrowing facilities amounted to RMB126.6 million (31 December 2024: RMB162.7 million).

### **CAPITAL EXPENDITURE**

For the year ended 31 December 2025, the Group incurred cash flows on capital expenditures for the purchase of properties, plant and equipment in the amount of RMB17.1 million (2024: RMB17.6 million); and intangible assets in the amount of RMB4.2 million (2024: RMB0.9 million), respectively.

### **CAPITAL COMMITMENTS**

As at 31 December 2025, the Group did not have any capital commitments (31 December 2024: nil).

### **CONTINGENT LIABILITIES**

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees (31 December 2024: nil).

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

As at 31 December 2025, the Group pledged trade and bills receivables with carrying amount of RMB6.6 million (31 December 2024: RMB5.1 million), bank deposits with carrying amount of RMB2,139.1 million (31 December 2024: RMB2,127.3 million) and land and building with carrying amount of RMB41.5 million (31 December 2024: RMB47.4 million) to secure its borrowings and banking facilities.

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

During the year ended 31 December 2025 and 2024, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

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

Saved as disclosed herein, the Group did not make any other significant investments during the year ended 31 December 2025.

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

Saved as disclosed in the Company's prospectus dated 12 September 2025 and the section headed "Use of Proceeds from the Rights Issue" in this announcement, the Group did not have any future plans for material investments and capital assets during the year ended 31 December 2025.

## **FOREIGN EXCHANGE RISKS**

The Group is exposed to foreign currency risk primarily through the operations of its Hong Kong subsidiary, whose functional currency is USD and has significant RMB-denominated liabilities. This gives rise to foreign currency exposure from the translation of these liabilities into USD. All other operations of the Group are mainly transacted in RMB.

The Group has several derivative financial instruments. During the year ended 31 December 2025, the Group held USD/HKD foreign exchange forward contracts and USD/HKD currency options sold short, both maturing within one year, with a notional amount of USD53,000,000 (equivalent to RMB372,526,000) and USD160,000,000 (equivalent to RMB1,124,608,000) respectively. Given the pegged exchange rate system between the Hong Kong dollar and the United States dollar, any exchange difference arising from these instruments does not expect to have a material financial impact.

Saved as disclosed herein, the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

As at 31 December 2025, the Group had 1,641 employees (31 December 2024: 1,414 employees), whose remunerations and benefits are determined based on market rates, government policies and individual performance. For the year ended 31 December 2025, the Group's total staff costs (including directors' emoluments, salaries, allowances and other benefits and contributions to retirement benefits scheme) amounted to RMB219.6 million (2024: RMB188.8 million). To provide incentives or rewards to its employees, the Company adopted a share option scheme, particulars of which are set out in the section headed "Share option scheme" in this announcement. The Group provides comprehensive training and development opportunities to its employees on a regular basis. The trainings are arranged according to needs of employees, which are identified annually by individual departments.

## USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 23 July 2025, the Company proposed a rights issue of 500,000,000 rights shares (the “**Rights Issue**”) on the basis of one (1) rights share for every two (2) shares held on the record date on a non-underwritten basis, at the subscription price of HK\$0.28 per rights share. Upon completion of the Rights Issue on 11 November 2025 (the “**Completion**”), a total of 500,000,000 rights shares were issued pursuant to the terms of the Rights Issue. The net proceeds from the Rights Issue after deducting all relevant expenses were approximately HK\$138 million (the “**Net Proceeds**”).

Details of the actual utilisation of the Net Proceeds are as follows:

Planned use of the Net Proceeds	Allocation of the Net Proceeds <i>HK\$'million</i> <i>(approximate)</i>	Utilised Net Proceeds as at 31 December 2025 <i>HK\$'million</i> <i>(approximate)</i>	Remaining Net Proceeds as at 31 December 2025 <i>HK\$'million</i> <i>(approximate)</i>	Expected timeline for utilising remaining Net Proceeds
Address the genuine funding needs of the Group’s mobile phone and related products business, in particular, for the additional working capital required to complete new business contracts entered into by the Group in the first quarter of 2025	79	29.5	49.5	Within 6 months upon the Completion
Expand production lines, enhance workforce capacity, and advance research and development initiatives of the Group’s mobile phone and related products business	12	–	12	Within 10 months upon the Completion
Expand the Group’s automobile business	5	0.5	4.5	Within 12 months upon the Completion
Enhance the Group’s Enterprise Resource Planning system	2	–	2	Within 14 months upon the Completion
General working capital and general corporate purposes ( <i>Note</i> )	20	7.3	12.7	Within 11 months upon the Completion
Mergers, acquisitions, and strategic investments, with a particular focus on exploring potential opportunities in the artificial intelligence sector	20	–	20	Within 25 months upon the Completion
Total	<u>138</u>	<u>37.3</u>	<u>100.7</u>	

*Note:* The allocated Net Proceeds were utilised for the payment of administrative expenses, including but not limited to salaries and staff related expenses, rent, utilities and other administrative expenses.

For further details of the Rights Issue, please refer to the Company's announcements dated 23 July 2025, 7 August 2025, 21 August 2025, 6 October 2025 and 10 November 2025 and the Company's prospectus dated 12 September 2025.

## **PENSION SCHEME**

The employees of the Group's subsidiaries established in the PRC are required to participate in a state-managed retirement benefit scheme (the "**Defined Contribution Scheme**") operated by the PRC government. The Group is required to contribute a certain percentage of basic payroll costs to the Defined Contribution Scheme.

The Group's contributions to the Defined Contribution Scheme vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 December 2025, there was no forfeiture of contributions under the Defined Contribution Scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Scheme as at 31 December 2025. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Defined Contribution Scheme.

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

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

Apart from the Group's business, none of the Directors or any of their respective close associates was engaged in or had any interest in any business that competes or may compete with the principal business of the Group, or has any other conflict of interest with the Group during the year ended 31 December 2025 and up to the date of this announcement.

## **SHARE OPTION SCHEME**

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

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

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the shares in issue as at 13 November 2019 (i.e. 100,000,000 shares) unless approved by the shareholders of the Company. Such limit represented 6.7% of the shares of the Company in issue as at the date of this announcement.

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

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

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

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

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the Adoption Date. As at 31 December 2025, the remaining life of the Share Option Scheme is approximately three years and 9.5 months.

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

As at 1 January 2025 and 31 December 2025, the number of share options available for grant under the Share Option Scheme was 100,000,000 and 100,000,000, respectively. During the year ended 31 December 2025, no share options were granted, exercised, cancelled or lapsed.

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

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the year ended 31 December 2025 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company has adopted a set of corporate governance practices which aligns with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) since 13 November 2019. Except for code provision C.2.1, the Company has complied with the code provisions set out in the CG Code during the year ended 31 December 2025.

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

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

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

For the purposes of determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting to be held on 29 May 2026 (Friday), the register of members of the Company will be closed from 26 May 2026 (Tuesday) to 29 May 2026 (Friday), both days inclusive. The latest time to lodge transfer documents for registration will be at 4:30 p.m. on 22 May 2026 (Friday). During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 22 May 2026 (Friday). The record date for determining the eligibility of the shareholders to attend and vote at the forthcoming annual general meeting will be 29 May 2026 (Friday).

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting system, risk management and internal control systems, and has reviewed the Group's annual results for the year ended 31 December 2025. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable standards, the Listing Rules and the statutory provisions and sufficient disclosures have been made.

## **SCOPE OF WORK OF AUDITORS**

The figures in respect of this announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Company's external auditor, Moore CPA Limited ("**Moore**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by Moore in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Moore on this announcement.

## **EVENT AFTER THE REPORTING PERIOD**

Saved as disclosed herein, the Group does not have any important events after the year ended 31 December 2025 and up to the date of this announcement.

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

This annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.sprocomm.com](http://www.sprocomm.com)). The annual report of the Company for the year ended 31 December 2025 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By order of the Board  
**Future Machine Limited**  
**Mr. Li Chengjun**  
*Chairman and Executive Director*

Hong Kong, 27 March 2026

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