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V & V TECHNOLOGY HOLDINGS LIMITED

時騰科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8113)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of V & V Technology Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

	2024	2023	Change
Revenue (HK\$ thousand)	960,488	1,202,816	-20.1%
(Loss) profit attributable to owners of the Company (HK\$ thousand)	(3,186)	3,942	-180.8%
		(Restated)	
Basic (loss) profit per share (HK cents)	(0.31)	0.50	-162.0%

The board of Directors (the “**Board**”) of V & V Technology Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 together with last year’s comparative figures are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>Notes</i>	HK\$’000	HK\$’000
Revenue	3	960,488	1,202,816
Cost of sales		(934,311)	(1,158,618)
Gross profit		26,177	44,198
Other income		2,849	2,655
Other loss		(469)	(309)
Reversal of impairment losses under expected credit loss model		1,246	116
Distribution costs		(7,919)	(10,553)
Administrative expenses		(15,317)	(23,842)
Finance costs		(9,684)	(8,285)
(Loss) profit before taxation	5	(3,117)	3,980
Income tax expense	4	(69)	(38)
(Loss) profit for the year		(3,186)	3,942
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations:			
–subsidiaries		(2,706)	1,394
Other comprehensive (expense) income for the year		(2,706)	1,394
Total comprehensive (expense) income for the year		(5,892)	5,336
			(Restated)
(Loss) profit per share (HK cents)	6		
–basic		(0.31)	0.50
–diluted		(0.31)	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current Assets			
Property, plant and equipment		436	585
Club membership		266	266
		<u>702</u>	<u>851</u>
Current Assets			
Inventories		103,835	109,580
Trade and other receivables	7	136,295	118,298
Debt instruments at fair value through other comprehensive income		26,499	11,048
Tax recoverable		30	72
Amounts due from related companies		4,191	—
Pledged bank deposits		29,040	29,040
Bank balances and cash		33,955	47,191
		<u>333,845</u>	<u>315,229</u>
Current Liabilities			
Trade and other payables	8	91,673	122,524
Contract liabilities		3,338	6,062
Amount due to a related company		667	609
Tax payable		92	85
Bank borrowings		151,164	117,518
		<u>246,934</u>	<u>246,798</u>
Net Current Assets		<u>86,911</u>	<u>68,431</u>
Total Assets less Current Liabilities		<u>87,613</u>	<u>69,282</u>
Net Assets		<u>87,613</u>	<u>69,282</u>
Capital and Reserves			
Share capital	9	14,536	9,691
Reserves		73,077	59,591
TOTAL EQUITY		<u>87,613</u>	<u>69,282</u>

NOTES

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies ACT, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing on 7 January 2016. Its immediate holding company is Unimicro Limited (a private limited company incorporated in the British Virgin Islands) and its intermediate holding company is S.A.S. Dragon Holdings Limited (incorporated in Bermuda with limited liability and listed on the Stock Exchange). Its ultimate controlling shareholder of the Company is Dr. Yim Yuk Lun, Stanley *SBS BBS JP*, who is also an executive Director of the Company. 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 acts as an investment holding company. The Group is principally engaged in the sales of electronic products with the provision of independent design house services.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is different from the functional currency of the Company, United States dollars (“**US\$**”). The directors of the Company consider that presenting the consolidated financial statements in HK\$ is preferable when monitoring the performance and financial position of the Group.

On 23 May 2024, the English name of the Company has been changed to “V & V Technology Holdings Limited” from “Hi-Level Technology Holdings Limited” and the dual foreign name in Chinese of the Company has been changed to “時騰科技控股有限公司” from “揚宇科技控股有限公司”.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (“HK Int 5”) (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the amendments to HKFRSs and interpretation 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.

(b) New and Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting standard	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21 and HKAS 1	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a 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 Group is in the process of assessing the impact of these new and amendments to HKFRs and does not expect the application of them will have significant impact on the financial position and performance of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
Type of goods or services		
Sales of electronic products with the provision of independent design house services	<u>960,488</u>	<u>1,202,816</u>
Geographical markets		
The PRC	620,962	712,816
Hong Kong	300,814	452,779
Taiwan	38,435	35,662
Others	<u>277</u>	<u>1,559</u>
Total	<u>960,488</u>	<u>1,202,816</u>
Timing of revenue recognition		
At a point in time	<u>960,488</u>	<u>1,202,816</u>

(ii) *Performance obligations for contracts with customers*

Sales of electronic products with the provision of independent design house services

The Group sells electronic products with the provision of design house services directly to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location (delivery and accepted by the customer). The transportation services are a fulfilment of the performance obligation. The normal credit term is 30 to 90 days upon delivery.

Under the Group's standard contract terms, customers have a right to exchange for defective products within one month. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for payment received in advance from customer, where revenue has yet to be recognised. The Group's right to recover the product when customers exercise their right is recognised as a right to returned goods asset and a corresponding adjustment to cost of sales.

Contracts for sales of electronic products with the provision of independent design house services typically have a non-cancellable term in which the Group bills a portion of the contract sum in advance and the remaining when the good is delivered. All sales of electronic products with the provision of independent design house services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

Segment information

The executive Directors of the Company have determined that the Group has only one operating and reportable segment throughout both years.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by geographical location of customers. As no other discrete financial information is available for the assessment of different business activities, no segment information is presented other than entity-wide disclosures.

(i) Geographical information

The following is an analysis of the carrying amount of non-current assets by geographical area in which the assets are located:

	2024 HK\$'000	2023 HK\$'000
The PRC	421	303
Hong Kong	281	548
	702	851

(ii) Information about major customers

No customer individually contributed over 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

4. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong Profits Tax	—	33
PRC Enterprise Income Tax ("EIT")	69	7
	69	40
Under (over) provision in prior years:		
Hong Kong Profits Tax	—	(6)
PRC EIT	—	4
	—	(2)
Income tax expense	69	38

5. (LOSS) PROFIT BEFORE TAXATION

(Loss) profit for the year has been arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Directors' remuneration	1,585	1,924
Staff costs:		
Salaries and other allowances	11,516	14,739
Retirement benefit scheme contributions	1,756	2,226
	<u>13,272</u>	<u>16,965</u>
Total staff costs	<u>14,857</u>	<u>18,889</u>
Cost of inventories recognised as an expense	934,311	1,158,524
Short-term leases expenses	969	2,179
Auditor's remuneration	640	872
Net exchange loss	480	164
Depreciation of property, plant and equipment	191	616
Depreciation of right-of-use assets	—	1,769
Loss on write-off of property plant and equipment	—	526
Reversal of provision for allowance for inventories, net	(5,726)	(34,752)
Interest income	(1,586)	(1,354)
Reversal of impairment loss under expected credit loss model – trade receivables	(1,246)	(116)
Gain on disposal of property plant and equipment	(11)	—
Gain on termination of leases	—	(53)
	<u> </u>	<u> </u>

6. (LOSS) PROFIT PER SHARE

The calculation of the basic (loss) profit per share is based on (loss) profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the year as follows:

	2024 HK\$'000	2023 HK\$'000
(Loss) profit for the year for the purpose of basic (loss) profit per share	<u>(3,186)</u>	<u>3,942</u>
	2024 No. of shares HK\$'000	2023 No. of shares '000 (Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) profit per share	<u>1,040,960</u>	<u>794,732</u>

The weighted average number of ordinary shares for the purpose of basic (loss) profit per share for current and prior reporting periods has been adjusted to reflect the effect of rights issue, details as set out in Note 9.

There were no potential ordinary shares in issue for the years ended 31 December 2024 and 2023. Accordingly, the diluted (loss) profit per share presented is the same as the basic profit per share.

7. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables (<i>Note a</i>)	114,887	104,050
Other receivables, deposits and prepayments (<i>Note b</i>)	22,378	16,478
	<hr/>	<hr/>
Total trade and other receivables	137,265	120,528
Less: allowance for expected credit losses	(970)	(2,230)
	<hr/>	<hr/>
Net trade and other receivables	136,295	118,298
	<hr/> <hr/>	<hr/> <hr/>

Notes:

(a) Trade receivables

The Group allows credit period ranging from 30 days to 90 days which are agreed with each of its trade customers.

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of each reporting period:

	2024 HK\$'000	2023 HK\$'000
1–30 days	55,753	61,700
31–60 days	38,623	31,127
61–90 days	11,947	7,086
91–180 days	7,593	3,723
181–365 days	22	–
Over 365 days	949	414
	<hr/>	<hr/>
	114,887	104,050
	<hr/> <hr/>	<hr/> <hr/>

(b) Other receivables, deposits and prepayments

	2024 HK\$'000	2023 HK\$'000
Prepayments	4,629	663
Deposits	35	1,478
Other receivables	17,714	14,337
	<hr/>	<hr/>
	22,378	16,478
	<hr/> <hr/>	<hr/> <hr/>

8. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables (<i>Note (a)</i>)	87,952	114,666
Other payables and accruals (<i>Note (b)</i>)	3,721	7,858
	<u> </u>	<u> </u>
Total trade and other payables	<u>91,673</u>	<u>122,524</u>

Notes:

(a) Trade payables

The credit period on trade payables ranged from 30 days to 60 days.

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

	2024 HK\$'000	2023 HK\$'000
1–30 days	46,819	76,767
31–60 days	19,575	33,418
61–90 days	565	4,476
91–120 days	907	–
121–365 days	20,081	–
Over 365 days	5	5
	<u> </u>	<u> </u>
	<u>87,952</u>	<u>114,666</u>

(b) Other payables and accruals

	2024 HK\$'000	2023 HK\$'000
Accrued expenses	2,470	3,181
Other payables	210	3,073
Temporary receipt	155	803
PRC tax payables	886	801
	<u> </u>	<u> </u>
	<u>3,721</u>	<u>7,858</u>

9. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company during the year are as follows:

	No. of ordinary shares '000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u><u>2,000,000</u></u>	<u><u>20,000</u></u>
Issued and fully paid:		
As at 1 January 2023	652,770	6,528
Issue of new shares upon rights issue (<i>Note a</i>)	<u>316,312</u>	<u>3,163</u>
As at 31 December 2023 and 1 January 2024	969,082	9,691
Issue of new shares upon rights issue (<i>Note b</i>)	<u>484,541</u>	<u>4,845</u>
As at 31 December 2024	<u><u>1,453,623</u></u>	<u><u>14,536</u></u>

Notes:

- (a) On 8 June 2023, the Company announced a proposed rights issue on the basis of one (1) right share for every one (1) existing share in issue at a subscription price of HK\$0.12 per rights share. On 30 August 2023, the Company allotted and issued 316,312,000 ordinary shares of HK\$0.12 each by way of rights issue and the number of issued share capital of the Company increased to 969,082,000. The net proceeds from the rights issue were approximately HK\$36,743,000.
- (b) On 8 October 2024, the Company announced a proposed rights issue on the basis of one (1) right share for every two (2) existing shares in issue at a subscription price of HK\$0.05 per rights share. On 18 November 2024, the Company allotted and issued 484,541,000 ordinary shares of HK\$0.05 each by way of rights issue and the number of issued share capital of the Company increased to 1,453,623,000. The net proceeds from the rights issue were approximately HK\$23,430,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 14 May 2025 to 20 May 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attending and voting at the annual general meeting (“AGM”), all transfers accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrars in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 13 May 2025. The record date for the attending and voting at the AGM is 20 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is primarily engaged in the sale of electronic components (mainly integrated circuit (“IC”) and panels) for consumer electronic products such as mobile internet devices (“MID”), smart home audio, network communication system and multi-media player (car infotainment system), modules, together with the provision of IDH services to original brand manufacturers and original design manufacturers.

Revenue for the whole year of 2024 has declined as compared to last year. This decline is primarily attributable to the intensified pricing pressures in China consumer electronic market which led to a decrease in Group’s revenue and gross profit.

The loss incurred during the year was primarily due to the decline in revenue mentioned above. Additionally, the Group incurred higher finance costs due to an increase in bank borrowings, further impacting its overall financial performance.

MID

The MID segment saw growth, driven by the integration of both of driver IC and AI chips, which generated the largest revenue for the Group. This growth was further fueled by the rising demand for AI-powered tablet solutions, driven by advancements in artificial intelligence and enhanced user experiences. However, the sales of traditional tablet panels declined due to the Company’s strategy in navigating shifting market dynamics. This cautious approach allowed the Group to focus on emerging opportunities in AI technology, while adjusting to the challenges posed by the evolving market landscape. The shift highlights the growing importance of AI in the tablet industry.

Smart home audio

The growing demand for smart home audio products is being driven by smart home integration and enhanced audio quality. Consumers are increasingly seeking systems that seamlessly connect with other smart devices, offering greater convenience and control. Additionally, there's a strong push for high-quality sound, with features like high-resolution audio, Dolby Atmos, and multi-room capabilities. This combination of advanced sound quality, integration, and convenience is creating a compelling, interconnected experience. As a result, the smart home audio segment continues to see significant growth, as consumers seek premium audio solutions that enhance their smart home environments.

Car Infotainment System

The rise of electric vehicles (“EVs”) and the continuous decline in vehicle prices have led to an increasing number of EVs being equipped with advanced, integrated infotainment systems directly from the manufacturer. This reduces the need for after-market infotainment upgrades or replacements, resulting in a decline in the Group's business.

Network Communication System

With the growing market demand for Smart Home (IoT) devices, the Company's wireless network (Wi-Fi) and Bluetooth solutions have experienced impressive growth in the household appliances sector. This growth is primarily driven by the increasing adoption of smart devices in homes, as consumers seek greater convenience, energy efficiency, and enhanced connectivity. Additionally, the Chinese government's subsidies in 2024 are expected to further stimulate demand in the electronic consumer market.

OUTLOOK

Despite an uncertain macroeconomic outlook and weak consumer demand in early 2025, the Group's sales are expected to remain stable, driven by a diversified customer base. To enhance financial resilience, the Group continues to improve operational efficiency and enforce strict cost controls, supporting better financial performance in 2025.

The Group is addressing product obsolescence by phasing out outdated products and introducing innovative alternatives. It aims to expand its offerings in automotive electronics, AAA computer games, robotics, and next-generation mobile internet devices.

We are currently in the process of developing products including:

1. The Group is sourcing locally to mitigate tariff impacts, ensure supply chain stability, and reduce costs. Focus areas include Mobile Internet Devices, smart home audio, car infotainment, and network communication systems. Partnering with domestic ODM and OEM manufacturers enhances efficiency and compliance with evolving trade policies.
2. AI chips will integrate with current suppliers and customers, utilizing existing resources to drive business growth, improve efficiency, and strengthen market presence. Through strategic partnerships and optimized operations, the Group aims to enhance product innovation, expand market reach, and maintain a competitive edge in the evolving AI technology landscape.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group achieved revenue of HK\$960,488,000, decreased by 20.1% from HK\$1,202,816,000 as recorded in 2023.

Gross Profit

For the year ended 31 December 2024, gross profit was HK\$26,177,000, decreased by 40.8% from HK\$44,198,000 as recorded last year. Gross profit margin was 2.7%, decreased from 3.7% as recorded in 2023.

Distribution Costs and Administrative Expenses

For the year ended 31 December 2024, the Group's operating costs were HK\$23,236,000 (2023: HK\$34,395,000), representing a decrease by 32.4%, compared to the corresponding period in 2023.

Loss Attributable to Owners of the Company

The loss attributable to owners of Company for the year ended 31 December 2024 was HK\$3,186,000, decreased by 180.8%, compared to the profit attributable to owners of the Company of HK\$3,942,000 as recorded in 2023.

Liquidity and Financial Resources

The Group's principal sources of funds are cash generated from operations and bank borrowings. As at 31 December 2024, the Group's current ratio was 135.2% (31 December 2023: 127.7%). As of 31 December 2024, the Group had bank balances and cash of HK\$33,955,000 (31 December 2023: HK\$47,191,000) and bank borrowings of HK\$151,164,000 (31 December 2023: HK\$117,518,000). As of 31 December 2024, the Group's net gearing ratio was 133.8% (31 December 2023: 101.5%), which is calculated based on the Group's net debt (calculated as total bank borrowing minus bank balances and cash) of approximately HK\$117,209,000 (31 December 2023: HK\$70,327,000) and Group's total equity of approximately HK\$87,613,000 (31 December 2023: HK\$69,282,000).

The Group recorded debtors turnover of approximately 42 days for the year under review (2023: 33 days) based on the amount of the average of beginning and ending debtors divided by revenue for the respective year, multiplied by 365 days.

The Group recorded inventory turnover and payable turnover of 42 days and 40 days respectively for the year under review (2023: approximately 39 days and 39 days respectively) based on the amount of the average of beginning and ending inventory and creditors as at 31 December 2024, divided by cost of sales for the respective year and multiplied by 365 days.

Foreign Exchange Risk Management

The Group derives its turnover, make purchases and incurs expenses denominated mainly in Renminbi, US\$ and HK\$. Currently, the Group has not entered into agreements or purchases instruments to hedge the Group's exchange rate risks. The management considers that the foreign exchange risk with respect to US\$ and Renminbi are not significant as HK\$ is pegged to US\$ and transactions denominated in US\$ and Renminbi are mainly carried out by entities with the same functional currency. The exchange rate of Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

Employee and Remuneration Policy

As at 31 December 2024, the Group employed approximately 60 employees in the Greater China region. We ensure that their remuneration packages are comprehensive and competitive. Employees are remunerated with a fixed monthly income plus discretionary annual performance related bonuses.

Other than medical insurance and mandatory provident fund schemes, we also offer share options to our key employees as a long-term incentive who are identified as essential to our Group's operations and future development.

USE OF PROCEEDS FROM THE LISTING AND UPDATE ON EXPECTED TIMELINE FOR USE OF PROCEEDS

On 7 January 2016, the Company has offered 150,000,000 shares for subscription by way of placing and raised net proceeds of approximately HK\$30 million (“**IPO Net Proceeds**”).

The change of use of IPO Net Proceeds was approved by the Board of Directors of the Company on 15 March 2018 and further change in use of IPO Net Proceeds was approved by the Board of Directors of the Company on 28 December 2021.

For the reason set out in the paragraph headed “Reasons for Extending the Expected Timeline for Use of Proceeds” below, the Board has resolved to extend the expected timeline of the use of the IPO Net Proceeds from “2021-2024” to “2025-2027”.

The followings table sets a summary of the utilization of the IPO Net Proceeds and the updated expected timeline of the use of the IPO Net Proceeds.

Uses	Original allocation as stated in the Prospectus (HK\$ million)	Revised allocation as disclosed in 2017 Annual Report (HK\$ million)	Further revised allocation of unutilised IPO Net Proceeds as at 31 December 2022 (HK\$ million)	Actual use of IPO Net Proceeds as at 31 December 2024 (HK\$ million)	Unutilised as at 31 December 2024 (HK\$ million)	Expected timeline of full utilisation of the balance
Upgrading the Group’s Enterprise Resource Planning (“ERP”) system	4.6	4.6	–	0.6	4.0	By end of 2027
Expanding the Group’s Electronic Learning Aid (ELA) business by engaging in:						
–Research and development staff expenses	2.5	2.5	–	2.5	–	N/A
–Equipment purchases	8.7	8.7	(7.5)	1.2	–	N/A
	11.2	11.2	(7.5)	3.7	–	
Expanding the Group’s product range by engaging in:						
–Car infotainment	2.8	2.8	–	2.8	–	N/A
–Drones Wi-Fi Transmission	2.8	2.8	–	2.8	–	N/A
–Artificial Intelligence and Internet-of-Things	–	5.6	–	5.6	–	N/A
–Development of Metaverse hardware	–	–	7.5	2.9	4.6	By end of 2027
–Others	5.6	–	–	–	–	N/A
	11.2	11.2	7.5	14.1	4.6	
General working capital	3.0	3.0	–	3.0	–	
Total	30.0	30.0	–	21.4	8.6	

Reasons for Extending the Expected Timeline for Use of Proceeds

The Group has carefully considered the utilization of the IPO Net Proceeds. Due to economic uncertainty and market volatility, a more cautious spending approach is necessary. Specifically, the Group has decided to adopt a deliberate and measured process for ERP system selection to mitigate risks. This careful evaluation ensures alignment with the Group's long-term business objectives, operational efficiency, and future scalability.

Additionally, regarding the development of Metaverse hardware, the Group has chosen to adopt a phased approach to hardware investments. This strategy mitigates implementation risks and ensures a smooth rollout. The staged deployment allows for continuous assessment and adjustment to align with evolving business needs and technological advancements.

The Board considers that extending the expected timeline for the full utilization of the IPO Net Proceeds will not have any material adverse impact on the existing business operations of the Group. The Group remains committed to utilizing the IPO Net Proceeds in a manner that maximizes long-term value and operational efficiency. Progress will be monitored closely, and the Group will provide regular updates as key milestones are achieved.

The Board will continuously review the plan for the use of unutilized IPO Net Proceeds and may revise or amend the plan as necessary to adapt to changing market conditions and enhance the Group's performance. Should there be any further changes in the use of the IPO Net Proceeds, the Company will make further announcements as and when appropriate.

USE OF PROCEEDS FROM RIGHTS ISSUE IN 2023

On 8 June 2023, the Board proposed to implement a rights issue on the basis of one (1) right share for every one (1) existing share held on the record date on a non-underwritten basis (the “**2023 Rights Issue**”). On 31 August 2023, an aggregate of 316,312,074 rights shares has been issued pursuant to the rights issue prospectus of the Company dated 7 August 2023 and the results of rights issue announcement of the Company dated 30 August 2023 (the “**2023 Announcement**”). The estimated net proceeds from the 2023 Rights Issue (after deducting all necessary costs and expenses) were approximately HK\$36.7 million. As of 31 December 2024, approximately HK\$36.7 million had been utilised as follows:

Uses	Planned use of the proceeds as stated in the 2023 Announcement (HK\$ million)	Actual use of proceeds as at 31 December 2023 (HK\$ million)	Actual use of proceeds as at 31 December 2024 (HK\$ million)	Unutilised net proceeds up to 31 December 2024 (HK\$ million)
Repayment of outstanding bank borrowings	25.8	25.8	–	–
Development of new applications for MCU and electronic paper	7.3	2.6	4.7	–
General working capital	3.6	3.6	–	–
Total	<u>36.7</u>	<u>32.0</u>	<u>4.7</u>	<u>–</u>

USE OF PROCEEDS FROM RIGHTS ISSUE IN 2024

On 8 October 2024, the Board proposed to implement a rights issue on the basis of one (1) right share for every two (2) existing share held on the record date on a non-underwritten basis (the “**2024 Rights Issue**”). On 18 November 2024, an aggregate of 484,541,037 rights shares has been issued pursuant to the rights issue prospectus of the Company dated 25 October 2024 and the results of rights issue announcement of the Company dated 15 November 2024 (the “**2024 Announcement**”). The estimated net proceeds from the 2024 Rights Issue (after deducting all necessary costs and expenses) were approximately HK\$23.4 million. As of 31 December 2024, approximately HK\$23.4 million had been utilised as follows:

Uses	Planned use of the proceeds as stated in the 2024 Announcement (HK\$ million)	Actual use of proceeds as at 31 December 2024 (HK\$ million)	Unutilised net proceeds up to 31 December 2024 (HK\$ million)
Development of IC, panel solutions, MCU and high performance IC –Artificial Intelligence mobile internet devices, new energy vehicles, gaming PC and consoles	11.7	11.7	–
Repayment of outstanding bank borrowings	9.4	9.4	–
General working capital	2.3	2.3	–
Total	<u>23.4</u>	<u>23.4</u>	<u>–</u>

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

During the year ended 31 December 2024, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board established the audit committee on 23 December 2015 with written terms of reference which are of no less exacting terms than those set out in the Corporate Governance Code as contained in Appendix C1 to the GEM Listing Rules (the “**CG Code**”).

The audit committee comprises three independent non-executive Directors, namely Mr. Shea Chun Lok, Quadrant, Mr. Fung Cheuk Nang, Clement and Mr. Lau Sun Tao, Gary. Mr. Shea Chun Lok, Quadrant is the chairman of the audit committee.

The Audit Committee of the Company has reviewed with management the accounting principles and policies adopted by the Group, internal control, risk management and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Group has complied with the applicable code provisions in the CG Code for the year ended 31 December 2024, except for the following deviations:

Under the code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual litigation against the Directors is very low. The Company will consider to make such an arrangement as and when it thinks necessary.

RELATIONSHIP BETWEEN BOARD MEMBERS

Dr. Yim Yuk Lun, Stanley *SBS BBS JP* (“**Dr. Yim**”) (an executive Director and a substantial shareholder of the Company) is the father of Mr. Yim Tsz Kit, Jacky (a non-executive Director and Chairman of the Company), Ms. Yim Kei Man, Carmen (a non-executive Director of the Company) and Mr. Yim Tsz Yu, Jeffrey (an executive Director of the Company).

Mr. Shea Chun Lok, Quadrant (“**Mr. Shea**”) was the executive director, chief financial officer and company secretary of Asia Allied Infrastructure Holdings Limited (“**Asia Allied**”) during the year until he resigned on 31 December 2024. He is also an independent non-executive Director of the Company (the “**INED**”). Dr. Yim is an executive Director of the Company and a non-executive director of Asia Allied. Taking into consideration their roles in the business activities of, and the relationship between the two companies, the Company considers that such cross-directorship relationship would not affect Mr. Shea in performing his duties as the INED.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct (the “**Code of Conduct**”) regarding securities transactions by the Directors. All Directors, after specific enquiries by the Company, confirmed to the Company their compliance with the Code of Conduct throughout the year under review.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.vvtholdings.com) and the Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The 2024 annual report will be dispatched to the shareholders of the Company and published on the above websites in due course.

SCOPE OF WORK OF JFY 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 preliminary announcement have been agreed by the Group’s auditor, JFY CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by JFY CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by JFY CPA Limited on this preliminary announcement.

EVENT AFTER THE REPORTING PERIOD

Proposed Share Consolidation

On 14 March 2025, the Board proposed to implement the share consolidation on the basis that every ten (10) issued and unissued existing shares with par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share with par value of HK\$0.1 each.

As at 14 March 2025, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 existing shares with par value of HK\$0.01 each, of which 1,453,623,111 existing shares have been issued and are fully paid or credited as fully paid. Assuming no further existing shares will be issued, allotted or repurchased from 14 March 2025 to the date of the AGM, upon the share consolidation becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 200,000,000 consolidated shares with par value of HK\$0.1 each, of which 145,362,311 consolidated shares (which are fully paid or credited as fully paid) will be in issue.

Proposed Change in Board Lot Size

As at 14 March 2025, the existing shares are traded on the Stock Exchange in the board lots of 10,000 existing shares. It was proposed that, subject to and conditional upon the share consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 10,000 existing shares to 5,000 consolidated shares.

General

The share consolidation will be considered and, if thought fit, approved at the AGM. A circular containing, among other things, further details of the share consolidation, the change in board lot size and the notice convening the AGM is expected to be despatched to the shareholders on or before Thursday, 24 April 2025.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and other business partners for their long-term supports and dedication.

By order of the Board
V & V Technology Holdings Limited
Mr. Yim Tsz Kit, Jacky
Chairman

Hong Kong, 20 March 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Yim Yuk Lun, Stanley SBS BBS JP, Mr. Yim Tsz Yu, Jeffrey and Mr. Chan Ka Ho respectively; three non-executive Directors, namely Mr. Yim Tsz Kit, Jacky, Ms. Yim Kei Man, Carmen and Mr. Wong Wai Tai respectively and three independent non-executive Directors, namely Mr. Shea Chun Lok, Quadrant, Mr. Fung Cheuk Nang, Clement and Mr. Lau Sun Tao, Gary respectively.

*This announcement, for which the directors (the “**Directors**”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.vvtholdings.com.