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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 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Vital Innovations Holdings Limited (the “**Company**” or “**Vital Inno**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024, 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 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	4	668,871	1,063,338
Cost of sales		(665,323)	(1,057,385)
Gross profit		3,548	5,953
Other gains (losses), net	5	574	(3,373)
Other income	6	50	15
Selling and distribution costs		(5,714)	(5,626)
Administrative expenses		(14,821)	(16,249)
Finance costs		(1,325)	(1,724)
Loss before tax	7	(17,688)	(21,004)
Income tax	8	–	–
Loss and total comprehensive expense for the year		(17,688)	(21,004)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(17,688)	(21,000)
Non-controlling interests		–	(4)
		(17,688)	(21,004)
Loss per share			
Basic and diluted (RMB cents)	9	(2.08)	(2.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Equipment		18	21
Right-of-use assets		<u>1,465</u>	<u>2,836</u>
		<u>1,483</u>	<u>2,857</u>
Current assets			
Inventories		–	3,886
Trade and other receivables	11	65,652	161,290
Prepayments and deposit	12	509,963	438,365
Cash and bank balances		<u>2,140</u>	<u>8,198</u>
		<u>577,755</u>	<u>611,739</u>
Current liabilities			
Trade payables	13	22,139	25,596
Accruals and other payables		75,268	72,375
Contract liabilities		147	151
Loan from a related party	14	9,032	9,260
Bank loans		2,977	18,501
Lease liabilities		871	1,351
Tax liabilities		<u>3,531</u>	<u>3,531</u>
		<u>113,965</u>	<u>130,765</u>
Net current assets		<u>463,790</u>	<u>480,974</u>
Total assets less current liabilities		<u>465,273</u>	<u>483,831</u>
Non-current liability			
Lease liabilities		<u>648</u>	<u>1,518</u>
Net assets		<u>464,625</u>	<u>482,313</u>
Capital and reserve			
Share capital		67,041	67,041
Share premium and reserves		<u>397,584</u>	<u>415,272</u>
Equity attributable to owners of the Company		<u>464,625</u>	<u>482,313</u>
Non-controlling interests		<u>–</u>	<u>–</u>
Total equity		<u>464,625</u>	<u>482,313</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 (“Winmate”) 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 (including mobile telecommunication related components and accessories) and smart appliances and trading of LED products.

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 IFRS ACCOUNTING 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 as 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 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

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 ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
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 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective date to be determined.

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

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

Except for the new and amendments to IFRSs mentioned below, 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.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as 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.

Going concern

The Group incurred a net loss of approximately RMB17,688,000 for the year ended 31 December 2025, and as of that date, the Group had cash and cash equivalents of approximately RMB2,140,000, while its current liabilities of RMB113,965,000 are repayable within the next twelve months from the end of the reporting period. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given a careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been formulated to mitigate the liquidity pressure and to improve its cash flows which include, but not limited to, the following:

- (i) The Group will continue to implement measures to speed up the collection of outstanding trade receivables and request for the refund of prepayment and deposits from the suppliers.
- (ii) The Group will negotiate with a substantial shareholder to obtain financial supports.
- (iii) The Group is in process to implement operational plans to control costs and generate sufficient cash flows to meet its current and future financial obligations.
- (iv) The Group will continue to take active measures to control administrative costs and unnecessary capital expenditures to improve the liquidity to support operations.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of not less than twelve months from the date of the auditor's report. They are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write-down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

	2025	2024
	<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	647,330	1,063,338
LED products	21,541	–
	668,871	1,063,338

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 2025 and 2024, 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 LED products

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 LED products		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Segment revenue	<u>647,330</u>	<u>1,063,338</u>	<u>21,541</u>	<u>–</u>	<u>668,871</u>	<u>1,063,338</u>
Segment (loss) profit	<u>(2,550)</u>	<u>327</u>	<u>384</u>	<u>–</u>	<u>(2,166)</u>	<u>327</u>
Other gains (losses), net					574	(3,373)
Other income					50	15
Finance costs					(1,325)	(1,724)
Unallocated corporate expenses					<u>(14,821)</u>	<u>(16,249)</u>
Loss before tax					<u>(17,688)</u>	<u>(21,004)</u>

Segment (loss) profit represents the (loss incurred) profit earned by each segment without allocation of other gains (losses), 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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets		
Trading of mobile and smart appliances	371,731	603,493
Trading of LED products	196,263	–
Unallocated	11,244	11,103
	<hr/>	<hr/>
Total assets	579,238	614,596
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Trading of mobile and smart appliances	18,928	23,790
Trading of LED products	–	–
Unallocated	95,685	108,493
	<hr/>	<hr/>
Total liabilities	114,613	132,283
	<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, 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 <i>RMB'000</i>	Trading of LED products <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
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Amounts included in the measurement of segments profit or loss or segment assets

Year ended 31 December 2025

Additions to non-current assets	-	-	-	-
Depreciation of equipment	3	-	-	3
Depreciation of right-of-use assets	1,371	-	-	1,371
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 LED products <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2025			
Hong Kong	636,877	21,541	658,418
The People's Republic of China (the "PRC")	10,453	–	10,453
Total	<u>647,330</u>	<u>21,541</u>	<u>668,871</u>
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>

The Group's operations and non-current assets are mainly 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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	618,577	660,848
Customer B	N/A	219,280

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 December 2025 and 2024.

5. OTHER GAINS (LOSSES), NET

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange gains (losses), net	574	(464)
Loss on deregistration of subsidiaries	–	(19)
Write-off of prepayments (note)	–	(2,893)
Others	–	3
	574	(3,373)

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

6. OTHER INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income on pledged bank deposits	–	3
Interest income on bank balances	<u>1</u>	<u>12</u>
	1	15
Services income	<u>49</u>	<u>–</u>
	<u><u>50</u></u>	<u><u>15</u></u>

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Directors' emoluments	3,375	3,495
Staff costs (excluding directors' emoluments)		
– salaries and other allowances	5,444	7,110
– retirement benefits schemes contributions	<u>262</u>	<u>377</u>
Total staff costs	<u><u>9,081</u></u>	<u><u>10,982</u></u>
Auditor's remuneration – audit services	1,355	1,473
– non-audit services	459	229
Cost of inventories recognised as an expense	665,323	1,057,385
Depreciation of equipment	3	3
Depreciation of right-of-use assets	1,371	1,258
Impairment losses recognised on other receivables	<u>–</u>	<u>14</u>

8. 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 2025 and 2024.

The Company's subsidiaries incorporated in Hong Kong is subject to the Hong Kong Profits Tax at 16.5% (2024: 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.

9. 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss:		
Loss for the purposes of basic and diluted loss per share, representing loss for the year attributable to the owners of the Company	<u><u>(17,688)</u></u>	<u><u>(21,000)</u></u>
	2025 <i>'000</i>	2024 <i>'000</i>
Number of shares:		
Number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>850,000</u></u>	<u><u>850,000</u></u>

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 2025 and 2024.

10. DIVIDEND

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

11. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	54,010	149,796
Less: allowance for credit losses	—	—
	<u>54,010</u>	<u>149,796</u>
Other receivables		
– Other PRC tax receivables	10,514	10,508
– Others (Note)	1,175	1,033
	<u>11,689</u>	<u>11,541</u>
Less: allowance for credit losses	(47)	(47)
	<u>11,642</u>	<u>11,494</u>
Total trade and other receivables	<u><u>65,652</u></u>	<u><u>161,290</u></u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	—	149,796
31 days to 90 days	755	—
More than 90 days	53,255	—
	<u><u>54,010</u></u>	<u><u>149,796</u></u>

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.

Note: As at 31 December 2025, approximately RMB14,000 (2024: RMB14,000) included in other 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	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	47	33
Allowance for credit losses	—	14
	<u>47</u>	<u>14</u>
As at 31 December	<u>47</u>	<u>47</u>

12. PREPAYMENTS AND DEPOSIT

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments to suppliers for:		
– Mobile and smart appliances (notes (a) and (b))	163,700	288,365
– LED products (note (b))	196,263	—
	<u>359,963</u>	<u>288,365</u>
Refundable purchase deposit paid for:		
– Mobile and smart appliances (note (c))	150,000	150,000
	<u>509,963</u>	<u>438,365</u>

Notes:

- (a) As at 31 December 2025, the Group had made prepayments for purchases of mobile and smart appliances of approximately RMB88,310,000 (2024: approximately RMB15,830,000) to an independent supplier (“Supplier A”).

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 2025, the Group had made prepayments to purchase of LED products of approximately RMB195,883,000 and mobile and smart appliances of approximately RMB73,497,000 to an independent supplier (“Supplier B”).

The Group has a right to a compensation from Supplier B when Supplier B fails to deliver the goods according to the supply schedule.

- (c) As at 31 December 2025, the Group had paid a guarantee deposit of RMB150,000,000 (2024: RMB150,000,000) 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.

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.

13. TRADE PAYABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	22,139	25,596

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

	2025	2024
	<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	22,139	8,573
Total	22,139	25,596

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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
USD	14,291	17,748

14. LOAN FROM A RELATED PARTY

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Mr. Ni Gang (“Mr. Ni”) (note)	9,032	9,260

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. For the year ended 31 December 2025, a subsidiary of the Company and Mr. Ni entered into a loan extension agreement to extend the due date to June 2026 (2024: 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.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

The auditor expressed a disclaimer opinion in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2025. The basis of disclaimer of opinion is extracted as follows:

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Material Uncertainty Related to Going Concern Basis

As detailed in note 3 to the consolidated financial statements, the Group incurred a net loss of approximately RMB17,688,000 for the year ended 31 December 2025, and as of that date, the Group had cash and cash equivalents of approximately RMB2,140,000 while its current liabilities of RMB113,965,000 are repayable within the next twelve months from the end of the reporting period.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures as set out in note 3 to the consolidated financial statements, including i) successful realisation the prepayment and deposits; ii) successful recoverable of trade receivables; and iii) successful and sufficient obtaining financial support by the Group from the substantial shareholder. As of the date of our report, we were unable to obtain sufficient appropriate evidence from management for these measures and assumptions as set out in note 3 to the consolidated financial statements. Hence, we were unable to assess the appropriateness or reasonableness of the use of the going concern assumption in the preparation of the consolidated financial statements.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 3 to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets, and to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Scope limitation – Prepayments and deposit

As detailed in note 19 to the consolidated financial statements, as at 31 December 2025, included in prepayments and deposit, the Group recorded deposit and prepayments to certain suppliers, including prepayments for purchases of mobile and smart appliances and LED products of approximately RMB163,700,000 and RMB196,263,000 respectively, and refundable deposit for purchase mobile and smart appliances of RMB150,000,000.

Given the significance of the prepayments and deposit to the consolidated financial statements, during the course of our audit, we requested the management of the Group to provide us the products delivery arrangements and documents in respect of these prepayments and deposit during the year ended 31 December 2025 and up to the date of this report, as well as the information and documents regarding the recoverability of these balances. The management of the Group considered these prepayments and deposit could be recovered and no impairment loss is recognised.

However, we were unable to obtain sufficient and appropriate audit evidence regarding the product delivery arrangements and documents, the impairment assessment and the recoverability of these prepayments and deposits. There was no other alternative audit procedure that we could perform.

Due to the limitation on our scope of work, we were unable to evaluate whether the prepayments and deposit were appropriately stated on the consolidated financial statements or any impairment loss has to be recognised in the consolidated financial statements.

Any adjustments that might have been found to be necessary in respect of the above matters would have a significant effect on the Group's net assets as at 31 December 2025 and of its financial performance and cash flows for the year ended 31 December 2025, and the related disclosures thereof in the consolidated financial statements.

Scope limitation – impairment assessment of trade receivables

As detailed in note 18 to the consolidated financial statements, as at 31 December 2025, included in trade receivables, the Group recorded trade receivables from certain customers in relation to the trading business of mobile and smart appliances amounted to approximately RMB54,010,000 which have been overdue for more than 90 days and is material to the consolidated financial statements.

During the course of our audit, we had performed audit procedures on the impairment assessment of these overdue balances and we were not provided with information and documents regarding the impairment assessment and recoverability of these balances. As a result, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the impairment assessment and recoverability of these balances. There are no other alternative audit procedures that we could perform to satisfy ourselves as to the recoverability of these balances and the adequacy of the impairment allowance for these balances.

Any adjustments that might have been found to be necessary in respect of the above matters would have a significant effect on the Group's net assets as at 31 December 2025 and of its financial performance and cash flows for the year ended 31 December 2025, and the related disclosures thereof in the consolidated financial statements.

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.

In the recent years, while the Group continues to offer a wide range of services and products to wholesalers and resellers based on the changing market needs, the Group has streamlined the business model and cost structure, aiming to improve the profitability, increase income sources and diversify risks.

For the mobile and smart appliances businesses, the Group has implemented cost controls, and engage in product differentiation by developing the new business line of satellite mobile communication appliances with a higher profit margin than the traditional mobile phone trading business, as well as exploring the application of such technology to other smart appliances to create synergy. This new satellite communications business line is a testimony of the Company's technology strength, research capability and ability to translate technical expertise into commercial applications, and complements its broader strategy of expanding into technology-driven and differentiated communications solutions. The new satellite mobile phone business line has commenced commercialisation, generating approximately RMB10.5 million in revenue in 2025.

For the LED business, the Group has conducted in-depth research in relation to the LED industry for over 1 year and tapped into the LED products markets in March 2025, which generated revenue of approximately RMB21.54 million in 2025.

2025 OPERATIONS REVIEW

The global smartphone market underwent material structural adjustment in 2025, with intensified sector competition and persistent margin pressure across the distribution chain. Against this backdrop, the Group recorded total revenue of approximately RMB668.9 million for the year of 2025, a 37.1% year-over-year (“YoY”) decrease, resulted by less export sales, with core operations focused on branded mobile device distribution, serving established long-term wholesale and reseller partners. During the year under review, the Company has tightened cost controls, and implemented various measures to improve operational efficiency. These initiatives include enhancing the supply chain flow, implementing finer stock control and responding promptly to market changes. As a result, the operating loss for the year ended 31 December 2025 was reduced to RMB17.7 million (2024: RMB21 million), representing a 15.7% YoY decrease.

During the year, the Group maintained stable cooperation with core brand partners. Amid brand owner channel strategy adjustments and heightened market competition, the Group proactively optimized inventory management, tightened operating cost controls, and preserved its core customer base and end-to-end supply chain capabilities. Temporary working capital fluctuations during the third quarter, arising from a periodic banking facility review, had a limited impact on full-year operating stability.

The Group continued to leverage its cross-border distribution expertise and overseas market operational capabilities throughout the year, while exploring diversified revenue opportunities to enhance profitability. During the year ended 31 December 2025, the Group expanded into the LED products market, a prudent step to diversify business risk and broaden income sources.

Global Smartphone Market Outlook

According to preliminary estimates from Counterpoint Research, the global smartphone market registered 2% YoY growth in 2025, marking the second consecutive year of expansion. The growth momentum was primarily driven by the industry’s premiumization trend, supported by consumer financing options and targeted marketing initiatives, alongside the accelerating adoption of 5G devices in emerging markets. Regional performance was uneven, with robust growth in emerging markets such as India, Southeast Asia and certain Asia-Pacific (APAC) regions offsetting weakness in mature markets. In Q4 2025, shipments grew modestly by 1% YoY, though inventory built up in prior quarters tempered the performance.

Looking ahead to 2026, the market is expected to face significant headwinds, with Counterpoint Research forecasting a 2.1% YoY decline in global smartphone shipments. The primary challenge stems from the deepening global memory supply crisis: memory prices are projected to rise by an additional 40% through Q2 2026, leading to an 8% to over 15% increase in bill of materials (“**BoM**”) costs. Concurrently, average selling prices (“**ASPs**”) are expected to rise by 6.9% (revised up from the 3.9% forecast in September 2025) as vendors pass through cost pressures and restructure their product portfolios.

The supply chain and cost challenges will reshape the competitive landscape: larger Original Equipment Manufacturers (“**OEMs**”) with stronger purchasing power and supplier relationships will be better positioned to secure memory allocations, driving meaningful market share shifts in their favor, while smaller and regional vendors will face intensified pressures due to thinner margins and limited access to supply. The low-end segment will bear the brunt of the impact: the sub-\$150 smartphone category, which accounted for a substantial share of global volumes (nearly 60% in Africa and 30% in India in 2025), will become economically unsustainable. This will reverse the decade-long trend of improving specifications at lower prices, leading to a contraction in the total addressable market (“**TAM**”) as price-sensitive consumers extend device replacement cycles, shift to used smartphones, or even revert to feature phones in some emerging markets.

Additionally, policy uncertainty adds further volatility: the U.S. administration’s plan to raise across-the-board tariffs on imports from 10% to 15% will layer additional cost pressures on top of inflated memory costs, compounding affordability challenges for consumers and margin compression for vendors.

The market is expected to begin a gradual recovery in 2027 with a modest 1.9% YoY growth, followed by a stronger 5.2% rebound in 2028. However, the memory supply challenges are projected to persist throughout 2026 and well into 2027, indicating a structural shift in the smartphone market’s size, product mix and competitive landscape that will define the market into 2027.

2026 GLOBAL ECONOMIC AND TRADE OUTLOOK

The global economy is expected to face continued uncertainty in 2026, with monetary policy adjustments in major economies, geopolitical tensions and regional trade restructuring remaining key headwinds. Global trade growth is projected to stay below historical averages, amid ongoing supply chain regionalization and technology sovereignty trends.

For the global smartphone market, industry data projects total shipments of approximately 1.1 billion units in 2026, a year-on-year decline of around 13%. The average selling price (ASP) of smartphones is expected to rise by approximately 15% year-on-year, primarily driven by sharp increases in global memory chip prices. The market will see continued brand divergence: high-end brands are projected to maintain resilient growth, while the low-end segment faces further contraction, with intensified competition among Chinese domestic brands in overseas markets.

2026 STRATEGIC OUTLOOK

In 2026, the Group will adopt a prudent yet proactive strategy, prioritizing cash flow stability, margin discipline and sustainable business development, while selectively pursuing growth opportunities aligned with market trends.

The Group's core strategic priorities for the year are:

- Maintain stable cooperation with existing core brand partners, preserving fundamental market share and channel network;
- Continue to engage in product differentiation and flexible business model allowing both trading and higher value solutions (e.g. original design manufacturer (ODM), customized offerings, value-added services), and satellite communication solutions;
- Actively engage with new brand partners to explore overseas distribution rights, with a focus on mid-to-high-end smartphone segments to improve overall margin profile;
- Continue to optimize operating efficiency, tighten cost controls, and strengthen working capital management to enhance operational resilience;
- Leverage on the Company's technological capabilities, operational know-how and industry experience to progressively develop new business, to diversify revenue streams and mitigate concentration risk in the smartphone sector.
- The Group will maintain a flexible and agile operational approach, adjusting business plans in response to market changes, to safeguard the interests of the Company and its shareholders.

CONCLUDING REMARKS

2025 was a challenging year for the global smartphone industry, marked by structural market shifts and persistent operating headwinds. Despite the difficult environment, the Group maintained the stability of its core operations, preserved key business partnerships and operational capabilities, and took proactive steps to lay foundations for long-term sustainable development.

Looking ahead to 2026, the Group remains cautiously optimistic. While upholding prudent operational and financial management, we will continue to leverage our core competitive strengths in cross-border distribution and overseas market operations, actively explore value-accretive growth opportunities, and navigate market uncertainties with disciplined execution.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB394.5 million or 37.1% to approximately RMB668.9 million for the year ended 31 December 2025 from approximately RMB1,063.3 million for the year ended 31 December 2024. The following table sets forth the breakdown of the Group's revenue by product type:

	For the year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mobile and smart appliances	647,330	1,063,338
LED products	21,541	–
	<u>668,871</u>	<u>1,063,338</u>

The revenue of mobile and smart appliances decreased mainly due to a decline in the sales of top and famous smartphones in Hong Kong and China.

The following table sets out the breakdown of the Group's revenue by geographical regions for the year ended 31 December 2025 and 2024:

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Hong Kong	658,418	98.4	951,591	89.5
The PRC	10,453	1.6	111,747	10.5
	<u>668,871</u>	<u>100</u>	<u>1,063,338</u>	<u>100</u>

Segment profit (loss) and profit margin

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Mobile and smart appliances	(2,550)	–	327	0.03
LED products	384	1.78	–	–
	<u>384</u>	<u>1.78</u>	<u>–</u>	<u>–</u>

The mobile and smart appliances recognised segment loss of approximately RMB2,550,000 compared with segment profit of approximately RMB327,000 for the year ended 31 December 2024. The segment loss was primarily attributable to the decline in sales of top and famous smartphones in Hong Kong and 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 year ended 31 December 2025 and 2024.

Trade and other receivables

As at 31 December 2025, the carrying amount of trade and other receivables were approximately RMB65,652,000, representing a decrease of approximately RMB95,638,000 as compared to the corresponding period in 2024 mainly due to the decline in sales in Mainland China during the financial year ended 31 December 2025.

Prepayments and deposit

As at 31 December 2025, the prepayments and deposit were approximately RMB509,963,000 which was increased by RMB71,598,000 compared to the same period in 2024. Prepayments and deposit are related to mobile and smart appliances and LED products.

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 decreased by RMB3,457,000 from RMB25,596,000 as at 31 December 2024 to RMB22,139,000 as at 31 December 2025 due to fewer purchases of mobile and smart appliances.

Bank loans

The Group's bank loans decreased by RMB15,524,000 from RMB18,501,000 as at 31 December 2024 to RMB2,977,000 as at 31 December 2025 as a result of a decrease in financing for the procurement of mobile and smart appliances.

Liquidity and source of funding

As at 31 December 2025, the Group's total cash and bank balances decreased by approximately RMB6,058,000 from approximately RMB8,198,000 to approximately RMB2,140,000.

As at 31 December 2025, the Group had unutilised bank facilities related to bank loans of RMB14,058,000. 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 2025, 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 5.1 compared with 4.7 as at 31 December 2024.

As at 31 December 2025, the Group had bank loans of approximately RMB2,977,000 (2024: approximately RMB18,501,000). 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 0.64% as compared with 3.84% as at 31 December 2024.

Foreign exchange exposure

The Group undertakes certain operating transactions in foreign currencies and the bank balances of the proceeds from the global offering denominated 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 material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2025.

Significant investments

Saved as disclosed in this announcement, the Company had no significant investment held during the year ended 31 December 2025.

Contingent liabilities and commitments

At the end of the year 2025, the Group did not have any significant contingent liabilities and commitments.

Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil). There was no interim dividend payment during the year ended 31 December 2025.

EVENTS AFTER REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had approximately 20 employees (2024: 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 2025, the Group had no charge of assets (2024: 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 2025.

PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, at least 25% of the Company's total number of issued shares was held by the public at all times during the year ended 31 December 2025 and up to the date of this announcement as required under the Listing Rules.

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 2025 (including sale of any treasury shares). As at 31 December 2025, the Company did not hold any treasury shares.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the year ended 31 December 2025.

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 2025 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 2025 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 2025. 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 2025 containing all the information required by the Listing Rules will be published on the aforesaid websites of the Stock Exchange and the Company in due course and dispatched to the shareholders of the Company upon request.

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

Hong Kong, 31 March 2026

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.