

# Vital Innovations Holdings Limited 維太創科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 6133

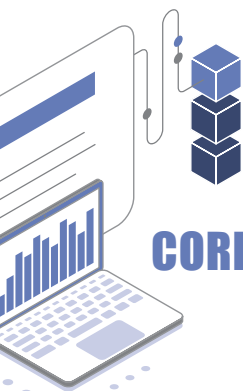


Annual Report 2024 年度報告

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Rong Xiuli (*Chairperson*)  
Rong Shengli (*Chief Executive Officer*)  
Yin Xuquan (*President*)  
Wong Ho Chun

#### Independent Non-executive Directors

Han Xiaojing  
Wong Pong Chun James  
Leung Man Fai

### COMPANY SECRETARY

Chui Man Lung Everett

### AUDIT COMMITTEE

Leung Man Fai (*Chairman*)  
Han Xiaojing  
Wong Pong Chun James

### REMUNERATION COMMITTEE

Han Xiaojing (*Chairman*)  
Rong Xiuli  
Wong Pong Chun James

### NOMINATION COMMITTEE

Rong Xiuli (*Chairperson*)  
Han Xiaojing  
Wong Pong Chun James

### RISK MANAGEMENT COMMITTEE

Wong Ho Chun (*Chairman*)  
Rong Xiuli  
Rong Shengli

### AUTHORISED REPRESENTATIVES

Rong Xiuli  
Chui Man Lung Everett

### AUDITOR

Confucius International CPA Limited  
*Certified Public Accountants*  
Rooms 1501-8, 15/F.,  
Tai Yau Building,  
181 Johnston Road, Wanchai,  
Hong Kong

### PRINCIPAL BANKERS

Shanghai Commercial Bank  
China Everbright Bank

### LEGAL ADVISERS

*As to Hong Kong Law*  
Sidley Austin

#### *As to PRC Law*

HeNan BoYin Law Firm

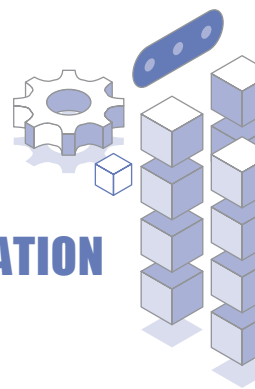
#### *As to Cayman Islands Law*

Conyers Dill & Pearman

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands





## CORPORATE INFORMATION

### PRINCIPAL PLACE OF BUSINESS AND OPERATING HEAD OFFICE IN CHINA

101-1713, 7th Floor, Block 1  
No. 55 Jiachuang Second Road  
Beijing Economic-Technological  
Development Area (Tongzhou)  
Beijing  
China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1506, 15/F.,  
Tai Tung Building  
8 Fleming Road  
Wanchai  
Hong Kong

### SHARE REGISTRARS

#### *Principal Share Registrar and Transfer Office*

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

#### *Hong Kong Branch Share Registrar and Transfer Office*

Tricor Investor Services Limited  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### STOCK CODE

6133

### COMPANY'S WEBSITE

[www.vitalinno.com](http://www.vitalinno.com)





# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

Vital Innovations Holdings Limited (the “Company” or “Vital Innovations” and its subsidiaries (collectively referred to as the “Group”)) is primarily engaged in the trading of mobile devices, smartphones, and provision of related services. This includes end-to-end capabilities in research and development, design engineering, supply chain management, logistics, and technical support. The Group’s competitive advantage stems from its diversified wholesale and reseller partnerships, deep expertise in telecommunications technology, and an extensive network of technology providers.

## 2024 OPERATIONS REVIEW

The reporting period saw measured progress amid persistent macroeconomic constraints. Global smartphone shipments recovered moderately, growing 6.4% year-over-year (YoY) to 1.24 billion units, though regional performance diverged. In China, government stimulus programs drove 5.6% growth in Android shipments, contrasting with a 1.9% contraction in iOS volumes during the same period.

Macroeconomic headwinds persisted throughout the fiscal year. While China achieved its 5.0% GDP target through fiscal interventions and resilient exports, structural challenges – including prolonged Section 301 tariffs (additional tariff maintained at 10% for smartphone imports), geopolitical sanctions risks, and real estate market adjustments – continued to depress consumer spending. Operational challenges emerged in three key areas:

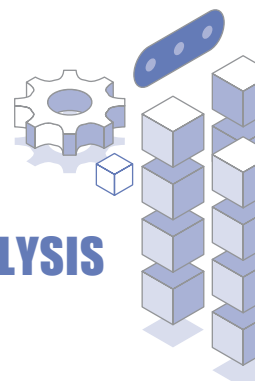
1. **Supply chain inflation**, particularly in multi-tiered component networks;
2. **Extended inventory turnover cycles**, rising to 68 days (+12 days YoY);
3. **Intermittent component shortages** due to technology transfer restrictions.

Post-pandemic recovery remained uneven, with deflationary trends and cyclical demand softness. Labor market uncertainties and asset valuation corrections further dampened private-sector investment and consumption, necessitating stringent inventory controls, working capital optimization, and closer collaboration with channel partners.

In response, the Group adopted a defensive strategy focused on cost control while pursuing selective growth opportunities. Through operational adjustments and workforce dedication, the Group maintained its customer base via product innovation and efficiency enhancement. Margin policy revisions helped sustain sales volume, driving total revenue to RMB1,063.3 million – a 27.3% YoY increase, fueled by domestic and export sales growth. However, the operating loss widened marginally to RMB21.0 million (2023: RMB20.8 million) as exchange losses offset improved gross profit margins.

## 2025 STRATEGIC OUTLOOK

The coming year will likely involve continued macroeconomic uncertainty and sector realignment. Global growth remains constrained by monetary policy normalization in developed markets, yield curve pressures, and trade regionalization driven by technology sovereignty concerns.



## MANAGEMENT DISCUSSION AND ANALYSIS

Within the smartphone industry, incremental innovation will take precedence over disruptive advancements. Market players are expected to prioritize monetizing existing user bases through extended refresh cycles and platform-based service models. Emerging markets may partially offset saturation in mature economies, contingent on infrastructure investments and currency stability. Technological differentiation will focus on compliant semiconductor sourcing and data security enhancements.

China's economic rebalancing presents dual challenges and opportunities. Policy emphasis on high-value manufacturing and premium consumption could benefit the Group, though compliance with local content and data governance rules remains critical. Supply chain redundancies will stay essential amid "friendshoring" trends and export controls.

To enhance resilience, the Group will balance strategic patience with tactical agility. Capital allocation will prioritize working capital preservation, receivables quality, and inventory aging. Channel partnerships will be recalibrated to address uneven regional demand recovery, particularly in secondary cities.

Technology roadmaps will emphasize interoperability and backward compatibility to adapt to fragmented standards. Collaboration with ecosystem partners will reduce R&D duplication while retaining core integration capabilities.

Margin discipline and cash flow predictability will supersede volume-driven growth, with organizational readiness initiatives focusing on workforce flexibility and digital process optimization.

### 2025 GLOBAL ECONOMIC AND TRADE OUTLOOK

Global growth is projected at 3.2% (IMF), masking divergence between service-driven and commodity-dependent economies. Monetary policy dissonance – particularly between the Federal Reserve, ECB, and Bank of Japan – may fuel currency volatility.

Supply chain regionalization will raise costs but improve continuity, risking technological bifurcation in semiconductors and clean energy. Demographic shifts (aging populations vs. youth bulges) and AI-driven labor displacement will exacerbate productivity gaps.

Geopolitical risks, including cross-strait tensions and mineral security concerns, will persist. AI and quantum computing advancements may widen the digital divide due to data sovereignty rules.

Consumer spending in developed markets faces headwinds from depleted savings and rising debt, while emerging markets contend with inflationary pressures. Global trade growth (2.8–3.2%) will lag historical averages amid reshoring and inventory adjustments.

Sustainability mandates, such as carbon border taxes, will reshape trade dynamics, potentially disadvantaging developing economies. Strategic patience and modular supply chains will dominate corporate strategies as "strategic autonomy" guides policymaking.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CONCLUDING REMARKS

2024 marked a pivotal year for Vital Innovations, defined by geopolitical tensions, regulatory shifts, and macroeconomic challenges. Despite a subdued Chinese smartphone market, the Group achieved revenue growth through cost control, margin optimization, and operational resilience.

Looking ahead, we remain cautiously optimistic. While maintaining defensive measures, we will actively explore opportunities in AI – a transformative force poised to reshape global business models and societal efficiency. Our focus on innovation, partner collaboration, and agile execution positions us to navigate uncertainty and capitalize on emerging trends.

To increase income sources and diversify business risk, the Group has tapped into the LED products markets after the financial year end in March 2025. The management is confident that this new line of business will be beneficial to the Group's risk management and profit margin.

### FINANCIAL REVIEW

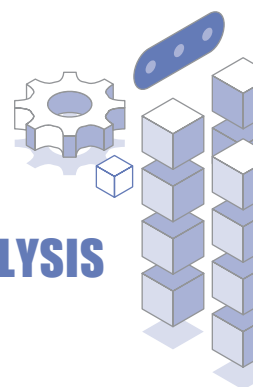
#### Revenue

The Group's revenue increased by approximately RMB227.7 million or 27.3% to approximately RMB1,063.3 million for the year ended 31 December 2024 from approximately RMB835.6 million for the year ended 31 December 2023. The following table sets forth the breakdown of the Group's revenue by product type:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Mobile and smart appliances	1,063,338	834,407
AI and other equipment	–	1,198
	<b>1,063,338</b>	<b>835,605</b>

The revenue of mobile and smart appliances increased mainly due to the Group enhanced the sales of top and famous smartphones in China.





## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of the Group's revenue by geographical regions for the year ended 31 December 2024 and 2023:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Hong Kong	951,591	89.5	832,633	99.6
The PRC	111,747	10.5	2,972	0.4
	1,063,338	100	835,605	100

### Segment profit (loss) and profit margin

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Mobile and smart appliances	327	0.03	(2,093)	—
AI and other equipment	—	—	(940)	—

The mobile and smart appliances recognised segment profit of approximately RMB327,000 compared with segment loss of approximately RMB2.1 million for the year ended 31 December 2023. The turnaround of segment profit was mainly attributable to the Group enhanced the sales of top and famous smartphones in China.

### Taxation

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax was made as the Group did not have any assessable profits generated for the years ended 31 December 2024 and 2023.

### Trade and other receivables

As of 31 December 2024, the carrying amount of trade and other receivables was approximately RMB161.3 million, reflecting a significant increase of RMB158.4 million compared to the same period in 2023. This rise was primarily driven by strategic credit of RMB149 million given to five customers to strengthen commercial partnerships and boost sales, combined with an additional RMB8.5 million in PRC VAT receivables.

Notably, most of the RMB149 million extended to the five customers had been recovered as of the date of the final results announcement dated 8 April 2025.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Prepayments and deposit

As at 31 December 2024, the prepayments and deposit were approximately RMB438.4 million which decreased by RMB157.8 million compared to the same period in 2023. Prepayments and deposit are related to the amount paid to suppliers for mobile and smart appliances.

Prepayments and deposit were paid to certain suppliers in order to secure the sufficiency and timeliness of supply of models which are highly sought after in various markets.

### Trade payable

The Group's trade payable as at 31 December 2024 was RMB25.6 million, reflecting an increase of RMB17.0 million compared to the same period in 2023. This rise was primarily due to the enhance of sales in revenue.

### Bank loans

The Group's bank loans decreased by RMB5,871,000 from RMB24,372,000 as at 31 December 2023 to RMB18,501,000 as at 31 December 2024 as a result of a decrease in financing for the procurement of mobile and smart appliances.

### Contract liabilities

The Group's contract liabilities significantly decreased by RMB19,210,000 from RMB19,361,000 as at 31 December 2023 to RMB151,000 as at 31 December 2024 due to a decrease in prepayment from customers for purchases of mobile and smart appliances.

### Liquidity and source of funding

As at 31 December 2024, the Group's total cash and bank balances decreased by approximately RMB16,151,000 from approximately RMB24,349,000 to approximately RMB8,198,000.

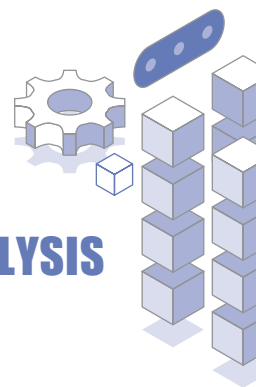
As at 31 December 2024, the Group had unutilised bank facilities related to bank loans of RMB28,000. These credit facilities could be drawn down by the Group to finance its operation. Based on the working experience and the communication with the bank, the Board believes that the Group has the ability to renew or secure banking facilities upon maturity.

As at 31 December 2024, the current ratio (calculated based on the total current assets as of the respective dates divided by the total current liabilities as of the respective dates) of the Group was 4.7 compared with 5.0 as at 31 December 2023.

As at 31 December 2024, the Group had bank loans of approximately RMB18,501,000 (2023: approximately RMB24,372,000). On the same date, the gearing ratio (calculated based on the bank loans as of the respective dates divided by the net asset as of the respective dates) of the Group was 3.84% as compared with 4.84% as at 31 December 2023.

### Foreign exchange exposure

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should the need arise.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Future plans for material investment or capital assets

Saved as disclosed in this report, the Directors confirmed that as at the date of this report, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business development.

### Material acquisitions and disposals

Saved as disclosed in this report, the Group has no other material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2024.

### Significant investments

Saved as disclosed in this report, the Company had no significant investment held during the year ended 31 December 2024.

### Contingent liabilities and commitments

At the end of the year 2024, the Group did not have any significant contingent liabilities and commitments.

### Dividends

No dividend was paid, declared or proposed during the year ended 31 December 2024, nor had any dividend been proposed for the year ended 31 December 2024 (2023: Nil).

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had approximately 24 employees. The Group provides competitive remuneration packages to employees with the share option scheme. The Group also provides attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

## CHARGES ON ASSETS

As at 31 December 2024, the Group had no charge of assets (2023: Nil).





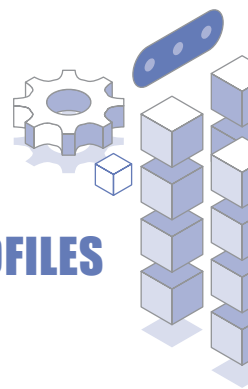
## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### Ms. Rong Xiuli

#### *Executive Director and Chairperson*

Ms. Rong Xiuli (“Ms. Rong”), aged 61, is the chairperson and executive Director of the Company, a member of the remuneration committee and risk management committee and chairperson of the nomination committee of the Company. Ms. Rong joined the Group in July 2004. Ms. Rong is the founder of the Group and is currently the chairperson of the Group. She gained experience and network in the mobile handset distribution business in the mid-1990s. She worked for 北京市百利豐通訊器材有限責任公司 (Beijing City Bailifeng Communication Apparatus Co., Ltd.) which engaged in the sale and agency service of mobile phones and became the chairperson of this company until 2005. Ms. Rong also cofounded 北京天宇朗通通信設備股份有限公司 (Beijing Tianyu Communication Equipment Co. Ltd.) (“Tianyu”) with Mr. Ni Gang (spouse of Ms. Rong) in 2002. She was responsible for sales and marketing, research and development, strategic planning and general management of Tianyu from 2002 to 2008. Ms. Rong was also a director of 北京百納威爾科技有限公司 (Beijing Benywave Technology Co., Ltd.) (“Benywave Technology”) since its establishment in 2004 and the chairperson of Benywave Technology from 2008 to 2014. Ms. Rong has ample experience in sales and marketing, distribution, research and development, risk management, personnel and general management. Ms. Rong has approximately 30 years of experience in mobile handset industry. Ms. Rong has extensive knowledge on telecommunications operations and control and deep understanding of the dynamic of telecommunications market in China. Ms. Rong graduated from Hunan University (湖南大學) with a degree in mechanical engineering specialized in internal combustion engine in 1983. Ms. Rong also obtained a master of business administration from China-Europe International Business School (中歐國際工商學院) (previously known as China-Europe Management Institute (中歐國際管理中心)) in 1993. Ms. Rong is an elder sister of Mr. Rong Shengli, chief executive officer and executive Director of the Company.

As of 31 December 2024, Ms. Rong was interested in certain Shares. Please refer to the section headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” in this report for further details.



## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### Mr. Rong Shengli

#### *Executive Director and Chief Executive Officer*

Mr. Rong Shengli (“Mr. Rong”), aged 54, is the chief executive officer, executive Director and a member of the risk management committee of the Company and is responsible for the management and strategic development of the Group. Mr. Rong joined the Group in October 2008. Mr. Rong joined 北京百納威爾科技有限公司 (Beijing Benywave Technology Co., Ltd.) (“Benywave Technology”) in 2008 and was the vice chairman of Benywave Technology from October 2008 to July 2014, where he was responsible for the sales and the strategic planning for its business of development, designing, production management and selling of mobile telecommunication devices on ODM basis and its related components and accessories, targeting global markets excluding the People’s Republic of China (“PRC”). Prior to joining Benywave Technology, Mr. Rong served as marketing manager, regional director and general manager of operational business department of Tianyu and its subsidiaries from 2000 to 2008. Mr. Rong did not have any role in Tianyu since 2008. Mr. Rong has approximately 25 years of experience in telecommunications industry and management. Mr. Rong obtained a bachelor’s degree from Harbin Engineering University (哈爾濱工程大學) (previously known as Harbin Shipbuilding Engineering Institute (哈爾濱船舶工程學院)) specialized in radio communications in 1992. Mr. Rong also obtained a master of business administration from China-Europe International Business School (中歐國際工商學院) in 1997. Mr. Rong is a brother of Ms. Rong Xiuli, chairperson and executive Director of the Company.

As of 31 December 2024, Mr. Rong was interested in certain Shares. Please refer to the section headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” in this report for further details.



## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### Mr. Yin Xuquan

#### *Executive Director and President*

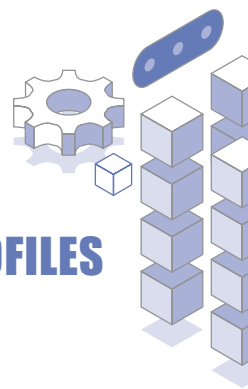
Mr. Yin Xuquan (“Mr. Yin”) aged 60, is an executive Director and president of the Company. Mr. Yin joined the Group in February 2018. Mr. Yin has over 22 years of experience in the telecommunication equipment industry in the People’s Republic of China and held various managerial positions in 中國郵電器材集團公司 (China National Postal and Telecommunications Appliances Corporation) during the period from February 2002 to January 2018, where he had accumulated extensive experience in corporate management. Mr. Yin graduated from Heilongjiang University (黑龍江大學) with a bachelor’s degree in finance and tax in July 2006, and received an executive master degree of business administration (EMBA) from South China University of Technology (華南理工大學) in July 2011.

### Mr. Wong Ho Chun

#### *Executive Director*

Mr. Wong Ho Chun (“Mr. Wong”), aged 38, is an executive Director and chairman of risk management committee of the Company. Mr. Wong joined the Group in February 2019. Mr. Wong has over 12 years of experience in the asset management, fund management and financial services industries in Hong Kong. Mr. Wong was a managing partner of China Fund Group Limited, a boutique fund house in Hong Kong, during the period from 2016 to 2018; a fund manager of Pacific Sun Advisors Limited during the period from 2014 to 2016; and assumed various managerial positions in a few big banks in Hong Kong responsible for providing investment and financial services solutions to clients during the period from 2011 to 2014. Mr. Wong obtained a master degree in Arts with a major in politics from the Durham University in 2011; and a bachelor degree of Business Administration from the City University of Hong Kong in 2006. Mr. Wong is also a Chartered Financial Analyst (“CFA”) charter holder.





## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### Mr. Han Xiaojing

#### *Independent non-Executive Director*

Mr. Han Xiaojing (“Mr. Han”), aged 70, is an Independent non-Executive Director, chairman of remuneration committee, and a member of audit committee and nomination committee of the Company. Mr. Han joined the Group in June 2019. Mr. Han is the founding partner of Commerce & Finance Law Offices (北京市通商律師事務所) and has been an attorney there since May 1992. Mr. Han has also been an independent non-executive director at Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a real estate company listed on the Stock Exchange (stock code: 3377), Far East Horizon Limited (遠東宏信有限公司), a company listed on the Stock Exchange (stock code: 3360) and Angelalign Technology Inc. (時代天使科技有限公司), a company listed on the Stock Exchange (stock code: 6699), since June 2007, March 2011 and May 2021, respectively. He has also served as a supervisor at Ping An Bank Company Limited (平安銀行股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000001), since October 2020 and served as one of its independent directors from February 2014 to October 2020. Prior to that, he served as an independent director of Beijing Sanju Environmental Protection & New Materials Company Limited (北京三聚環保新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300072), from April 2014 to September 2020, and as an outside director of China National Aviation Fuel Group Limited (中國航空油料集團有限公司), a Chinese state-owned enterprise in 2016 Fortune Global 500 list, from December 2017 to January 2024.

Mr. Han graduated from Hubei Finance College (湖北財經學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) with a bachelor’s degree in law in July 1982. He further obtained a master’s degree in law from China University of Political Science and Law (中國政法大學) in July 1985.



## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### **Mr. Wong Pong Chun James**

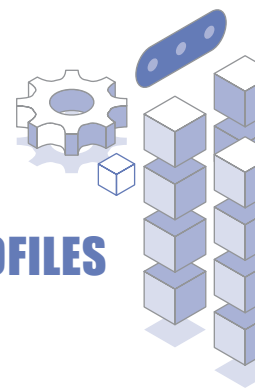
#### *Independent non-Executive Director*

Mr. Wong Pong Chun James, (“Mr. James Wong”), aged 65, is an Independent non-Executive Director, and a member of audit committee, remuneration committee and nomination committee of the Company. Mr. James Wong joined the Group in December 2020. Mr. James Wong has over 31 years of management experience in production and sales of electronic products. Mr. James Wong has been an executive director of Truly International Holdings Limited (“Truly Int”), a company listed on the Main Board of the Stock Exchange (stock code: 732), since July 1991. He is also the chief operating officer of Truly Int. On 16 October 2021, Mr. James Wong has been appointed as a Trustee of HKSAR Morrison Scholarships Fund Trust Committee.

### **Mr. Leung Man Fai**

#### *Independent non-Executive Director*

Mr. Leung Man Fai, (“Mr. Leung”), aged 67, is an Independent non-Executive Director and chairman of audit committee of the Company. He joined the Group in December 2020. Mr. Leung has over 31 years of working experience in accounting, corporate finance and corporate management. Mr. Leung graduated from Manchester Polytechnic, the United Kingdom with a degree of Bachelor of Arts in Accounting and Finance awarded by the Council for National Academic Awards of the United Kingdom in July 1988. He also obtained a degree of Master of Commerce in Accounting from the University of New South Wales in May 1990. Mr. Leung has been an independent non-executive Director of China Regenerative Medicine International Limited (stock code: 8158), a company listed on the GEM Board of the Stock Exchange since 30 December 2021. He was a company secretary of MediNet Group Limited (stock code: 8161), a company listed on the GEM Board of the Stock Exchange from November 2015 to January 2025. Mr. Leung has been a member of the HKICPA since June 1991.



## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### SENIOR MANAGEMENT

#### **Mr. Lam Man Kit**

##### *Chief Financial Officer*

Mr. Lam Man Kit (“Mr. Lam”), aged 68, has over 46 years of experience in financial management, accounting and corporate finance. Mr. Lam joined the Group in June 2016. Since 1980’s Mr. Lam has been serving local and international companies in senior positions such as chief financial officer, consultant, financial controller, regional controller, cost accounting manager and other positions. Prior to joining the Company, Mr. Lam was the chief financial officer of the group of Draper Athena from July 2015 to May 2016, where he was responsible for financial functions for the fund and management companies located in People’s Republic of China, the United States of America, Korea and Hong Kong. Before that, he was the chief financial officer of Coolsand Technologies Limited from 2009 to 2015; a consultant of Yeton Venture Limited from 2008 to 2009; the executive director and chief financial officer of Wanji Group Limited from 2001 to 2007; the financial controller of Whirlpool Home Appliance Co. Ltd. from 1995 to 2001; the regional controller of Amphenol East Asia Limited from 1986 to 1995; and he also worked for Fairchild Semiconductor (HK) Ltd. from 1978 to 1986 first as accountant and subsequently as cost accounting manager. Mr. Lam obtained a diploma in accounting and business management from Hong Kong Baptist University in 1978.

#### **Mr. Wang Lei**

##### *Vice-President*

Mr. Wang Lei (“Mr. Wang”), aged 43, is a vice president of the Group. Mr. Wang has over 21 years of experience in the financial management and sales management in China. Mr. Wang was a vice president of 普泰通信發展有限公司 (Putai Communication Development Limited\*) during the period from January to October 2017; a vice president of 中國郵電器材深圳公司 (China Post and Telecommunication Equipment (Shenzhen) Company\*) during the period from 2005 to 2017; and a financial controller of 中國郵電器材哈爾濱公司 (China Post and Telecommunication Equipment (Harbin) Company\*) during the period from 2003 to 2005.

Mr. Wang obtained a master degree in business administration from University of Wales in 2013 and a bachelor degree in finance and taxation from the 黑龍江大學 (Heilongjiang University\*) of China in 2003.

\* for identification purpose only





## REPORT OF THE DIRECTORS

The board (the “Board”) of directors (the “Directors”) of the Company presents their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

### PRINCIPAL PLACES OF BUSINESS

The Company was incorporated in the Cayman Islands. The principal place of business of the Company is in Hong Kong.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment holding company. The principal activities of the Company’s principal subsidiaries are set out in note 35 to the consolidated financial statements.

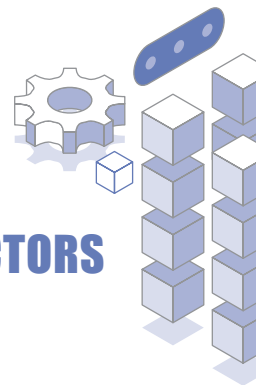
### BUSINESS REVIEW

A review of the business of the Group including an analysis using financial key performance indicators during the year ended 31 December 2024 and a discussion on the Group’s future business development, possible risks and uncertainties that the Group may be facing are provided in the section headed “Management Discussion and Analysis” set out on pages 4 to 9 of this annual report.

The financial risk management objectives and policies of the Group are shown in note 31 to the consolidated financial statements.

### ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to supporting the environmental sustainability. The Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water into the environment. Further details of the Group’s environmental policies and performance disclosed in the Environmental, Social and Governance Report of the Company. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year under review, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.



## REPORT OF THE DIRECTORS

### RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfies the needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner. The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business.

### RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 61 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

During the year ended 31 December 2024 and up to the date of this annual report, there was no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

### SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 142 of this annual report. This summary does not form part of the audited financial statements.

### SHARE CAPITAL

Details of movements of the share capital of the Company during the year ended 31 December 2024 are set out in note 28 to the consolidated financial statements.



## REPORT OF THE DIRECTORS

### SHARE OPTION SCHEME

The Company's share option scheme was adopted on 9 June 2015 as an incentive to the Group's employees and business associates (the "Scheme"). Subject to the provisions for early termination of the Scheme, the Scheme shall be valid for a period of ten years from that date. The following is a summary of the principal terms of the Scheme:

**a) Purpose of the Scheme**

The purpose of the Scheme is to provide incentives or rewards to the participants for their contribution to the Group.

**b) Participants of the Scheme**

Pursuant to the Scheme, the Board may at its absolute discretion grant options to any eligible employee, non-executive Director, supplier of goods or services, customer, person or entity that provides research, development or other technological support, shareholder or holder of any securities issued by the Group or any invested entity.

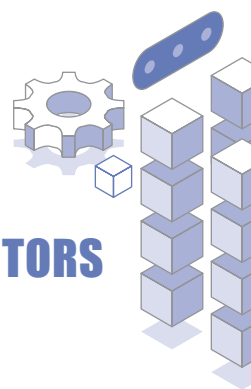
**c) Total number of shares available for issue under the Scheme**

The total number of shares of the Company available for issue under the Scheme is 85,000,000 shares, representing 10% of the total number of shares of the Company in issue as at the date of this annual report.

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue from time to time.

**d) Maximum entitlement of each participant**

The total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including those exercised, outstanding and cancelled options) in any 12-month period must not exceed 1% of the total number of shares of the Company in issue, unless approved by the shareholders of the Company in the manner as stipulated in the Scheme.



## REPORT OF THE DIRECTORS

**e) Time of exercise of options and vesting period**

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each option grantee, which period may commence on the day on which the option offer is made but shall end in any event not later than 10 years from the offer date subject to the provisions for early termination thereof. Unless the Directors otherwise determined and stated in the option offer to a participant of the Scheme, no minimum period for which the option granted under the Scheme must be held before it can be exercised.

**f) Subscription price per share**

The subscription price per share of the Company in respect of any particular option shall be such price as determined by the Board in its absolute discretion at the time of the making of the option offer but in any case, the subscription price shall not be lower than the highest of:

- i. the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the option offer date, which must be a trading day;
- ii. the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the offer date; and
- iii. the nominal value of a share of the Company.

**g) Payment on acceptance of option**

A non-refundable sum of HK\$1.00 by way of consideration for the grant of an option is required to be paid by each of the grantee upon acceptance of the option.

**h) Remaining life of the Scheme**

Subject to the provisions for early termination of the Scheme, the Scheme will remain in force for a period of 10 years commencing on 9 June 2015 up to 8 June 2025 (both days inclusive). As at the date of this report, the remaining life of the Scheme is approximately 3 months.

As at the date of this report, no option had been granted by the Company pursuant to the Scheme. As at 1 January 2024 and 31 December 2024, the number of options available for grant under the Scheme is 85,000,000 shares.



## REPORT OF THE DIRECTORS

### RESTRICTED SHARE UNIT SCHEME

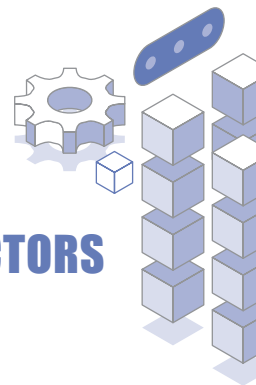
The Company has adopted a restricted share unit (“RSU”) scheme (the “RSU Scheme”) on 9 June 2015. Details of the RSU Scheme are set out in the section headed “Statutory and General Information – D. RSU Scheme” in Appendix IV to the prospectus of the Company dated 16 June 2015. The purposes of the RSU Scheme are:

- (i) to recognize the contributions of the RSU grantees to the Group or its business;
- (ii) to give incentives to the RSU grantees in order to retain them for the continual operation and development of the Group; and
- (iii) to attract suitable personnel for further development of the Group.

The participants of the RSU Scheme include (i) employee(s) (whether full time or part time), including any executive Director of the Company, its subsidiaries or any entity (the “Invested Entity”) in which the Group holds any equity interest; (ii) any non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any person or entity which has contributed to the Group or its business; and (viii) any other person selected by the Board at its sole discretion.

There is no maximum entitlement limit for each participant under the RSU Scheme. Unless otherwise specified by the grant letter, there is no amount payable on application or acceptance of the RSU and no purchase price for such RSU. The vesting schedule and other terms and conditions (if any) of the RSUs are determined by the Board.

The total number of shares (the “Share(s)”) of the Company underlying the RSUs under the RSU Scheme shall not exceed 32,300,000 Shares (excluding Shares underlying RSUs that have lapsed or been cancelled in accordance with the RSU Scheme). On 2 November 2016, the Company granted 32,300,000 RSUs to certain grantees pursuant to the RSU Scheme and all the RSUs granted had been unlocked up to the year ended 31 December 2018. As at the date of this Annual Report, all the Shares underlying the RSU Scheme have been granted and vested. As such, no Shares remained available for grant or will be issued under the RSU Scheme. Subject to the provisions for early termination of the RSU Scheme, the RSU Scheme will remain in force for a period of 10 years commencing on 9 June 2015 up to 8 June 2025 (both days inclusive).



## REPORT OF THE DIRECTORS

### DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution calculated in accordance with the provisions of the Companies Law of the Cayman Islands amounted to approximately RMB236.3 million.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the Group's top five largest customers accounted for 96.14% (2023: 99.97%) of our revenues and the single largest customer accounted for 62.15% (2023: 69.58%) of our revenues. The Group's top five suppliers accounted for 99.11% (2023: 99.59%) of our cost of revenue and the single largest supplier accounted for 50.43% (2023: 67.25%) of our cost of revenue.

None of the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest customers and suppliers during the year ended 31 December 2024.

### RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "related parties" under applicable accounting principles. These mainly relate to contracts entered into by the Group in the ordinary course of business, which contracts were negotiated on normal commercial terms and on an arm's length basis.

Further details are set out in note 30 to the consolidated financial statements. During the year ended 31 December 2024, none of the related party transactions of the Company fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or they are fully exempted from the disclosure requirements under Chapter 14A of the Listing Rules and the Company has complied with all the disclosure requirements under Chapter 14A of the Listing Rules.



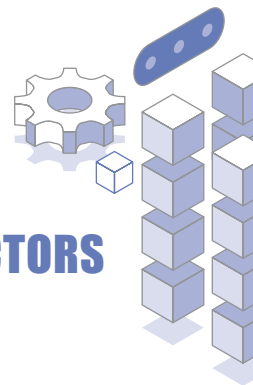


## REPORT OF THE DIRECTORS

### NON-COMPETITION UNDERTAKING

Each of Ms. Rong Xiuli, Mr. Ni Gang, Winmate Limited, Benywave Technology and Tianyu (collectively the “Covenantors”), has entered into a deed of non-competition and undertaking dated 9 June 2015 (the “Deed of Non-Competition”) in favor of the Company (for itself and on behalf of its subsidiaries from time to time), pursuant to which each of the Covenantors irrevocably and unconditionally undertakes to and covenants with the Company that each of them will not and procure that none of their respective associates and subsidiary (for a Covenantor which is a company) other than any member of the Group shall:

- i. whether as principal or agent and whether undertaken directly or indirectly in his/her/its/their own account or in conjunction with or on behalf of or through any person, firm, body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, carry on, participate in, acquire, or hold (whether as a shareholder, partner, agent or otherwise) any right or interest or otherwise be interested, involved or engaged in or concerned with, directly or indirectly, any business which competes or may compete with the business of developing, designing, production management and selling of mobile telecommunication devices on original design manufacturer (“ODM”) basis and its related components and accessories, targeting global markets excluding the PRC (the “Overseas Business”) in any part of the world including but not limited to undertaking the manufacture of mobile telecommunication devices on ODM basis;
- ii. sell or distribute or cause or allow the sale or distribution of the own-branded mobile telecommunication devices of Benywave Technology and Tianyu and their subsidiaries or any of them (collectively the “Excluded Group”) to any territory outside the PRC and, in connection therewith, the Covenantors shall procure that in all distribution agreements between any member of Excluded Group and its distributors a clause restricting the sale or distribution of such own-branded mobile telecommunication devices outside PRC shall be incorporated; and



## REPORT OF THE DIRECTORS

- iii. alone or jointly with or on behalf of any person,
  - a) induce or attempt to induce any director, employee or consultant of the Group to terminate his/her/its employment or consultancy (as appropriate) with the Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy with the Group (as appropriate);
  - b) canvass or solicit or attempt to canvass or solicit any order for business which competes or may compete with the Overseas Business; and
  - c) persuade any person who has dealt with the Group or who is in the process of negotiating with the Group in relation to the Overseas Business to cease to deal with the Group, or reduce the amount of business which that person would normally do with the Group or seek to improve their terms of trade with any member of the Group.

Details of the Deed of Non-Competition are set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company dated 16 June 2015.

The Company confirms that each of the Covenantors have complied with the Deed of Non-Competition for the year ended 31 December 2024. In order to ensure the Covenantors have complied with the Deed of Non-Competition, the following actions have been taken:

- i. the Company has required each of the Covenantors to give written confirmation to the Company on an annual basis as to whether he/she/it has complied with the Deed of Non-Competition for the year ended 31 December 2024;
- ii. each of the Covenantors has provided to the Company such written confirmation (a) in respect of his/her/its compliance with the Deed of Non-Competition for the year ended 31 December 2024; and (b) stating that he/she/it has not been offered or becomes aware of any investment or commercial opportunity directly or indirectly relating to the Overseas Business in any part of the world including but not limited to supply of mobile telecommunications devices on ODM basis in the PRC; and
- iii. the independent non-executive Directors have reviewed the written confirmation made by each of the Covenantors in compliance with the undertakings in the Deed of Non-Competition and have also reviewed the status of the compliance by each of the Covenantors with the undertakings in the Deed of Non-Competition and have confirmed that, as far as they can ascertain, there is no breach by any of the Covenantors of the undertakings in the Deed of Non-Competition given by them.



## REPORT OF THE DIRECTORS

### CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the annual report, there was no contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their subsidiaries subsisted during or at the end of the year ended 31 December 2024, and there was no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholders of the Company or any of their subsidiaries subsisted during or at the end of the year ended 31 December 2024.

### DIRECTORS

The Directors during the year and up to the date of this annual report were:

#### Executive Directors

Ms. Rong Xiuli (*Chairperson*)

Mr. Rong Shengli (*Chief executive officer*)

Mr. Yin Xuquan (*President*)

Mr. Wong Ho Chun

#### Independent Non-executive Directors

Mr. Han Xiaojing

Mr. Wong Pong Chun James

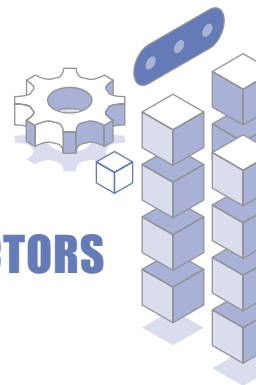
Mr. Leung Man Fai

Pursuant to Article 83(3) of the Company's Articles of Association, any director appointed by the Board to fill a casual vacancy on the existing Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 84(1) of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Yin Xuquan, Mr. Wong Ho Chun and Mr. Han Xiaojing shall retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 10 to 15 of this annual report.



## REPORT OF THE DIRECTORS

### CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

### DIRECTORS' SERVICE CONTRACTS

No Director has entered into any service agreement with any members of the Group which is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

### PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director, other officer and auditor for the time being of the Company shall be entitled to be indemnified out of assets of the Company against all losses or liabilities incurred or sustained by him as a Director, auditors or other officer of the Company about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year ended 31 December 2024 and up to the date of this annual report.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the annual report, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisted during or at the end of the year ended 31 December 2024.



## REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

#### Long positions

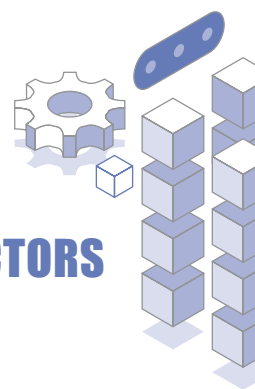
*Ordinary shares of HK\$0.1 each of the Company*

(i) Interest in the Company

Name of Director	Nature of interest	Number of shares <sup>(1)</sup>	Approximate percentage of issued share capital of the Company <sup>(3)</sup>
Rong Xiuli ("Ms. Rong") <sup>(2)</sup>	Interest in a controlled corporation	480,624,000 (L)	56.54%
	Personal interest	87,856,000 (L)	10.34%
Rong Shengli	Personal interest	3,720,000 (L)	0.44%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Ms. Rong and Mr. Ni Gang ("Mr. Ni") hold 90% and 10% of the entire issued share capital of Winmate Limited ("Wimate") respectively. Ms. Rong is the spouse of Mr. Ni, and therefore, Ms. Rong is deemed to be interested in the shares held by Winmate.
- (3) As at 31 December 2024, the issued share capital is 850,000,000 shares.



## REPORT OF THE DIRECTORS

### (ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Percentage of interest in associated corporation
Ms. Rong (Note)	Winmate Limited	90%

Note: As at 31 December 2024, Winmate held more than 50% of the shares. Therefore, the Company was a subsidiary of Winmate, and Winmate was the holding company and an associated corporation of the Company.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Share Option Scheme" and "Restricted Share Unit Scheme" above, at no time during the year ended 31 December 2024 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any subsisting arrangement to enable the Directors to acquire such rights in any other body corporate.





## REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Long positions

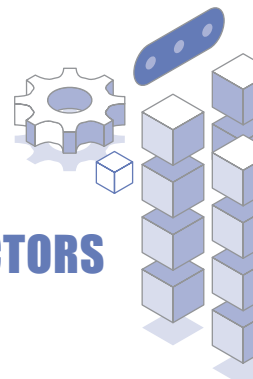
*Ordinary shares of HK\$0.1 each of the Company*

Name of Shareholder	Nature of interest	Number of shares <sup>(1)</sup>	Approximate percentage of issued share capital of the Company <sup>(4)</sup>
Winmate	Beneficial owner	480,624,000 (L)	56.54%
Mr. Ni <sup>(2)</sup>	Spouse of Ms. Rong	568,480,000 (L)	66.88%
Yardley Finance Limited	Person having a security interest in shares	533,480,000 (L)	62.76%
Mr. Chan Kin Sun <sup>(3)</sup>	Interest in a controlled corporation	533,480,000 (L)	62.76%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Ms. Rong and Mr. Ni hold 90% and 10% of the entire issued share capital of Winmate respectively. Ms. Rong is the spouse of Mr. Ni, and therefore, Ms. Rong and Mr. Ni are deemed to be interested in the shares held by Winmate.
- (3) Yardley Finance Limited ("Yardley") is owned as to 100% by Mr. Chan Kin Sun. Therefore, Mr. Chan Kin Sun is deemed to be interested in the shares held by Yardley.
- (4) As at 31 December 2024, the Company had 850,000,000 shares in issue.

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## REPORT OF THE DIRECTORS

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sales of treasury shares) during the year ended 31 December 2024. The Company does not hold any treasury shares as at 31 December 2024.

### **COMPETING INTERESTS**

As at 31 December 2024, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company.

### **TAX RELIEF**

The Directors are not aware of any tax relief from taxation to which the shareholders of the Company are entitled by reason of their holding of the Company's listed securities.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the year ended 31 December 2024 and as at the date of this annual report.

### **EMOLUMENT POLICY**

As at 31 December 2024, the Group had a total of 24 employees (2023: 26). The emolument package of the Directors and senior management of the Group is reviewed and recommended by the remuneration committee of the Company (the "Remuneration Committee") on the basis of their merit, qualifications and competence.

The Company has adopted a share option scheme and restricted share unit scheme to the eligible persons as incentives or rewards for their contribution to the Group.

### **EQUITY-LINKED AGREEMENTS**

Save for the share option scheme adopted by the Company on 9 June 2015 as disclosed under the section headed "Share Option Scheme" above, the Company has not entered into any equity-linked agreements during the year ended 31 December 2024.

### **BANK LOANS AND OTHER BORROWINGS**

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in note 26 to the consolidated financial statements.



## REPORT OF THE DIRECTORS

### EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group during the year ended 31 December 2024 are set out in note 11 and note 12 to the consolidated financial statements.

### RETIREMENT SCHEME

The Group participates in defined contribution retirement benefit schemes organized by the PRC municipal and provincial government authorities for the Group's eligible employee in the PRC, and operates a Mandatory Provident Fund scheme for the employee in Hong Kong. Particulars of these retirement plans are set out in note 29 to the consolidated financial statements.

No forfeited contribution under these schemes is available to reduce the contribution payable in future years.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 32 to 53 of this annual report.

### EVENT AFTER REPORTING PERIOD

Save as disclosed in note 37 to the consolidated financial statements, there is no other significant event subsequent to 31 December 2024.

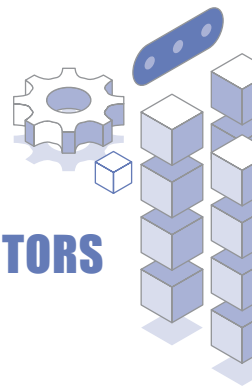
### CHARITABLE DONATIONS

The Group did not make any charitable donations in the year 2024 (2023: Nil).

### CHANGES IN INFORMATION OF DIRECTORS

Since the date of the Interim Report 2024 and up to the date of this report, the changes in Director's information required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

- Mr. Leung Man Fai, the independent non-executive director of the Company, resigned as a company secretary of MediNet Group Limited (stock code: 8161), a company listed on the GEM Board of the Stock Exchange on 2 January 2025.



## REPORT OF THE DIRECTORS

### AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in compliance with the Listing Rules. The current Audit Committee, comprises of Mr. Leung Man Fai (chairman), Mr. Han Xiaojing and Mr. Wong Pong Chun James, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, and to review the Company’s annual report and half-yearly reports and to provide advices and comments thereon to the Board.

The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group.

### AUDITOR

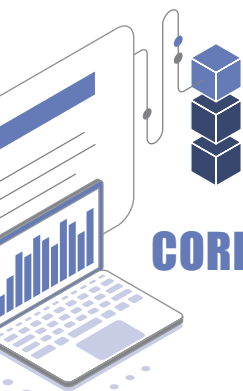
The financial statements for the year ended 31 December 2024 have been audited by Confucius International CPA Limited. SHINEWING (HK) CPA Limited\* resigned as auditor of the Company with effect from 29 December 2021, for details of which, please refer to the announcement of the Company dated 29 December 2021. Confucius International CPA Limited was appointed as auditor of the Company with effect from 29 December 2021 to fill the casual vacancy and was re-elected as the auditor of the Company at the annual general meeting of the Company held on 16 June 2022. A resolution will be submitted to the 2025 annual general meeting to re-appoint Confucius International CPA Limited as auditor of the Company.

\* SHINEWING (HK) CPA Limited was appointed as auditor of the Company with effect from 29 January 2021 upon the resignation of BDO Limited.

On behalf of the Board

**Rong Xiuli**  
*Chairperson*

Hong Kong, 8 April 2025



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a solid, transparent and sensible framework of corporate governance for the Company and its subsidiaries and will continue to review its effectiveness.

The Company has adopted the code provisions (“Code Provisions”) as stated in the Corporate Governance Code and Corporate Governance Report (“CG Code”) contained in Appendix C1 to the Listing Rules as the corporate governance code of the Company. The Board is committed to complying with the Code Provisions as stated in the CG Code to the extent that the Directors of the Company consider it is applicable and practical to the Company.

During the year under review, the Company has complied with all the CG Code.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, the Directors of the Company confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2024.

## BOARD OF DIRECTORS

At the date of this report, the Board comprises four executive Directors and three independent non-executive Directors. The Directors were:

### Executive Directors

Ms. Rong Xiuli (*Chairperson*)

Mr. Rong Shengli (*Chief executive officer*)

Mr. Yin Xuquan (*President*)

Mr. Wong Ho Chun

### Independent Non-executive Directors

Mr. Han Xiaojing

Mr. Wong Pong Chun James

Mr. Leung Man Fai



## CORPORATE GOVERNANCE REPORT

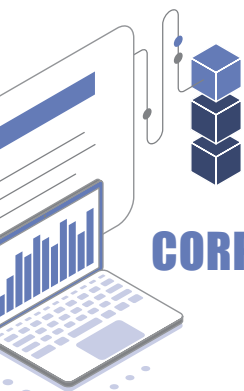
The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company. The executive Directors have accumulated sufficient and valuable experience to hold their positions in order to ensure that their fiduciary duties have been carried out in an efficient and effective manner. The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of the executive Directors. The Board also monitors the financial performance and the internal controls of the Group's business operations. The senior management is responsible for the day-to-day operations of the Group.

### Board Skills Matrix

The following table summarises the combination of skills and experience of the Board:

Experience, skills & attributes	Board	Nomination	Audit	Remuneration	Risk Management
<b>Total Executive Directors</b>	4	1	–	1	3
<b>Total Independent Non-Executive Directors</b>	3	2	3	2	–
<b>Experience</b>					
<b>Corporate leadership</b>					
Successful experience in CEO and/or other senior corporate leadership	7	3	3	3	3
<b>Mobile and smart appliances experience</b>					
Relevant industry (Selling mobile and smart appliances, and AI and other equipment) experience	5	2	1	1	3
<b>Other Board level listed experience</b>					
Membership of other listed entities (last 3 yrs)	3	2	3	2	–
<b>Knowledge and skills</b>					
Finance and capital management	7	3	3	3	3
<b>Governance</b>					
Risk and Compliance	6	3	3	3	3
<b>International experience</b>					
Senior experience in multiple international locations	7	3	3	3	3
<b>Gender</b>					
Male	6	2	3	2	2
Female	1	1	–	1	1





## CORPORATE GOVERNANCE REPORT

Biographical details of the Directors are set out in the section of “Biographical Details of Directors and Senior Management” on pages 10 to 15 of this annual report. To the best knowledge of the Company, there is no other financial, business, family or other material/relevant relationship among the Directors.

### Chairperson and Chief Executive Officer

According to the Code Provision C.2.1 of the CG Code, the roles of the chairperson of the Company (the “Chairperson”), Ms. Rong Xiuli and the chief executive officer of the Company (the “CEO”), Mr. Rong Shengli are segregated in order to reinforce their independence and accountability.

There are clear demarcations of responsibility and authority between the Chairperson and the CEO which ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Ms. Rong Xiuli is mainly responsible for providing guidance and supervision regarding the business and operations of the Company while Mr. Rong Shengli is responsible for the overall management of the Company’s business operations.

### Board Diversity

The Company has recognised the importance of board diversity to corporate governance and the board effectiveness in terms of examination and evaluation of corporate issues from different perspectives.

Pursuant to the Board Diversity Policy (“Diversity Policy”), the effective implementation of the Diversity Policy requires that shareholders of the Company are able to judge for themselves whether the Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed which they support.

The Board will also take into account the below aspects:

- articulate the benefits of diversity, including gender diversity, and the importance of being able to attract, retain and motivate employees from the widest possible pool of available talent;
- to diversify at all levels, including gender, age, cultural and educational background, or professional experience;
- assess annually on the diversity profile including gender balance of the directors and senior management and its progress in achieving its diversity objectives;



## CORPORATE GOVERNANCE REPORT

- ensure that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered; and
- has identified and implemented programs that will assist in the development of a broader and more diverse pool of skilled and experienced employees and that, in time, their skills will prepare them for senior management and board positions.

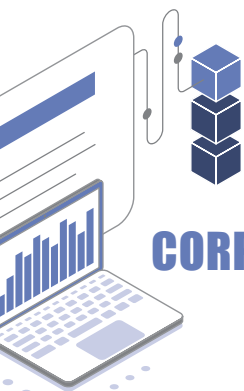
As at the date of this annual report, the Board comprises seven Directors, covering different genders and has a broad age distribution and a diverse mix of age, background, knowledge and skills. The current Board had 1 female member out of the total 7 Board members. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The Nomination Committee considers that, appropriate balance has been struck among the Board members in terms of gender, skills, experience and perspectives. The senior management of the Company namely chief financial officer and vice-president as disclosed in this report are both male. For the further details of gender ratio in the workforce of the Company, please refer to the Environmental, Social and Governance Report of the Company. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future.

### Nomination Policy

The Group adopted a nomination policy (the “Nomination Policy”) in December 2018. A summary of this policy is disclosed as below.

#### 1. Objective

The nomination committee (the “Nomination Committee”) of the Company shall nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as directors of the Company at general meetings or appoint as Directors to fill casual vacancies or as an addition to the existing Board.



## CORPORATE GOVERNANCE REPORT

### 2. *Selection Criteria*

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

- Reputation for integrity
- Accomplishment and experience
- Compliance with legal and regulatory requirements
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

### 3. *Nomination Procedures*

The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

### **Dividend Policy**

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "Shareholders") to allow Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

#### *General power to declare dividends*

Subject to the Cayman Companies Law, the Company may from time to time in general meeting declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.



## CORPORATE GOVERNANCE REPORT

### *Board's power to pay interim dividends*

The Board may also, without convening a general meeting, from time to time declare interim dividends as appear to the Board to be justified by the profits of the Company, and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend.

The Board may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.

### *Board's power to declare and pay special dividends*

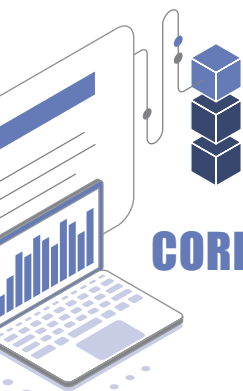
The Board may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit.

### *Dividends to be paid out of profits or reserves*

No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium. No dividend shall carry interest against the Company.

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company.

The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.



## CORPORATE GOVERNANCE REPORT

### *Scrip dividends*

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In case of the Board elects to pay the dividend in shares, the Company shall abide by the provisions of the articles of association of the Company on scrip dividends.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

### **Whistleblowing Policy**

The Company has adopted a Whistleblowing Policy ("Whistleblowing Policy"), pursuant to which the Company aims to set up detailed procedures, enabling employees to raise their concerns about any suspected misconduct or malpractice within the Group in confidence and without fear of reprisal or victimisation.

Whistleblowing Policy is designed to encourage the Group's employees to report, in good faith, alleged malpractices or misconduct. Whistle-blowing matters may include, but not confined to:

- Breach of legal or regulatory requirements;
- Criminal offences, breach of civil law and miscarriages of justice;
- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;
- Endangerment of the health and safety of an individual;
- Damage caused to the environment;
- Violation of the rules of conducts applicable within the Group;
- Improper conduct or unethical behavior likely to prejudice the standing of the Group; and
- Deliberate concealment of any of the above.



## CORPORATE GOVERNANCE REPORT

### ***Procedures***

The Whistleblowers should report the allegations or concerns to the Chairman of the Audit Committee by informing the Chairman of the Audit Committee at Hong Kong head office in writing, in a sealed envelope clearly marked “Strictly Private and Confidential – To be Opened by Addressee only” to ensure the confidentiality.

The Whistleblowers are required to put their name to any disclosures they make. Anonymous complaints would usually not be considered. If any other Directors or the chief executive receive a report of fraud, corruption and misconduct, he/she should refer it to the Audit Committee to advise action being taken and if the Chairman of the Audit Committee disagrees with the action being taken, then the matter will be taken over by the Audit Committee. The Group will hold it a serious disciplinary offence for any person to seek to prevent a communication of malpractice concern reaching to the Chief Executive, the Chairman or the Chairman of the Audit Committee, or to impede any investigation which he/she or anyone on his/her behalf may make.

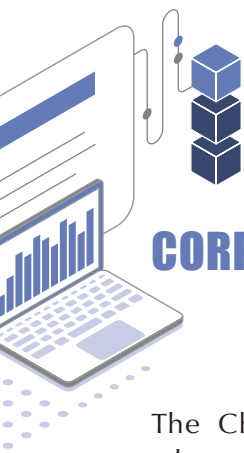
If there is evidence of criminal activity, activity of solicitation and acceptance of advantages or breach of legal and regulatory requirements, the party responsible for the internal investigation may legally be obliged to inform the relevant public or regulatory bodies such as the Hong Kong Police Force, the Independent Commission Against Corruption, the Security and Futures Commission or other bodies as appropriate.

### ***Investigation***

The format and the length of an investigation will vary depending on the nature and particular circumstances of each complaint made. The matters raised may:

- be investigated internally;
- be referred to the Police;
- be referred to the external auditor; and/or
- form the subject of an independent inquiry.





## CORPORATE GOVERNANCE REPORT

The Chairman of the Audit Committee will respond to the complainant in writing wherever reasonably practicable of the concern being received:

- acknowledging that the concern has been received;
- advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be; and giving an estimate of how long the investigation will take to provide a final response; telling the complainant whether any initial enquiries have been made, and whether further investigations will take place, and if not, why not.

The Chairman of the Audit Committee report the investigation report to the Board in a timely manner in a written format. The Chairman of the Audit Committee shall determine whether the complaints should be further reported or discussed by the Board, and seek for legal advice from legal professionals if necessary. All the documentation of investigation will be collected and retained by the company secretary. The Chairman of the Audit Committee should keep track of the status of investigation and resolution and the designated personnel doing it.

The Board will continually review the Whistleblowing Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Whistleblowing Policy at any time, and currently the Chairman of the Audit Committee is designated to investigate the complaint.

### **Board Independence Evaluation Mechanism**

The Board has resolved to adopt a Board Independence Evaluation Mechanism, to ensure independent view and input are available to the Board. The Board Independence Evaluation Mechanism includes various measures to ensure independent views and input are available to the Board.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the Nomination Committee of the Company is responsible to assess the independence of each independent non-executive Director at least annually.



## CORPORATE GOVERNANCE REPORT

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the Board Independence Evaluation Mechanism is effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2024.

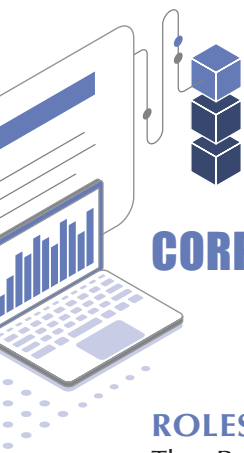
### **Independent Non-executive Directors**

Independent Non-executive Directors are responsible to scrutinise the Company's performance in achieving agreed corporate goals and objectives; and ensuring that the exercise of the Board authority is within the powers conferred to the Board under the Company's articles of association, applicable laws, rules and regulations.

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

### **Confirmation of Independence**

The Board considers that all of the independent non-executive Directors to be independent. All of the independent non-executive Directors have signed their respective confirmation letter to the Company confirming their independence as set out in Rule 3.13 of the Listing Rules.



## CORPORATE GOVERNANCE REPORT

### ROLES AND FUNCTIONS OF THE BOARD AND THE MANAGEMENT

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, dividend policy and risk management strategies. The management are delegated the authorities and responsibilities by the Board for the day-to-day management and operation of the Group.

### APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Pursuant to articles 84(1) and 84(2) of the Company's articles of association, one-third of the Directors for the time being shall retire by rotation at each annual general meeting of the Company at least once every three years. All retiring Director shall be eligible for re-election.

Article 83(3) of the Company's articles of association provides that (1) any director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting; and (2) any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The Code Provisions B.2.2 of CG Code also states that every director, including those appointed for a specific term, shall be subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company. Each of the Directors of the Company has been appointed for a specific term of 3 years and is subject to retirement by rotation once every three years. Their appointments would be reviewed when they were due for re-election.

### BOARD MEETINGS

The Board holds at least four regular meetings a year which are normally scheduled at the beginning of the year. Directors may approve various matters by way of passing written resolutions. The Board may also meet on other occasions when a board-level decision on a particular matter is required. In addition, at least 14 days' notice of a regular Board meeting shall be given and the Company aims at sending the agenda and the accompanying board papers to Directors at a reasonable time before the intended date of Board meeting.



## CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, the attendance records of the Directors at the Board meetings and general meetings of the Company are set out below:

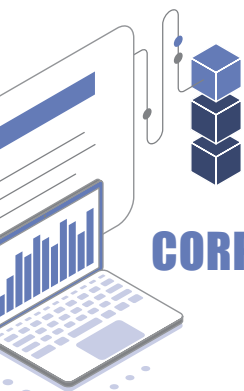
Name of Directors	First date of appointment	Period in office as at the date of Annual Report (Years of service)	Board Meetings attended/ Eligible to attend	Number of general meetings and class general meeting attended/held
<b>Executive Directors</b>				
Ms. Rong Xiuli	26 June 2015	9	4/4	1/1
Mr. Rong Shengli	26 June 2015	9	4/4	1/1
Mr. Yin Xuquan	1 February 2018	7	4/4	1/1
Mr. Wong Ho Chun	1 February 2019	6	4/4	1/1
<b>Independent Non-Executive Directors</b>				
Mr. Han Xiaojing	6 June 2019	5	4/4	1/1
Mr. Wong Pong Chun James	31 December 2020	4	4/4	1/1
Mr. Leung Man Fai	31 December 2020	4	4/4	1/1

### COMPANY SECRETARY

The Company's secretarial functions are outsourced to external service provider. Pursuant to the Code Provisions C.6.1 of Appendix C1 of the Listing Rules, the primary contact person at the Company is Mr. Lam Man Kit, the chief financial officer of the Company. All Directors may access to the advice and services of the company secretary of the Company (the "Company Secretary"). The Company Secretary regularly updates the Board on governance and regulatory matters.

The Board is fully involved in selection, appointment and dismissal of the Company Secretary. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the year ended 31 December 2024, the Company Secretary has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.



## CORPORATE GOVERNANCE REPORT

### ACCESS TO INFORMATION

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advices and services of the Company Secretary, who is responsible for providing the Directors with board papers and related materials. The Board has also agreed that the Directors may seek independent professional advice in appropriate circumstances in performing their directors' duties at the Company's expenses.

### DIRECTORS INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant. The Directors are committed to complying with the CG Code C.1.4 on directors' training. All directors have participated in continuous professional development by attending seminars and/or studying materials relevant to director's duties and responsibility and provided a record of training they received for the financial year ended 31 December 2024 to the Company.

### CORPORATE GOVERNANCE FUNCTION

The Audit Committee is responsible for performing the corporate governance duties under the Code Provision D.3.3 as set out below:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to directors and employees of the Company; and
- (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.



## CORPORATE GOVERNANCE REPORT

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

### BOARD COMMITTEES

The Board has established four committees with specific responsibilities as described below. The terms of reference of the Remuneration Committee, the Nomination Committee, the Audit Committee and the risk management committee (the "Risk Management Committee") of the Company are posted on the websites of the Company and the Stock Exchange.

### REMUNERATION COMMITTEE

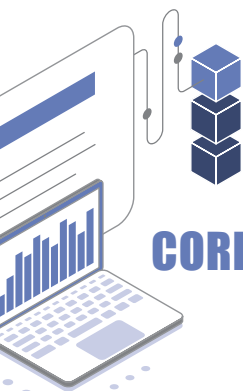
As at 31 December 2024, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Han Xiaojing and Mr. Wong Pong Chun James and an executive Director, Ms. Rong Xiuli. Mr. Han Xiaojing is the chairman of the Remuneration Committee. The majority of the members of the Remuneration Committee are independent non-executive Directors.

The Remuneration Committee is responsible for reviewing and recommending all elements of the remuneration covering the Directors and senior management of the Company. No individual Director is involved in decisions relating to his/her own remuneration. The Remuneration Committee has adopted the model under the Code Provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Directors and senior management of the Company. Meeting of the Remuneration Committee is held at least once a year.

During the year ended 31 December 2024, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration package of the executive Directors, three independent non-executive Directors and senior management of the Company and other related matter.

No material matter was reviewed or approved by the Remuneration Committee relating to share schemes of the Company during the year ended 31 December 2024.

Details of the remuneration paid to Directors and members of senior management by band for the year ended 31 December 2024 are disclosed in note 11 and note 30 to the consolidated financial statements.



## CORPORATE GOVERNANCE REPORT

Attendance of the members of the Remuneration Committee at the meeting(s) held during the year ended 31 December 2024 is set out below:

Members	No. of meeting(s) attended/ No. of meeting(s) held
Mr. Han Xiaojing ( <i>Chairman</i> )	1/1
Ms. Rong Xiuli	1/1
Mr. Wong Pong Chun James	1/1

### NOMINATION COMMITTEE

As at 31 December 2024, the Nomination Committee comprises an executive Director, Ms. Rong Xiuli as the chairperson, and two independent non-executive Directors, Mr. Han Xiaojing and Mr. Wong Pong Chun James as members. The majority of the members of the Nomination Committee are independent non-executive Directors.

The Nomination Committee is responsible for reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the required blend of skills, knowledge and experience. Pursuant to the terms of reference, the Nomination Committee shall hold meetings when necessary and may also deal with matters by way of circulation of written resolutions.

During the year ended 31 December 2024, the Nomination Committee held one meeting to (i) review the structure, size and diversity of the Board; (ii) assess and confirm the independence of the independent non-executive Directors; (iii) consider the re-appointment of retiring Directors at the annual general meeting of the Company, and (iv) review the Board Diversity Policy of the Company.





## CORPORATE GOVERNANCE REPORT

Attendance of the members of the Nomination Committee at the meeting held during the year ended 31 December 2024 is set out below:

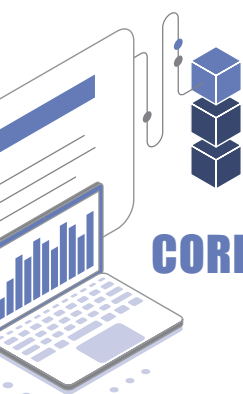
Members	No. of meeting(s) attended/ No. of meeting(s) held
Ms. Rong Xiuli ( <i>Chairperson</i> )	1/1
Mr. Han Xiaojing	1/1
Mr. Wong Pong Chun James	1/1

### AUDIT COMMITTEE

As at 31 December 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Han Xiaojing, Mr. Wong Pong Chun James and Mr. Leung Man Fai. Mr. Leung Man Fai is the chairman of the Audit Committee. The Audit Committee is responsible for reviewing the Group's financial statements, overseeing the Group's financial reporting and internal control procedures, and making recommendations to the Board. None of the members of the Audit Committee is a member of the former or existing auditor of the Company. The Audit Committee has adopted the principles set out in the CG Code. Meetings of the Audit Committee are held at least twice a year.

The Audit Committee has access to and maintains an independent communication with the external auditor and management of the Company to ensure effective information exchange on all relevant financial accounting matters. During the year ended 31 December 2024, the Audit Committee held two meetings to (i) review annual report for the year ended 31 December 2023 and re-appointment of auditor, and (ii) review and discuss the unaudited financial statements for the six months ended 30 June 2024.

The chairman of the Audit Committee, Mr. Leung Man Fai, possesses appropriate professional qualification in accounting and meets the requirements of Rule 3.21 of the Listing Rules.



## CORPORATE GOVERNANCE REPORT

Attendance of the members of the Audit Committee at the meetings held during the year ended 31 December 2024 is set out below:

Committee	Expertise	Meetings attended/eligible to attend
Mr. Leung Man Fai (Chairman)	Obtained a degree of Master of Commerce in Accounting from the University of New South Wales in May 1990. He has over 30 years of working experience in accounting, corporate finance and corporate management, and being an associate member of the Hong Kong Institute of Certified Public Accountants since June 1991.	2/2
Mr. Wong Pong Chun James	Has over 30 years of management experience in production and sales of electronic products, and has been an executive director of a listed company in Hong Kong since July 1991.	2/2
Mr. Han Xiaojing	Graduated from Hubei Finance College (湖北財經學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) with a bachelor's degree in law in July 1982. He further obtained a master's degree in law from China University of Political Science and Law (中國政法大學) in July 1985. He is the founding partner of Commerce & Finance Law Offices (北京市通商律師事務所) and has been an attorney there since May 1992; and served as an independent non-executive director for various listing companies in China and Hong Kong.	2/2

### RISK MANAGEMENT COMMITTEE

As at 31 December 2024, the Risk Management Committee comprises three executive Directors, Ms. Rong Xiuli, Mr. Rong Shengli and Mr. Wong Ho Chun. Mr. Wong Ho Chun is the chairman of the Risk Management Committee.

The Risk Management Committee is responsible for reviewing the Group's risk management strategies and giving guidelines and ensuring the soundness and effectiveness of the Group's internal control system, and the effectiveness of the internal audit function of the Group, to safeguard the investment of the Shareholders and the assets of the Company. Meeting of the Risk Management Committee shall be held at least once a year.



## CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, the Risk Management Committee held one meeting to review and discuss the internal control, risk management framework, risk assessment and effectiveness of the internal audit function of the Group for the year of 2024.

Attendance of the members of the Risk Management Committee at the meeting held during the year ended 31 December 2024 is set out below:

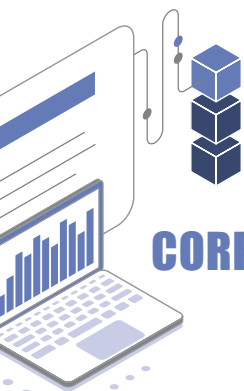
Members	No. of meeting(s) attended/ No. of meeting(s) held
Mr. Wong Ho Chun ( <i>Chairman</i> )	1/1
Ms. Rong Xiuli	1/1
Mr. Rong Shengli	1/1

### AUDITOR'S REMUNERATION

For the year ended 31 December 2024, the total remuneration in respect of the audit services and other services provided by the external auditor, Confucius International CPA Limited, of the Company were as follows:

Service Category	Fees paid/payable RMB
Audit services	1,473,000
Non-audit services	229,000

The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 54 to 60 of this annual report. The independence of the external auditor is monitored by the Audit Committee which is primarily responsible for making recommendations to the Board on the appointment of the external auditor as well as approving their terms of engagement and remuneration.



## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the six months ended 30 June 2024 and for the year ended 31 December 2024, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

The Directors acknowledge their responsibility to prepare the financial statements as set out on pages 61 to 141. The statement of the external auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 54 to 60 of this annual report.

### RISK MANAGEMENT AND INTERNAL CONTROL

In compliance with the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules, the Board has the responsibilities for evaluating and determining the nature and level of the Company's risk tolerance, establishing and maintaining sound and effective risk management and internal control systems, and overseeing and reviewing the design, implementation and monitoring of these systems on an ongoing basis, so as to protect shareholders' interest and safeguard the Group's assets against unauthorized use or disposal. Additionally, the Board is responsible for providing adequate support for reviewing processes, and ensuring maintenance of proper accounting records that provide reliable financial information in order to comply with relevant laws and regulations.

The Group has established the risk management and internal control systems with aims to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable and not absolute assurance against material misstatements or losses resulting from judgment in decision making process, human error, fraud or other irregularities. The risk management and internal control systems are reviewed annually and continually enhanced to ensure the ongoing effectiveness.

During the year ended 31 December 2024, with assistance of an external professional consultant and collaborating with risk management and internal control personnel, the Group has reviewed the internal audit charter to ensure it has clearly defined the scope, duties and responsibilities as well as reporting protocol of its existing internal audit function.

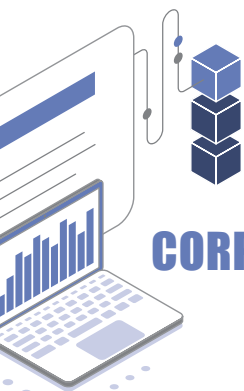


## CORPORATE GOVERNANCE REPORT

The Group has also conducted an risk assessment for the year to identify strategic risks, operational risks, financial risks and compliance risks across its major business segments. The identified risks were analysed and evaluated based on the combined significance of their consequence and the likelihood of occurrence. The management of the Company is responsible for the coordinating, following up and monitoring the risk mitigation plans. All significant risks and their mitigation status were reported promptly to the Board and Audit Committee for discussion and approval. Based on risk assessment outcome and following a risk-oriented methodology, the Company has developed an internal audit plan that prioritized the significance of the risks within internal audit projects to assist the Board, the Audit Committee and the Risk Management Committee in assessing the effectiveness of the Group's risk management and internal control systems on an annual basis.

The Company has established policies for handling and dissemination of inside information. These policies set out procedures in handling inside information securely and appropriately, aiming to prevent any mishandling of inside information of the Group. The Company has also implemented a whistleblowing policy and provided a variety of reporting channels for stakeholders to collect and address any possible improprieties.

The Board has reviewed its risk management and internal control systems in compliance with the code provisions as set out in Appendix C1 to the Listing Rules and validated material controls, including financial, operational and compliance controls, at both entity and operational levels. Based on the outcome of the review performed by the Audit Committee, Risk Management Committee and administrative management, the Directors considered and concluded that the Group has maintained adequate and effective risk management and internal control systems for the year ended 31 December 2024.



## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

#### Right to convene extraordinary general meeting

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must specify the objects of the meeting, signed by the requisitionists and deposit it with the Company Secretary at the Company's principal place of business in Hong Kong at Unit 1506, 15/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

#### Right to propose a person for election as a Director at general meeting

Pursuant to article 85 of the Company's articles of association, if a shareholder wishes to propose a person other than a retiring director of the Company for election as a director of the Company at any general meeting, he/she should give a written notice of nomination to the Company. Details for the relevant requirements and procedures can be found on the Corporate Governance section of the Company's website.

#### Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send in their enquiries and concerns to the Board in writing via the following channel:

The Board of Directors/Company Secretary  
Vital Innovations Holdings Limited  
Unit 1506, 15/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.



## CORPORATE GOVERNANCE REPORT

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company established a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to Shareholders, additional information of the Group is also available to shareholders on the website of the Company.

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The chairman of the Board and Directors are available to answer questions on the Group's business at the meeting. All resolutions at the general meeting are decided by a poll which is conducted by the Company's branch share registrar and transfer office in Hong Kong.

The Group values feedback from Shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

The annual general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors will make an effort to attend. External auditor is also available at the annual general meeting to address shareholders' queries. In case of any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval, members of the independent Board committee will also make an effort to address shareholders' queries.

Having considered the above facts, the Board is of the view that the shareholders' communication policy is effective during the year ended 31 December 2024.

### CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents of the Company during the year under review.



# INDEPENDENT AUDITOR'S REPORT



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

香港灣仔莊士敦道181號大有大廈1501-08室  
Rooms 1501-08, 15th Floor, Tai Yau Building,  
181 Johnston Road, Wanchai, Hong Kong  
電話 Tel: (852) 3103 6980  
傳真 Tel: (852) 3104 0170

## TO THE MEMBERS OF VITAL INNOVATIONS HOLDINGS LIMITED

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

### OPINION

We have audited the consolidated financial statements of Vital Innovations Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 61 to 141, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of prepayments and deposit

*Refer to note 19 to the consolidated financial statements.*

As at 31 December 2024, the carrying amount of prepayments and deposit to suppliers amounted to approximately RMB438,365,000, representing approximately 71% of the Group's total assets. It was mainly prepaid to three suppliers for purchases of mobile and smart appliances. The impairment assessment on the prepayments and deposit is based on evaluation of the recoverability of the prepayments and deposit by considering expected volume of transactions with the suppliers, ability of the suppliers to refund the prepayments and deposit if the suppliers fail to fulfill the supply schedules and subsequent utilisation or repayment up to the date of this report. No impairment has been recognised in relation to the prepayments and deposit to these major suppliers.

We identified the valuation of prepayments and deposit as a key audit matter since the carrying amount of prepayments and deposit was significant to the consolidated financial statements and the significant degree of judgements and estimations made by the management in assessing the utilisation or recoverability of the prepayments and deposit.

#### *How our audit addressed the key audit matter*

Our procedures in relation to the carrying amount of prepayments and deposit were designed to obtain an understanding of the management's internal control and risk assessment process and review the judgements and estimations made by the management on the utilisation or recoverability of the prepayments and deposit to the suppliers as at 31 December 2024.

We have assessed the reasonableness of the assessment on the impairment of prepayments and deposit performed by the management with reference to expected volume of transactions with the suppliers, ability of the suppliers to refund the prepayments and deposit if the suppliers fail to fulfill the supply schedules and subsequent utilisation or repayment up to the date of this report.

We have received confirmations from suppliers confirming the prepayments and deposit balances and checked the subsequent repayment to relevant supporting documents.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (Continued)

### Valuation of prepayments and deposit (Continued)

#### *How our audit addressed the key audit matter (Continued)*

We have arranged interviews with the suppliers to understand the supply schedules and subsequent delivery arrangements.

We have reviewed certain financial information of the suppliers to assess their financial capabilities in refund of cash if the suppliers fail to fulfill the supply schedules.

We have reviewed subsequent sale documents in relation to the prepayments and deposit at the year end date.

### Recoverability of trade receivables

#### *Refer to note 18 to the consolidated financial statements.*

As at 31 December 2024, the Group had trade receivables of approximately RMB149,796,000. Trade receivables of the Group represent receivables from customers for trading of mobile and smart appliances.

Management assessed the recoverability of trade receivables by reviewing customer's aging profile, credit history and status of subsequent settlement and determining whether an impairment provision is required.

For the purpose of impairment assessment, significant judgement and assumptions, including the credit risks of customers, the timing and estimated recoverable amount of these receivables, are required for the identification of impairment events and the determination of the impairment charge.

#### *How our audit addressed the key audit matter*

Our procedures in relation to the recoverability of trade receivables include understanding and testing the Group's credit control procedures and key controls over granting of credits to customers.

We have verified the balances of trade receivables by obtaining confirmations on a sample basis.

We have tested aging of trade receivables balances at year end on a sample basis.

We have assessed the recoverability of these outstanding receivables through our discussion with management and with reference to credit profile of the customers.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (Continued)

### Recoverability of trade receivables (Continued)

#### *How our audit addressed the key audit matter (Continued)*

We have assessed the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Confucius International CPA Limited**

*Certified Public Accountants*

### **Wong Kam Hing**

Practising Certificate Number: P05697

Hong Kong, 8 April 2025



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	1,063,338	835,605
Cost of sales		(1,057,385)	(832,598)
Gross profit		5,953	3,007
Other (losses) gains, net	6	(3,373)	69
Other income	7	15	30
Selling and distribution costs		(5,626)	(6,040)
Administrative expenses		(16,249)	(16,421)
Finance costs	8	(1,724)	(1,491)
Loss before tax	9	(21,004)	(20,846)
Income tax	10	–	–
Loss and total comprehensive expense for the year		(21,004)	(20,846)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(21,000)	(20,839)
Non-controlling interests		(4)	(7)
		(21,004)	(20,846)
Loss per share	13		
Basic and diluted (RMB cents)		(2.47)	(2.45)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Equipment	15	21	24
Right-of-use assets	27	2,836	542
		<b>2,857</b>	566
<b>Current assets</b>			
Inventories	17	3,886	1,211
Trade and other receivables	18	161,290	2,919
Prepayments and deposit	19	438,365	596,246
Pledged bank deposits	20	–	3,571
Cash and bank balances	21	8,198	24,349
		<b>611,739</b>	628,296
<b>Current liabilities</b>			
Trade payables	22	25,596	8,563
Accruals and other payables	23	72,375	60,161
Contract liabilities	24	151	19,361
Loan from a related party	25	9,260	9,062
Bank loans	26	18,501	24,372
Lease liabilities	27	1,351	563
Tax liabilities		3,531	3,531
		<b>130,765</b>	125,613
<b>Net current assets</b>		<b>480,974</b>	502,683
<b>Total assets less current liabilities</b>		<b>483,831</b>	503,249

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current liability</b>			
Lease liabilities	27	1,518	–
<b>Net assets</b>		<b>482,313</b>	503,249
<b>Capital and reserve</b>			
Share capital	28	67,041	67,041
Share premium and reserves		415,272	436,272
<b>Equity attributable to owners of the Company</b>		<b>482,313</b>	503,313
<b>Non-controlling interests</b>		–	(64)
<b>Total equity</b>		<b>482,313</b>	503,249

The consolidated financial statements on pages 61 to 141 were approved and authorised for issue by the board of directors on 8 April 2025 and are signed on its behalf by:

**Ms. Rong Xiuli**  
Director

**Mr. Rong Shengli**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company					Non-controlling		
	Share capital	Share premium	Special reserve	Other reserve	Accumulated losses	Total	interests	Total
	RMB'000	RMB'000	RMB'000 (Note (i))	RMB'000 (Note (ii))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	67,041	236,580	275,060	19,075	(73,604)	524,152	(57)	524,095
Loss and total comprehensive expense for the year	–	–	–	–	(20,839)	(20,839)	(7)	(20,846)
At 31 December 2023 and 1 January 2024	67,041	236,580	275,060	19,075	(94,443)	503,313	(64)	503,249
Loss and total comprehensive expense for the year	–	–	–	–	(21,000)	(21,000)	(4)	(21,004)
Deregistration of subsidiaries	–	–	–	–	–	–	68	68
<b>At 31 December 2024</b>	<b>67,041</b>	<b>236,580</b>	<b>275,060</b>	<b>19,075</b>	<b>(115,443)</b>	<b>482,313</b>	<b>–</b>	<b>482,313</b>

Notes:

- i. Special reserve represents the profit in respect of the operation of the business unit now comprising the Group which was retained by the then legal owner, Beijing Benywave Technology Co., Ltd. (“Benywave Technology”), and the net funding generated by the business unit now comprising the Group retained by Benywave Technology prior to a group reorganisation.
- ii. Other reserve represents the shareholder’s contribution attributable to share-based payment.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>			
Loss for the year		(21,004)	(20,846)
Adjustments for:			
Finance costs	8	1,724	1,491
Depreciation of equipment	15	3	4
Depreciation of right-of-use assets	27	1,258	1,234
Interest income	7	(15)	(15)
Foreign exchange losses (gains), net		464	(64)
Loss on deregistration of subsidiaries	6	19	–
Write-off of prepayments	6	2,893	–
Impairment losses recognised on other receivables		14	4
Operating cash flows before movements in working capital		(14,644)	(18,192)
(Increase) decrease in inventories		(2,675)	6,803
(Increase) decrease in trade and other receivables		(158,385)	94
Decrease (increase) in prepayments and deposit		154,988	(29,751)
Increase in trade payables		17,033	12
Increase in accruals and other payables		11,846	3,729
(Decrease) increase in contract liabilities		(19,210)	462
<b>Net cash used in operating activities</b>		<b>(11,047)</b>	<b>(36,843)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
<b>Investing activities</b>			
Interest received		15	15
Withdrawal of pledged bank deposits		10,738	14,215
Placement of pledged bank deposits		(7,167)	(14,278)
Purchase of equipment		–	(10)
<b>Net cash from (used in) investing activities</b>		<b>3,586</b>	<b>(58)</b>
<b>Financing activities</b>	32		
Interest paid		(1,216)	(1,358)
Repayment of lease liabilities		(1,337)	(1,307)
Repayment of bank loans		(103,776)	(103,275)
New bank loans raised		97,646	120,077
Increase in loan from a related party		–	9,062
<b>Net cash (used in) from financing activities</b>		<b>(8,683)</b>	<b>23,199</b>
Net decrease in cash and cash equivalents		(16,144)	(13,702)
Effect of foreign exchange rate changes		(7)	468
Cash and cash equivalents at 1 January		24,349	37,583
Cash and cash equivalents at 31 December represented by cash and bank balances		<b>8,198</b>	<b>24,349</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

Vital Innovations Holdings Limited (the “Company”) was established in the Cayman Islands as an exempted company with limited liability on 12 August 2014. The immediate and ultimate holding company of the Company is Winmate Limited (“Wimate”) which is incorporated in the British Virgin Islands (the “BVI”) and is 90% and 10% owned by Ms. Rong Xiuli (“Ms. Rong”) and Mr. Ni Gang (“Mr. Ni”), the husband of Ms. Rong, respectively.

On 26 June 2015, the Company was listed on the main board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report. The Company is principally engaged in investment holding and the principal activities of its subsidiaries (together with the Company collectively referred to as the “Group”) are set out in note 35 to the consolidated financial statement.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

### New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>4</sup>

<sup>1</sup> Effective date to be determined.

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

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

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

The directors of the Company anticipate that the application of the above new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Revenue from contracts with customers

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes value-added taxes or other sales taxes and is after deduction of any trade discounts.

### Contract liabilities

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognised revenue from the following major sources:

- Sales of mobile and smart appliances
- Sales AI and other equipment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Revenue from contracts with customers (Continued)

#### *Sales of goods*

Revenue from sales of mobile and smart appliances, and AI and other equipment is recognised at a point in time when the control of the goods is transferred to the customers. Control of the goods is considered transferred to customers at the time of delivery and accepted by the customers according to the terms of contracts. There is generally only one performance obligation and the consideration include no variable amount. Customer generally are required to pay full amount before delivery. However, a 60 to 120 days credit period may be granted to some customers. There is no warranty and right of return clause in contracts with customers.

#### **Leases**

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

#### **Allocation of consideration to components of a contract**

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases of office premises and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

#### **Right-of-use assets**

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

#### **Refundable rental deposits**

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

#### **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

#### **Lease liabilities (Continued)**

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Retirement benefits costs

Payments to defined contribution retirement benefit plans including state-managed retirement benefit schemes and Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Hong Kong employees who have completed certain years of services with the Group are entitled to a long service payment. The Group’s net obligations in respect of long service payments are the amounts of future benefits that employees have earned in return for their services in the current and prior periods, calculated in accordance with the applicable laws in Hong Kong.

Effective from 1 May 2025, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the long service payment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Share-based payment

#### *Equity-settled share-based payment transactions*

Equity-settled share-based payments to directors and employees providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve (other reserve). For restricted share units that vest immediately at the date of grant, the fair value of the restricted share units granted is expensed immediately to profit or loss.

### Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Current and deferred tax are recognised in profit or loss.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Equipment

Equipment is stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of equipment is derecognised upon disposal or when no future economic benefits is expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### Impairment on equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating units or group of cash-generating units.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Impairment on equipment and right-of-use assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks or other financial institutions and short-term, highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are within three months of maturing at acquisition.

### Investment in a subsidiary

Investment in a subsidiary is stated on the statement of financial position of the Company at cost less accumulated impairment loss.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

Interest income which are derived from the Group's ordinary course of business are included in other income.

#### *Financial assets*

#### **Classification and subsequent measurement of financial assets**

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Amortised cost and interest income**

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

#### **Impairment of financial assets subject to impairment assessment under IFRS 9**

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including trade and other receivables, pledged bank deposits and cash and bank balances which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

#### **Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)**

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

#### **Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)**

- (i) Significant increase in credit risk (Continued)
- significant deterioration in external market indicators of credit risk e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
  - existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
  - an actual or expected significant deterioration in the operating results of the debtor;
  - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

#### **Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)**

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

#### **Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)**

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

#### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Financial liabilities and equity*

#### **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### **Financial liabilities at amortised cost**

Financial liabilities including trade payables, accruals and other payables, loan from a related party, bank loans and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Financial instruments (Continued)

#### *Financial liabilities and equity (Continued)*

#### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Related parties**

A related party is a person or an entity that is related to the Group.

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Related parties (Continued)

- (v) the entity has a post-employment benefit plan for the benefit of employees of the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close member of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group include:

- (i) the person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's senior management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### *Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. The Company considers that its functional currency is RMB. In determining the functional currencies of the group entities, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services and also the currency in which funds from financing activities and the currency in which receipts from operating activities are usually retained.

When the above indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Critical judgements in applying accounting policies (Continued)

*Revenue recognition in respect of trading of mobile and smart appliances and AI and other equipment (collectively, “mobile and AI products”)*

In determining whether revenue from trading of mobile and AI products shall be recorded on net basis or gross basis, the Group has made reference to indicators and requirements stated in IFRS 15, and assess whether the Group is acting as a principal or an agent. In doing so, it requires judgement and consideration of all relevant facts and circumstances, and the Group considers itself as a principal regarding trading of mobile and AI products based on the following considerations:

- The Group assesses its business relationships with suppliers and customers of the mobile and AI products trading business;
- The Group is the primary obligor in the customer contract and is responsible for fulfilling the promise to provide the specified goods rather than the suppliers;
- The Group has its own discretion in negotiating and establishing the prices of the products with the suppliers and customers; and
- The earnings from trading of mobile and AI products are not predetermined and negotiating by the Group with the suppliers and customers separately.

After assessing all above factors, the management of the Company concluded that the Group acts as the principal for such transactions as it controls the specified goods before it is transferred to the customers recognised the transaction at gross basis.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Critical judgements in applying accounting policies (Continued)

#### *Provision for ECL for trade receivables*

The allowance for ECL on trade receivables is based on the Group's historical default rates taking into consideration forward-looking information available that is reasonable and supportable without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The management of the Company has assessed the ECL allowance of trade receivables and no loss allowance for ECL on trade receivables was provided during the year (2023: Nil).

#### **Key sources of estimation uncertainty**

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

#### *Estimated allowance for inventories*

The management performs review periodically on the net realisable value ("NRV") of inventories and makes allowance for inventories based on the review. The identification of slow moving and obsolete inventories requires the use of judgment and estimates on the conditions and saleability of the inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the NRV is lower than the cost of inventories. In determining the NRV, the management considers the subsequent selling prices less the estimated costs necessary to make the sale and the return of inventories. As at 31 December 2024, there was no write down of inventories (2023: Nil).

#### *Estimated impairment on prepayments and deposit*

Management assesses whether there is any impairment of prepayments and deposit for purchases of mobile and smart appliances, and AI and other equipment on an ongoing basis. The impairment assessment is based on evaluation of the recoverability of the prepayments and deposit by considering expected volume of transactions with the suppliers, ability of the suppliers to refund the prepayments and deposit if the suppliers fail to fulfil the supply schedules and subsequent utilisation up to the date of this report. If these factors were to deteriorate, the actual recoverability of the prepayments and deposit may be lower than expected, an impairment may need to be recognised.

As at 31 December 2024, the carrying amount of prepayments and deposit is approximately RMB438,365,000 (2023: approximately RMB596,246,000). Prepayments and deposit of approximately RMB2,893,000 is written-off during the year ended 31 December 2024 (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### Income tax

As at 31 December 2024, no deferred tax asset has been recognised on the tax losses and deductible temporary differences of approximately RMB196,546,000 in aggregate (2023: approximately RMB178,923,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future taxable profits generated are less or more than expected, or changes in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

## 5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts.

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time as follows:		
Mobile and smart appliances	1,063,338	834,407
AI and other equipment	–	1,198
	1,063,338	835,605

Information reported to the board of directors of the Company (the “Board”), being the chief operating decision maker (“CODM”), for the purposes of reserve allocation and assessment of segment performance focuses on types of products sold.

During the years ended 31 December 2024 and 2023, the Group has two reportable and operating segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

- Trading of mobile (including mobile telecommunication related components and accessories) and smart appliances (“Trading of mobile and smart appliances”)
- Trading of AI and other equipment

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Trading of mobile and smart appliances		Trading of AI and other equipment		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	1,063,338	834,407	–	1,198	1,063,338	835,605
Segment profit (loss)	327	(2,093)	–	(940)	327	(3,033)
Other (losses) gains, net					(3,373)	69
Other income					15	30
Finance costs					(1,724)	(1,491)
Unallocated corporate expenses					(16,249)	(16,421)
Loss before tax					(21,004)	(20,846)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of other (losses) gains, net, other income, administrative expenses (unallocated) and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales in both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2024 RMB'000	2023 RMB'000
<b>Segment assets</b>		
Trading of mobile and smart appliances	603,493	594,241
Trading of AI and other equipment	–	27,734
Unallocated	11,103	6,887
<b>Total assets</b>	<b>614,596</b>	<b>628,862</b>
<b>Segment liabilities</b>		
Trading of mobile and smart appliances	23,790	21,998
Trading of AI and other equipment	–	1,608
Unallocated	108,493	102,007
<b>Total liabilities</b>	<b>132,283</b>	<b>125,613</b>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain other receivables, pledged bank deposits and certain bank balances and cash as these assets are managed on a group basis; and
- all liabilities are allocated to operating segments other than certain trade payables, certain accruals and other payables, tax liabilities, loan from a related party and bank loans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Other segment information

	Trading of mobile and smart appliances RMB'000	Trading of AI and other equipment RMB'000	Unallocated RMB'000	Total RMB'000
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*Amounts included in the measurement of segments profit or loss or segment assets*

#### Year ended 31 December 2024

Additions to non-current assets	3,552	–	–	3,552
Depreciation of equipment	3	–	–	3
Depreciation of right-of-use assets	1,258	–	–	1,258

#### Year ended 31 December 2023

Additions to non-current assets	10	–	–	10
Depreciation of equipment	4	–	–	4
Depreciation of right-of-use assets	1,194	40	–	1,234

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

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

	Trading of mobile and smart appliances RMB'000	Trading of AI and other equipment RMB'000	Total RMB'000
<b>Year ended 31 December 2024</b>			
Hong Kong	951,591	–	951,591
The People's Republic of China (the "PRC")	111,747	–	111,747
Total	1,063,338	–	1,063,338

### Year ended 31 December 2023

Hong Kong	832,633	–	832,633
The PRC	1,774	1,198	2,972
Total	834,407	1,198	835,605

The Group's operations and non-current assets are located in the PRC, including Hong Kong.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Information about major customers

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

	Percentage of the Group's total sales	2024 RMB'000	2023 RMB'000
Customer A	62.1% (2023: 69.6%)	660,848	581,408
Customer B	20.6% (2023: 20.0%)	219,280	167,179
Customer C	6.7% (2023: 10.1%)	71,258*	84,046
		951,386	832,633

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 December 2024 and 2023.

\* Customer does not contribute 10% or more of the total revenue.

## 6. OTHER (LOSSES) GAINS, NET

	2024 RMB'000	2023 RMB'000
Foreign exchange (losses) gains, net	(464)	64
Loss on deregistration of subsidiaries	(19)	—
Write-off of prepayments (note)	(2,893)	—
Others	3	5
	(3,373)	69

Note: Since the supplier was dissolved in April 2024, the Group wrote off the prepayments to this supplier.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 7. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income on pledged bank deposits	3	4
Interest income on bank balances	12	11
	15	15
Services income	–	15
	15	30

### 8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Effective interest expenses on bank loans	1,173	1,437
Effective interest expenses on lease liabilities	91	37
Effective interest expenses on loan from a related party	460	17
	1,724	1,491



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Directors' emoluments (note 11)	<b>3,495</b>	3,668
Staff costs (excluding directors' emoluments)		
– salaries and other allowances	<b>7,110</b>	7,524
– retirement benefits schemes contributions	<b>377</b>	365
<b>Total staff costs</b>	<b>10,982</b>	11,557
Auditor's remuneration – audit services	<b>1,473</b>	1,450
– non-audit services	<b>229</b>	466
Cost of inventories recognised as an expense	<b>1,057,385</b>	832,598
Depreciation of equipment	<b>3</b>	4
Depreciation of right-of-use assets	<b>1,258</b>	1,234
Impairment losses recognised on other receivables	<b>14</b>	4

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 10. INCOME TAX

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax was made as the Group did not have any assessable profits generated for the years ended 31 December 2024 and 2023.

The Company's subsidiaries incorporated in Hong Kong is subject to the Hong Kong Profits Tax at 16.5% (2023: 16.5%).

Under the Law of the PRC and Enterprise Income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries are 25% from 1 January 2008 onwards.

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Loss before tax	<b>(21,004)</b>	(20,846)
Tax at applicable income tax rate	<b>(4,275)</b>	(4,324)
Tax effect of expenses not deductible for tax purposes	<b>1,057</b>	559
Tax effect of income not taxable for tax purpose	<b>(1,195)</b>	(756)
Tax effect of super deduction on research and development expense	<b>(212)</b>	(211)
Tax effect of tax losses not recognised	<b>4,624</b>	4,733
Others	<b>1</b>	(1)
Tax charge for the year	<b>—</b>	—

Details of the deferred taxation are set out in note 16 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2023: seven) directors, including the chief executive, were as follows:

**For the year ended 31 December 2024**

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefits schemes contributions RMB'000	Total emoluments RMB'000
Emoluments paid or payable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
<i>Executive Directors</i>				
Ms. Rong	–	240	–	240
Mr. Rong Shengli	–	795	68	863
Mr. Yin Xuquan	–	701	34	735
Mr. Wong Ho Chun	–	657	16	673
<i>Independent non-executive directors</i>				
Mr. Han Xiaojing	328	–	–	328
Mr. Wong Pong Chun James	328	–	–	328
Mr. Leung Man Fai	328	–	–	328
<b>Total</b>	<b>984</b>	<b>2,393</b>	<b>118</b>	<b>3,495</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 31 December 2023

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefits schemes contributions RMB'000	Total emoluments RMB'000
Emoluments paid or payable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
<i>Executive Directors</i>				
Ms. Rong	–	240	–	240
Mr. Rong Shengli	–	851	75	926
Mr. Yin Xuquan	–	809	56	865
Mr. Wong Ho Chun	–	649	16	665
<i>Independent non-executive directors</i>				
Mr. Han Xiaojing	324	–	–	324
Mr. Wong Pong Chun James	324	–	–	324
Mr. Leung Man Fai	324	–	–	324
Total	972	2,549	147	3,668

Mr. Rong Shengli is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No directors waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2023: three), details of whose remunerations are set out in note 11 above. The emoluments of the remaining two (2023: two) individual are as follows:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Salaries and allowances	<b>1,369</b>	1,356
Retirement benefits scheme contributions	<b>65</b>	64
	<b>1,434</b>	1,420

The number of the highest paid employee(s) who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	<b>Number of individuals</b>	
	<b>2024</b>	2023
Nil to Hong Kong Dollar ("HK\$") 1,000,000 (equivalent to nil to approximately RMB926,000)	<b>2</b>	2

For the years ended 31 December 2024 and 2023, no remuneration were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office, and no arrangement under which any of the five highest paid individuals waived or agreed to waive any of the remuneration.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 13. LOSS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Loss:		
Loss for the purposes of basic and diluted loss per share, representing loss for the year attributable to the owners of the Company	(21,000)	(20,839)
	2024 '000	2023 '000
Number of shares		
Number of ordinary shares for the purposes of basic and diluted loss per share	850,000	850,000

Diluted loss per share is equal to basic loss per shares as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

### 14. DIVIDENDS

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15. EQUIPMENT

RMB'000

### **COST**

At 1 January 2023	374
Additions	10

At 31 December 2023, 1 January 2024 and 31 December 2024	384
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### **DEPRECIATION**

At 1 January 2023	356
Provided for the year	4

At 31 December 2023 and 1 January 2024	360
Provided for the year	3

At 31 December 2024	363
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### **CARRYING AMOUNTS**

At 31 December 2024	21
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At 31 December 2023	24
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The equipment are depreciated on a straight-line basis over the estimated useful life of 5 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. DEFERRED TAX

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

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Tax losses	<b>133,181</b>	115,572
Other deductible temporary differences	<b>63,365</b>	63,351
	<b>196,546</b>	178,923

No deferred tax asset has been recognised in relation to the unutilised tax losses and other deductible temporary differences due to the unpredictability of future profit streams of the relevant entities and it is not probable that taxable profit or taxable temporary differences will be available against which the tax losses and the deductible temporary differences can be utilised. Other deductible temporary differences are mainly arising from impairment of intangible assets, depreciation allowances and allowances on doubtful debt and inventories.

As at 31 December 2024, the Group has unused tax losses of approximately RMB77,363,000 (2023: approximately RMB65,017,000) which arose in Hong Kong and are available for offset against future profits that may be carried forward indefinitely. The remaining unrecognised tax losses of approximately RMB55,818,000 (2023: approximately RMB50,555,000) will expire as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
2024	–	4,976
2025	–	43
2026	–	125
2027	<b>34,192</b>	34,192
2028	<b>11,219</b>	11,219
2029	<b>10,407</b>	–
	<b>55,818</b>	50,555



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17. INVENTORIES

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Finished goods	<b>3,886</b>	1,211

The management has performed a NRV assessment as at 31 December 2024 with reference to the subsequent selling prices less the estimated costs necessary to make the sale. The directors of the Company considered that there was no impairment of inventories required for the years ended 31 December 2024 and 2023.

## 18. TRADE AND OTHER RECEIVABLES

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>149,796</b>	11
Less: allowance for credit losses	–	–
	<b>149,796</b>	11
Other receivables		
– Other PRC tax receivables	<b>10,508</b>	2,040
– Others (note)	<b>1,033</b>	901
	<b>11,541</b>	2,941
Less: allowance for credit losses	<b>(47)</b>	(33)
	<b>11,494</b>	2,908
Total trade and other receivables	<b>161,290</b>	2,919

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. TRADE AND OTHER RECEIVABLES (Continued)

The following is an ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	2024 RMB'000	2023 RMB'000
Within 30 days	149,796	–
31 days to 90 days	–	–
More than 90 days	–	11
	149,796	11

The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group assesses the customer's credit quality by evaluating their historical credit records and defines credit limits for each customer. Recoverability and credit limit of the existing customers are reviewed by the management regularly. Subsequent to the reporting period, the balances of trade receivables amounting to approximately RMB147,834,000 had been settled.

Note: As at 31 December 2024, approximately RMB14,000 (2023: approximately RMB23,000) included in others receivables was paid to a related party, Beijing Tianlang Huigu Technology Co., Ltd\* (北京天朗慧谷科技有限公司) for premises rental deposit.

\* The English name of the company is for reference only.

The following tables show reconciliation of allowance for credit losses that has been recognised for other receivables:

	12-month ECL 2024 RMB'000	2023 RMB'000
As at 1 January	33	29
Allowance for credit losses	14	4
As at 31 December	47	33

Further details on the Group's credit policy, ECL assessment and credit risk arising from trade and other receivables are set out in note 31 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. PREPAYMENTS AND DEPOSIT

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Prepayments to suppliers for:		
– AI and other equipment	–	26,855
– Mobile and smart appliances (note (a) and (b))	<b>288,365</b>	379,391
	<b>288,365</b>	406,246
Refundable purchase deposit paid for:		
– Mobile and smart appliances (note (c))	<b>150,000</b>	190,000
	<b>438,365</b>	596,246

Notes:

- (a) As at 31 December 2024, the Group had made prepayments for purchases of mobile and smart appliances of approximately RMB15,830,000 (2023: approximately RMB33,326,000) to an independent supplier ("Supplier A").

During the year ended 31 December 2024, the Group had recognised purchases with Supplier A of approximately RMB89,577,000. These ordered goods had also been sold to the Group's customers. In accordance with the supply schedule, the remaining ordered goods will be delivered to the Group during the year 2025. The Group has a right to a compensation from Supplier A when Supplier A fails to deliver the goods according to the supply schedule.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. PREPAYMENTS AND DEPOSIT (Continued)

Notes: (Continued)

- (b) Apart from prepayments to Supplier A, as at 31 December 2024, the Group had made prepayments mainly to one independent supplier ("Supplier B") to purchase mobile and smart appliances of approximately RMB269,360,000 (2023: approximately RMB303,060,000).

Pursuant to purchase agreement entered into between the Group and Supplier B dated 1 December 2023, the Group would purchase mobile and smart appliances from Supplier B at an aggregate cash consideration of approximately RMB303,060,000. During the year ended 31 December 2024, the Group has recognised purchases with Supplier B of approximately RMB33,700,000. These ordered goods had also been sold to the Group's customers. Subsequent to the reporting period, due to the market environment changes in mobile and smart appliances, the Group and Supplier B entered into a cancellation agreement and Supplier B agreed to refund the balance of the prepayments. In March 2025, the balance of approximately RMB269,360,000 has been fully refunded to the Group.

- (c) As at 31 December 2024, the Group had paid a guarantee deposit of RMB150,000,000 (2023: RMB190,000,000) to an independent supplier ("Supplier C") in relation to the stable supply of mobile and smart appliances with reputable brand name to the Group pursuant to the cooperation memorandum entered into between the Group and Supplier C. During the year ended 31 December 2024, the Group had made purchases of the ordered goods of approximately RMB151,661,000 and these ordered goods had been delivered to the Group. These ordered goods have also been sold to the Group's customers.

The purchase deposit paid is refundable. The Group has a right to request Supplier C to refund the above purchase deposit if the ordered goods fail to be delivered to the Group in accordance with the supply schedule.

The directors of the Company had assessed the background, credibility and supply capacity of all the above suppliers and considered that the suppliers are large-scale enterprises in the PRC and has no default history. The directors of the Company had also assessed the financial capabilities of the above suppliers and identified no potential financial difficulties of these suppliers. Therefore, the directors of the Company considered that the Group is able to recover the prepayments and the purchase deposit from the above suppliers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20. PLEDGED BANK DEPOSITS

The pledged bank deposits mainly represent deposits pledged for bills payable and bank loans. As at 31 December 2023, the pledged bank deposits carry interest at 0.10% per annum.

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Pledged bank deposits	–	3,571

Included in pledged bank deposits are the following amounts denominated in currency other than the functional currency of the relevant group entity:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
United States Dollars (“USD”)	–	3,571

## 21. CASH AND BANK BALANCES

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Cash and bank balances	<b>8,198</b>	24,349

Included in cash and bank balances are the following amounts denominated in currencies other than the functional currency of the relevant group entities:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
USD	<b>7,380</b>	14,459
Hong Kong Dollars (“HKD”)	<b>567</b>	9,135
Euro (“EUR”)	<b>64</b>	66

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. CASH AND BANK BALANCES (Continued)

Bank balances carry interest at market rates which ranged from nil to 0.25% (2023: nil to 0.88%) per annum.

As at 31 December 2024, the bank balances denominated in RMB, amounting to approximately RMB182,000 (2023: approximately RMB689,000) were deposited with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

## 22. TRADE PAYABLES

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Trade payables	<b>25,596</b>	8,563

The following is an ageing analysis of trade payables based on the invoice dates at the end of the reporting period:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Within 90 days	<b>17,023</b>	–
91 to 180 days	–	–
181 days to 1 year	–	–
Over 1 year	<b>8,573</b>	8,563
Total	<b>25,596</b>	8,563

The average credit period on purchases of goods is 30-90 days but the credit terms can be longer subject to individual supplier policy and the result of negotiation between the supplier and the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 22. TRADE PAYABLES (Continued)

Included in trade payables are the following carrying amounts denominated in a currency other than the functional currency of the relevant group entity:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
USD	<b>725</b>	715

## 23. ACCRUALS AND OTHER PAYABLES

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Royalties payable (note (a))	<b>13,210</b>	13,210
Staff costs payable	<b>1,136</b>	1,294
Payable for insurance premium and freights	<b>942</b>	942
Interest payables	<b>534</b>	117
Dividends payable	<b>252</b>	252
Other PRC tax payables	<b>22,827</b>	14,029
Others payable (note (b))	<b>33,474</b>	30,317
	<b>72,375</b>	60,161

Notes:

- (a) The royalties payable represents accrued royalty fees in prior years for Original Design Manufacturer ("ODM") business which was ceased in 2016.
- (b) The others payable includes (i) accrued professional fees and deposits received from ODM business amounting to approximately RMB15,199,000 (2023: approximately RMB14,974,000) in prior years; and (ii) amount due to an independent third party of approximately USD2,309,000 (equivalent to approximately RMB16,595,000) (2023: approximately USD1,954,000 (equivalent to approximately RMB13,837,000)) which is unsecured, non-interest bearing and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 23. ACCRUALS AND OTHER PAYABLES (Continued)

Included in accruals and other payables are the following carrying amounts denominated in a currency other than the functional currency of the relevant group entities are not out below:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
USD	<b>31,841</b>	28,891
HKD	<b>2,718</b>	2,033

### 24. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2024 and 2023 and is expected to be recognised within one year:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Sales of goods	<b>151</b>	19,361

It represented amounts received from customers in advance in relation to sales of goods. The amounts will be recognised as sales when control of the goods has been transferred, being when the products are delivered and accepted by the customers according to the terms of contracts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24. CONTRACT LIABILITIES (Continued)

### Movements in contract liabilities

	2024 RMB'000	2023 RMB'000
At 1 January	19,361	18,899
Decrease in contract liabilities as a result of recognised as revenue during the year	(19,361)	(18,899)
Increase in contract liabilities as a result of billing in advance of sales of goods	151	19,361
At 31 December	151	19,361

The decrease in contract liabilities in 2024 were mainly due to decrease in sale orders at the year and date.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives deposit from customers in relation to sales of goods, contract liabilities will arise at the start of the relevant contracts, until the revenue recognised on such relevant contracts exceeds the amount of the deposit.

## 25. LOAN FROM A RELATED PARTY

	2024 RMB'000	2023 RMB'000
Mr. Ni (note)	9,260	9,062

On 11 November 2023, a subsidiary of the Company and Mr. Ni entered into a loan agreement with principal amount of HK\$10,000,000 at interest rate of 5% p.a. which is unsecured and matured in June 2024. During the year ended 31 December 2024, a subsidiary of the Company and Mr. Ni entered into a loan extension agreement to extend the due date to June 2025.

Note: Mr. Ni is the spouse of Ms. Rong Xiuli, the chairperson and executive director of the Company.

The loan amount is denominated in HKD.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26. BANK LOANS

	2024 RMB'000	2023 RMB'000
Secured bank loans: (Note c)		
– Trust receipt loans (Note a)	14,348	21,152
– Government guarantee instalment bank loan (Note b)	4,153	3,220
	18,501	24,372

As at 31 December 2024 and 2023, the Group's secured bank loans were repayable in accordance with scheduled repayment dates as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount repayable:		
Within one year	14,348	21,152
Carrying amount of secured bank loans that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	1,100	879
More than one year but not exceeding two years	1,133	911
More than two years but not exceeding five years	1,032	1,430
More than five years	888	–
	4,153	3,220
	18,501	24,372

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26. BANK LOANS (Continued)

Note (a):

The terms and conditions of the trust receipt loans are set out below:

As at 31 December 2024	Maturity date	Carrying amount RMB'000
Variable-rate:		
Secured bank loan I	14 February 2025	14,348
		14,348

As at 31 December 2023	Maturity date	Carrying amount RMB'000
Variable-rate bank loans:		
Secured bank loan I	22 January 2024	3,515
Secured bank loan II	14 February 2024	7,085
Secured bank loan III	14 February 2024	3,540
Secured bank loan IV	20 February 2024	7,012
		21,152

The Secured bank loan I carried interest at the United States Prime Rate, which ranges from 7.50% to 8.50% (2023: 7.50% to 8.50%) per annum.

The Secured bank loan I was jointly secured by (i) the properties owned by an individual, an independent third party to the Group and (ii) personal guarantee provided by a director of the Company (2023: (i) the properties owned by an individual, an independent third party to the Group), (ii) personal guarantee provided by a director of the Company; and (iii) a pledged bank deposit of approximately USD504,000 (equivalent to approximately RMB3,571,000)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26. BANK LOANS (Continued)

Note (b):

The terms and conditions of the government guarantee instalment bank loan ("secured instalment bank loan") are set out below:

As at 31 December 2024	Carrying amount RMB'000
Variable-rate bank loan:	
Secured instalment bank loan I	2,392
Secured instalment bank loan II	1,761
	<b>4,153</b>

As at 31 December 2023	Carrying amount RMB'000
Variable-rate bank loan:	
Secured instalment bank loan I	3,220

The last instalment of the secured instalment bank loan I and II are on 6 June 2027 and 2 May 2034 respectively.

All the secured instalment bank loans carry interest at 2.5% per annum below the Hong Kong Prime Rate.

All the secured instalment bank loans are secured by the guarantees provided by the director of the Company and the government of HKSAR under SME Financing Guarantee Scheme.

Note (c):

The Group's bank loans that are denominated in a currency other than the functional currency of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
USD	14,348	14,140
HKD	4,153	10,232

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. LEASES

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

	Properties RMB'000	Equipment RMB'000	Warehouse RMB'000	Total RMB'000
<b>At 31 December 2024</b>				
Carrying amount	607	–	2,229	2,836
<b>At 31 December 2023</b>				
Carrying amount	44	–	498	542
<b>For the year ended 31 December 2024</b>				
Depreciation charge	558	–	700	1,258
<b>For the year ended 31 December 2023</b>				
Depreciation charge	530	40	664	1,234
	<b>2024</b>		<b>2023</b>	
	<b>RMB'000</b>		<b>RMB'000</b>	
Expense relating to short-term leases	<b>1,459</b>		960	
Total cash outflow for leases	<b>2,796</b>		2,267	
Additions to right-of-use assets	<b>3,552</b>		–	

The Group has lease contracts for properties and warehouse for its operations. The leases terms are generally for a period of 3 years (2023: 3 years).

In year 2024, there were additions to the right-of-use assets amounted to approximately RMB3,552,000 due to new leases contract entered into for office premises and warehouse, while there was no additions to right-of-use assets recognised for the year ended 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. LEASES (Continued)

### (ii) Lease liabilities

	2024 RMB'000	2023 RMB'000
<b>Lease liabilities payables:</b>		
Within one year	1,351	563
Within a period of more than one year but not exceeding two years	870	–
Within a period of more than two years but not exceeding five years	648	–
	<b>2,869</b>	563
Less: Amount due for settlement with 12 months shown under current liabilities	(1,351)	(563)
Amount due for settlement after 12 months	<b>(1,518)</b>	–

The weighted average incremental borrowing rates applied to lease liabilities ranged from 3.25% to 6.71% (2023: from 3.25% to 4.75%) per annum.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
HKD	2,869	563

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. SHARE CAPITAL

	Number of shares		Share capital	
	2024 '000	2023 '000	2024 RMB'000	2023 RMB'000
Issued and fully paid: Ordinary shares of HK\$0.1 each	<b>850,000</b>	850,000	<b>67,041</b>	67,041

## 29. RETIREMENT BENEFITS CONTRIBUTIONS

The Group operates the MPF Scheme for all qualified employees in Hong Kong. Contributions from employers and employees are 5% each of the employee's relevant income. The maximum mandatory contributions per employee is HK\$1,500 per month. During the year ended 31 December 2024, the retirement benefits schemes contributions arising from the MPF Scheme charged to profit or loss were approximately RMB133,000 (2023: approximately RMB130,000).

The PRC employees of the Group are members of a state-managed retirement benefits plan operated by the government of the PRC. The PRC subsidiaries of the Company are required to contribute a specified percentage of payroll costs to the retirement benefits plan to fund the employee benefits. The only obligation of the Group with respect to the retirement benefits plan is to make the specified contributions. During the year ended 31 December 2024, the retirement benefits contributions charged to profit or loss were approximately RMB362,000 (2023: approximately RMB382,000).

During the years ended 31 December 2024 and 2023, there were no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 December 2024 and 2023, no forfeited contributions were available for utilisation by the Group to reduce the existing level of contributions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

Name	Relationship
Beijing Tianlang Huigu Technology Co. Ltd. ("Tianlang")* 北京天朗慧谷科技有限公司	Company controlled by Ms. Rong and Mr. Ni
Beijing Zhuoyue Tianhe Management Co., Ltd. ("Zhuoyue Tianhe")* 北京卓越天和運營管理有限公司	Company controlled by Ms. Rong
Beijing Benywave Technology Co., Ltd. ("Benywave Technology")* 北京百納威爾科技有限公司	Company controlled by Ms. Rong and Mr. Ni
Mr. Ni	The husband of Ms. Rong

\* The English name of the above companies are for reference only.

### (b) Related party transactions

	2024 RMB'000	2023 RMB'000
Premises rental expenses charged by Tianlang (note i)	51	119
Equipment rental expenses charged by Benywave Technology (note ii)	69	69
Management expenses charged by Zhuoyue Tianhe (note i)	21	49
Interest expenses charged by Mr. Ni (note iii)	460	17



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. RELATED PARTY TRANSACTIONS (Continued)

### (b) Related party transactions (Continued)

Notes:

- (i) During the year ended 31 December 2024, the Group has made the lease payment of approximately RMB51,000 (2023: approximately RMB119,000) to Tianlang where the lease is accounted for as a short-term lease. In addition, the Group made the management fee payment of approximately RMB21,000 (2023: approximately RMB49,000) to Zhuoyue Tianhe during the year ended 31 December 2024.
- (ii) During the year ended 31 December 2024, the Group entered into a one-year lease in respect of certain equipment from Benywave Technology. The Group has made lease payment of approximately RMB69,000 (2023: approximately RMB69,000) to Benywave Technology.
- (iii) During the year ended 31 December 2024, the Group entered into a loan agreement with Mr. Ni. The amount of interest expenses charged by Mr. Ni is approximately RMB460,000 (2023: approximately RMB17,000).

### (c) Remuneration of key management personnel of the Group

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Short term employee benefits	<b>4,745</b>	4,876
Post-employment benefits	<b>183</b>	209
	<b>4,928</b>	5,085

### (d) Guarantee

As at 31 December 2024, a director of the Company has provided a personal guarantee as part of the security for the bank loans of approximately RMB18,501,000 (2023: approximately RMB24,372,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2024 RMB'000	2023 RMB'000
<b>Financial assets at amortised cost</b>		
Financial assets included in trade and other receivables	150,782	879
Financial assets included in prepayments and deposit	438,365	596,246
Pledged bank deposits	—	3,571
Cash and bank balances	8,198	24,349
	597,345	625,045
<b>Financial liabilities at amortised cost</b>		
Trade payables	25,596	8,563
Accruals and other payables	49,548	46,132
Bank loans	18,501	24,372
Loan from a related party	9,260	9,062
Lease liabilities	2,869	563
	105,774	88,692

### Financial risk management objectives and policies

The Group's major financial instruments include financial assets included in trade and other receivables, financial assets included in prepayments and deposit, pledged bank deposits, cash and bank balances, trade payables, accruals and other payables, bank loans, loan from a related party and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (mainly currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Market risk

#### Currency risk

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management of the Group manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables, prepayments and deposit, pledged bank deposits and cash and bank balances) and monetary liabilities (trade payables, accruals and other payables, bank loans, loan from a related party and lease liabilities) at the end of each reporting periods are as follows:

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
USD	81,209	18,030	63,939	43,746
HKD	567	9,135	18,999	21,890
EUR	64	66	—	—

#### Sensitivity analysis

The following tables detail the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against USD, HKD and EUR. 5% represents management's assessment of the reasonably possible change in the foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rate. A positive number below indicates a decrease in post-tax loss where RMB strengthen 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss for the year, and the amounts below would be negative.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

#### Currency risk (Continued)

#### Sensitivity analysis (Continued)

	2024 RMB'000	2023 RMB'000
USD	(721)	1,074
HKD	770	533
EUR	(3)	(3)

#### Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to pledged bank deposits and bank loans with variable interest rate (note 26). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances, United States Prime Rate arising from the Group's United States dollar denominated loan and Hong Kong Prime Rate arising from the Group's Hong Kong dollar denominated loan.

The Group manages its interest rate exposure based on the interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility of the interest rate. The Group currently does not have interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Interest rate risk (Continued)

The following table details the interest rate profile of the Group's pledged bank deposits, cash and balances, bank loans and loan from a related party at the end of the reporting period.

	2024		2023	
	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
<b>Bank deposits</b>				
Pledged bank deposits	N/A	–	0.10	3,571
Cash and bank balances	Nil to 0.25	8,198	Nil to 0.88	24,349
		<b>8,198</b>		<b>27,920</b>
<b>Loans</b>				
Bank loans	6.43	(18,501)	7.14	(24,372)
Loan from a related party	5.00	(9,260)	5.00	(9,062)
		<b>(27,761)</b>		<b>(33,434)</b>
		<b>(19,563)</b>		<b>(5,514)</b>

#### Sensitivity analysis

At 31 December 2024, it is estimated that a general increase of 100 basis points (2023: 100 basis points) in interest rates, with all other variables held constant, would increase the Group's loss for the year by approximately RMB196,000 (2023: approximately RMB55,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the pledged bank deposits, cash and bank balances, bank loans and loan from a related party in existence at that date. The 100 basis point (2023: 100 basis points) increase represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### *Credit risk*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group.

The Group's credit risk is primarily attributable to its prepayments and deposit, trade and other receivables, pledged bank deposits and cash and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted.

The Group measures the loss allowances for trade receivables at an amount equal to lifetime ECLs.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

During the year ended 31 December 2024 and 2023, no loss allowances were recognised on the trade receivables.

The Group writes off trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. As at 31 December 2024, no trade receivables (2023: Nil) was written off.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

In respect of prepayments and deposit, the management assesses the credit quality of each suppliers based on their background information, financial position, past experience and relevant factors. In this regard, the directors consider that the Group's credit risk of the suppliers is limited.

For other receivables, the Group made periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The movement in the allowance for impairment of other receivables is set out below:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
At 1 January	<b>33</b>	29
Impairment losses recognised	<b>14</b>	4
At 31 December	<b>47</b>	33

In order to minimise credit risk in respect of pledged bank deposits and cash and cash balances, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its deposits and cash balances and condition are performed on each and every bank periodically. These evaluations focus on the credit ratings of its bank, and take into account information specific to the bank as well as pertaining to the economic environment in which the bank operates.

The Group has based on 12-month ECL as to whether there is significant increase in credit risk since initial recognition for measurement of ECL of pledged bank deposits and cash and bank balances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL	
		Trade receivables	Other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL (simplified approach)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk.

For the year ended 31 December 2024:

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Prepayments and deposit	Performing	12-month ECL	438,365	–	438,365
Trade receivables	Performing	Lifetime ECL (simplified approach)	149,796	–	149,796
Other receivables	Performing	12-month ECL	1,033	(47)	986
Pledged bank deposits	Performing	12-month ECL	–	–	–
Cash and bank balances	Performing	12-month ECL	8,198	–	8,198
				(47)	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

For the year ended 31 December 2023:

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Prepayments and deposit	Performing	12-month ECL	596,246	–	596,246
Trade receivables	Performing	Lifetime ECL (simplified approach)	11	–	11
Other receivables	Performing	12-month ECL	901	(33)	868
Pledged bank deposits	Performing	12-month ECL	3,571	–	3,571
Cash and bank balances	Performing	12-month ECL	24,349	–	24,349
				(33)	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk

In the management of the liquidity risk, the Group's management monitors and maintains a reasonable level of cash and cash equivalents which deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights to demand for early repayment.

	Weighted average effective interest rate %	On demand or less than one year RMB'000	More than one year and less than two years RMB'000	More than two years and within five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>At 31 December 2024</b>						
<b>Non-derivatives financial liabilities</b>						
Trade payables	–	25,596	–	–	25,596	25,596
Accruals and other payables	–	49,548	–	–	49,548	49,548
Bank loans	6.43	18,894	–	–	18,894	18,501
Loan from a related party	5.00	9,492	–	–	9,492	9,260
Lease liabilities	3.25-6.71	1,478	930	660	3,068	2,869
		105,008	930	660	106,598	105,774

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

	Weighted average effective interest rate %	On demand or less than one year RMB'000	More than one year and within two years RMB'000	More than two years and within five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023						
Non-derivatives financial liabilities						
Trade payables	–	8,563	–	–	8,563	8,563
Accruals and other payables	–	46,132	–	–	46,132	46,132
Bank loans	7.14	24,675	–	–	24,675	24,372
Loan from a related party	5.00	9,289	–	–	9,289	9,062
Lease liabilities	3.25-4.75	569	–	–	569	363
		89,228	–	–	89,228	88,692

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of these bank loans amounted to approximately RMB4,153,000 (2023: approximately 3,220,000). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank loans will be repaid four years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

#### Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024	1,210	1,209	1,141	949	4,509	4,153
At 31 December 2023	981	981	1,471	–	3,433	3,220

#### Fair value of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Bank loans RMB'000	Interest payables RMB'000	Dividend payable RMB'000	Lease liabilities RMB'000	Loan from a related party RMB'000	Total RMB'000
At 1 January 2023	7,166	21	252	1,833	–	9,272
Changes from financing cash flows:						
Raised	120,077	–	–	–	9,062	129,139
Repayment	(103,275)	–	–	(1,307)	–	(104,582)
Interest paid	–	(1,358)	–	–	–	(1,358)
Total changes from financing cash flows	16,802	(1,358)	–	(1,307)	9,062	23,199
Other changes:						
Interest cost incurred	–	1,454	–	37	–	1,491
Exchange differences	404	–	–	–	–	404
Total other changes	404	1,454	–	37	–	1,895
At 31 December 2023 and 1 January 2024	24,372	117	252	563	9,062	34,366
Changes from financing cash flows:						
Raised	97,646	–	–	–	–	97,646
Repayment	(103,776)	–	–	(1,337)	–	(105,113)
Interest paid	–	(1,216)	–	–	–	(1,216)
Total changes from financing cash flows	(6,130)	(1,216)	–	(1,337)	–	(8,683)
Other changes:						
New lease entered	–	–	–	3,552	–	3,552
Interest cost incurred	–	1,633	–	91	–	1,724
Exchange differences	259	–	–	–	198	457
Total other changes	259	1,633	–	3,643	198	5,733
At 31 December 2024	18,501	534	252	2,869	9,260	31,416

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank loans, net of cash and cash equivalents and the management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares and new debts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current asset</b>			
Investments in a subsidiary		—*	—*
<b>Current assets</b>			
Amounts due from subsidiaries	(i)	307,555	300,363
Cash and bank balances		380	373
		<b>307,935</b>	300,736
<b>Current liabilities</b>			
Other payables		252	252
Amounts due to subsidiaries	(i)	4,289	4,289
		<b>4,541</b>	4,541
<b>Net current assets</b>		<b>303,394</b>	296,195
<b>Net assets</b>		<b>303,394</b>	296,195
<b>Capital and reserve</b>			
Share capital		67,041	67,041
Reserves	(ii)	236,353	229,154
<b>Total equity</b>		<b>303,394</b>	296,195

\* The balance is less than RMB1,000.

Approved and authorised for issue by the board of directors on 8 April 2025 and are signed on its behalf by:

**Ms. Rong Xiuli**  
Director

**Mr. Rong Shengli**  
Director



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

- (i) The amounts are unsecured, non-interest bearing and repayable on demand.
- (ii) Movements in reserve:

	RMB'000
At 1 January 2023	224,575
Profit and total comprehensive income for the year	4,579
At 31 December 2023 and 1 January 2024	229,154
Profit and total comprehensive income for the year	7,199
At 31 December 2024	236,353

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/ registered capital	Percentage of equity interest attributable to the Company				Principal activities
			2024	2023	Direct	Indirect	
			Direct %	Indirect %	Direct %	Indirect %	
Vital Mobile Limited	BVI, limited liability company	USD1	100	–	100	–	Investment holding
Vital Mobile (HK) Limited	Hong Kong, limited liability company	HK\$1	–	100	–	100	Selling mobile and smart appliances
Benywave Wireless	PRC, wholly foreign-owned enterprise	RMB100,000,000	–	100	–	100	Selling mobile and smart appliances, and AI and other equipment
Kerr Unit Inc	The United States of America, limited liability company	USD300,000	–	100	–	100	Developing new sales channels in the USA
Vital Mobile D.O.O.	Slovenia, limited liability company	EUR10,000	–	N/A (Note)	–	100	Inactive
Vital Financial Holdings Limited	Hong Kong, limited liability company	HK\$1	–	100	–	100	Inactive
Greater Bay Vital Limited* 灣際維太科技(東莞)有限公司	PRC, wholly foreign-owned enterprise	RMB10,000,000	–	N/A (Note)	–	51	Inactive

\* The English name of the above company is for reference only.

None of the subsidiaries have non-controlling interests that are material to the Group.

None of the subsidiaries had issued any debt securities at the end of the years ended 31 December 2024 and 2023.

Note: The Group's subsidiaries are deregistered during the year ended 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. SHARE-BASED PAYMENT TRANSACTIONS

On 9 June 2015, the Company approved and adopted the restricted share unit scheme (“RSU Scheme”). The purpose of the RSU Scheme is to (i) recognise the contributions of the personnel to the Group or its business; (ii) retain them for the continual operation and development of the Group; and (iii) to attract suitable personnel for the development of the Group. The RSU Scheme shall be valid and effective for a term of 10 years commencing from 9 June 2015, subject to certain conditions and termination clause.

All shares were fully vested in 2018 and no additional shares were granted and outstanding for the years ended 31 December 2023 and 2024 in relation to the RSU Scheme granted by the Company.

The participants of the RSU Scheme include (i) employee(s) (whether full time or part time), including any executive Director of the Company, its subsidiaries or any entity (the “Invested Entity”) in which the Group holds any equity interest; (ii) any non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any person or entity which has contributed to the Group or its business; and (viii) any other person selected by the Board at its sole discretion.

There is no maximum entitlement limit for each participant under the RSU Scheme. Unless otherwise specified by the grant letter, there is no amount payable on application or acceptance of the RSU and no purchase price for such RSU.

The total number of shares (the “Share(s)”) of the Company underlying the RSUs under the RSU Scheme shall not exceed 32,300,000 Shares (excluding Shares underlying RSUs that have lapsed or been cancelled in accordance with the RSU Scheme). For the years ended 31 December 2023 and 2024, all the Shares underlying the RSU Scheme have been granted and vested. As such, no Shares remained available for grant or will be issued under the RSU Scheme.

## 37. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group commenced a new trading business in relation to the LED products. The Group entered into a purchase agreement with an independent supplier pursuant to which the Group agreed to order LED products of approximately RMB195,883,000 for its trading business in year 2025.

## 38. COMPARATIVES

Certain comparative figures have been reclassified to conform to the current year’s presentation.

## FIVE YEARS FINANCIAL SUMMARY

	2024 RMB'000	For the year ended 31 December			
		2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
<b>CONSOLIDATED RESULTS</b>					
Revenue	1,063,338	835,605	1,092,200	672,651	881,137
Loss before tax	(21,004)	(20,846)	(17,557)	(20,567)	(97,610)
Income tax	–	–	–	–	–
Loss and total comprehensive expense for the year attributable to:					
Owners of the Company	(21,000)	(20,839)	(17,547)	(20,505)	(97,625)
Non-controlling interests	(4)	(7)	(10)	(62)	15
	(21,004)	(20,846)	(17,557)	(20,567)	(97,610)

	2024 RMB'000	As at 31 December			
		2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	614,596	628,862	620,411	640,560	710,600
Total liabilities	(132,283)	(125,613)	(96,316)	(98,908)	(148,381)
Net assets	482,313	503,249	524,095	541,652	562,219
<b>EQUITY</b>					
Attributable to:					
Owners of the Company	482,313	503,313	524,152	541,699	562,204
Non-controlling interests	–	(64)	(57)	(47)	15
	482,313	503,249	524,095	541,652	562,219

Vital Innovations Holdings Limited  
維太創科控股有限公司

