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Vital Innovations Holdings Limited

維太創科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6133)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND RESUMPTION OF TRADING

The board (the “**Board**”) of directors (the “**Directors**”) of Vital Innovations Holdings Limited (the “**Company**” or “**Vital Innovations**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023, which have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Equipment		21	24
Right-of-use assets		<u>2,836</u>	<u>542</u>
		2,857	566
Current assets			
Inventories		3,886	1,211
Trade and other receivables	10	161,290	2,919
Prepayments and deposit	11	438,365	596,246
Pledged bank deposits		–	3,571
Cash and bank balances		<u>8,198</u>	<u>24,349</u>
		611,739	628,296
Current liabilities			
Trade payables	12	25,596	8,563
Accruals and other payables		72,375	60,161
Contract liabilities		151	19,361
Loan from a related party	13	9,260	9,062
Bank loans		18,501	24,372
Lease liabilities		1,351	563
Tax liabilities		<u>3,531</u>	<u>3,531</u>
		130,765	125,613
Net current assets		<u>480,974</u>	<u>502,683</u>
Total assets less current liabilities		<u>483,831</u>	<u>503,249</u>
Non-current liability			
Lease liabilities		<u>1,518</u>	–
Net assets		<u>482,313</u>	<u>503,249</u>
Capital and reserve			
Share capital		67,041	67,041
Share premium and reserves		<u>415,272</u>	<u>436,272</u>
Equity attributable to owners of the Company		482,313	503,313
Non-controlling interests		–	(64)
Total equity		<u>482,313</u>	<u>503,249</u>

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 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 engaged in trading of mobile and smart appliances and trading of Artificial Intelligence (“AI”) and other equipment in the People’s Republic of China (“PRC”) and Hong Kong.

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.

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

¹ Effective date to be determined.

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

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

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

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. REVENUE AND SEGMENT INFORMATION

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
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
	<u>1,063,338</u>	<u>835,605</u>

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.

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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	<u>1,063,338</u>	<u>834,407</u>	<u>–</u>	<u>1,198</u>	<u>1,063,338</u>	<u>835,605</u>
Segment profit (loss)	<u>327</u>	<u>(2,093)</u>	<u>–</u>	<u>(940)</u>	<u>327</u>	<u>(3,033)</u>
Other (losses) gains, net					(3,373)	69
Other income					15	30
Finance costs					(1,724)	(1,491)
Unallocated corporate expenses					<u>(16,249)</u>	<u>(16,421)</u>
Loss before tax					<u>(21,004)</u>	<u>(20,846)</u>

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.

Segment assets and liabilities

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

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

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.

Other segment information

	Trading of mobile and smart appliances	Trading of AI and other equipment	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

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

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 <i>RMB'000</i>	Trading of AI and other equipment <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024			
Hong Kong	951,591	–	951,591
The PRC	111,747	–	111,747
Total	<u>1,063,338</u>	<u>–</u>	<u>1,063,338</u>
Year ended 31 December 2023			
Hong Kong	832,633	–	832,633
The PRC	1,774	1,198	2,972
Total	<u>834,407</u>	<u>1,198</u>	<u>835,605</u>

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

Information about major customers

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	660,848	581,408
Customer B	219,280	167,179
Customer C	71,258*	84,046
	<u>951,386</u>	<u>832,633</u>

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.

4. OTHER (LOSSES) GAINS, NET

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

Note: Since the supplier was dissolved in April 2024, the Group made a written-off on such prepayments to this supplier.

5. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income on pledged bank deposits	3	4
Interest income on bank balances	<u>12</u>	<u>11</u>
	15	15
Services income	<u>-</u>	<u>15</u>
	<u><u>15</u></u>	<u><u>30</u></u>

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

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

7. 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.

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

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

9. DIVIDEND

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

10. TRADE AND OTHER RECEIVABLES

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

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
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: 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 trade and other receivables:

	12-month expected credit loss	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	33	29
Allowance for credit losses	14	4
	47	33

11. PREPAYMENTS AND DEPOSIT

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

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.

- (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 will 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.

12. TRADE PAYABLES

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

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

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

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
USD	<u>725</u>	<u>715</u>

13. LOAN FROM A RELATED PARTY

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Ni Gang (“ Mr. Ni ”)	<u>9,260</u>	<u>9,062</u>

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. and will mature in June 2024. During the year ended 31 December 2024, a subsidiary of the Company and Mr. Ni entered into loan extension agreements to extend the due date to June 2025.

14. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group are 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.

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.

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	2023
	RMB’000	RMB’000
Mobile and smart appliances	1,063,338	834,407
AI and other equipment	–	1,198
	1,063,338	835,605

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

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	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Hong Kong	951,591	89.5	832,633	99.6
The PRC	111,747	10.5	2,972	0.4
	<u>1,063,338</u>	<u>100</u>	<u>835,605</u>	<u>100</u>

Segment profit (loss) and profit margin

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Mobile and smart appliances	327	0.03	(2,093)	–
AI and other equipment	–	–	(940)	–
	<u>–</u>	<u>–</u>	<u>(940)</u>	<u>–</u>

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 this results announcement.

Prepayments and deposit

As at 31 December 2024, the prepayments and deposit were approximately RMB438.4 million which decreased by RMB157.9 million compared to the same period in 2023. Prepayments and deposit are related to the amount paid to supplier 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.

Future plans for material investment or capital assets

Saved as disclosed in this announcement, the Directors confirmed that as at the date of this announcement, 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 announcement, 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 announcement, 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).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company 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 (the “**Code Provisions**”) as stated in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 consider it is applicable and practical to the Company.

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

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2024.

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 during the year ended 31 December 2024.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

SUBSEQUENT EVENTS

Save for disclosed in this announcement, no material events were undertaken by the Group subsequent to 31 December 2024 and up to the date of this announcement.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors. The Audit Committee has adopted terms of reference which are in line with the CG Code. The Audit Committee has reviewed the Company and its subsidiaries' results for the year ended 31 December 2024 and agreed with the accounting treatment adopted.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, or the Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited on this announcement.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vitalinno.com). The Company's annual report for 2024 containing all the information required by the Listing Rules will be made available on the above websites in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2025, pending the release of the annual results of the Company for the year ended 31 December 2024 contained in this announcement. Upon the publication of this announcement, an application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 April 2025.

By order of the Board
Vital Innovations Holdings Limited
Rong Xiuli
Chairperson

Hong Kong, 8 April 2025

As at the date of this announcement, the Board of the Company comprises Ms. Rong Xiuli, Mr. Rong Shengli, Mr. Yin Xuquan and Mr. Wong Ho Chun as executive Directors; and Mr. Han Xiaojing, Mr. Wong Pong Chun James, and Mr. Leung Man Fai as independent non-executive Directors.