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## **VERTICAL INTERNATIONAL HOLDINGS LIMITED**

### **弘浩國際控股有限公司**

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

**(Stock code: 8375)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

### **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 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 Vertical International 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

- The Group's revenue amounted to approximately HK\$81.5 million for the year ended 31 December 2024, representing a decrease of approximately HK\$2.8 million or 3.2% as compared to approximately HK\$84.3 million for the year ended 31 December 2023.
- The Group's gross profit margin increased from approximately 7.3% for the year ended 31 December 2023 to approximately 7.5% for the year ended 31 December 2024.
- Loss for the year ended 31 December 2024 amounted to approximately HK\$5.5 million, representing a decrease of loss of approximately HK\$6.7 million as compared to the loss for the year ended 31 December 2023 of approximately HK\$12.2 million.
- The Group recorded basic loss per share for the year ended 31 December 2024 of approximately 1.90 HK cents as compared with basic loss per share of approximately 4.23 HK cents for the year ended 31 December 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (dividend for the year ended 31 December 2023: HK\$Nil).

The board of the Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative audited figures for the corresponding period in 2023 as follows:

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

*For the year ended 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>81,546</b>	84,262
Cost of sales		<u>(75,407)</u>	<u>(78,139)</u>
<b>Gross profit</b>		<b>6,139</b>	6,123
Other income		<b>2,388</b>	502
Other gains and losses		<b>3,550</b>	(2,005)
Selling and distribution costs		<b>(3,054)</b>	(2,753)
Administrative expenses		<b>(13,462)</b>	(13,073)
Finance costs		<u><b>(568)</b></u>	<u>(644)</u>
<b>Loss before taxation</b>		<b>(5,007)</b>	(11,850)
Income tax expense	4	<u><b>(473)</b></u>	<u>(338)</u>
<b>Loss for the year</b>		<u><b>(5,480)</b></u>	<u>(12,188)</u>
<b>Other comprehensive expense for the year</b>			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations, net of nil tax		<u><b>(1,472)</b></u>	<u>(2,236)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(6,952)</b></u>	<u>(14,424)</u>
<b>Loss per share</b>			
	6	<i>HK cents</i>	<i>HK cents</i>
<b>Basic and diluted</b>		<u><b>(1.90)</b></u>	<u>(4.23)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		28,218	39,082
Right-of-use assets		813	1,338
		<u>29,031</u>	<u>40,420</u>
<b>Current assets</b>			
Inventories		8,946	7,642
Trade and bills receivables	7	27,956	27,385
Bills receivables at fair value through other comprehensive income	8	863	1,975
Financial assets at fair value through profit or loss		5,347	4,883
Deposits, prepayments and other receivables		4,987	1,705
Bank balances and cash		19,488	23,591
		<u>67,587</u>	<u>67,181</u>
<b>Current liabilities</b>			
Trade payables	9	16,282	18,127
Other payables and accruals		3,800	4,189
Tax payable		29	36
Lease liabilities		585	1,485
Borrowings		5,893	7,146
		<u>26,589</u>	<u>30,983</u>
<b>Net current assets</b>		<u>40,998</u>	<u>36,198</u>
<b>Total assets less current liabilities</b>		<u>70,029</u>	<u>76,618</u>
<b>Non-current liability</b>			
Lease liabilities		363	—
<b>NET ASSETS</b>		<u>69,666</u>	<u>76,618</u>
<b>Capital and reserves</b>			
Share capital		14,400	14,400
Reserves		55,266	62,218
<b>TOTAL EQUITY</b>		<u>69,666</u>	<u>76,618</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 COMPANY INFORMATION

Vertical International Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company has its registered office and principal place of business at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 2212, 22/F, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Hong Kong respectively.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components.

Prior to 5 December 2024, the immediate and ultimate holding company of the Company is Vertical Technology Investment Limited, a company incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling party is Mr. Boon Ho Yin Henry, who is also the chairman and chief executive officers of the Company. Since 5 December 2024, the immediate and ultimate holding company of the Company have been changed to Super Date Co., Ltd, a company incorporated in the BVI. Its ultimate controlling party is Mr. Guo Fan.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to nearest thousands of Hong Kong dollars (“**HK\$’000**”) except when otherwise indicated.

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

### (a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as 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 and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

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

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

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

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

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

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

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

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

***HKFRS 18 “Presentation and Disclosure in Financial Statements”***

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

### 3 REVENUE AND SEGMENT INFORMATION

#### **Performance obligation for contracts with customers and revenue recognition policies**

Revenue is derived from the sales of manufactured aluminum electrolytic capacitors and trading of electronic components. The Group satisfied its performance obligation when the control of the manufactured goods or trading goods has been transferred, being when they are delivered to the customers' specific location. The customers have neither rights to return nor rights to defer or avoid payment for goods once they are accepted by the customers. Revenue from contracts with customers is recognised at a point in time and is consistent with the segment revenue information that is disclosed for each reportable segment under HKFRS 8 "Operating Segments".

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. Specifically, the Group's reportable segments under HKFRS 8 are as follows:

#### **(i) *Sales of manufactured aluminum electrolytic capacitors***

Sales of manufactured aluminum electrolytic capacitors represents the manufacturing and selling of chip type and radial lead type aluminum electrolytic capacitors in the People's Republic of China (the "PRC").

#### **(ii) *Trading of electronic components***

Trading of electronic components represents trading of a wider range of lighting products and electronic components including integrated circuits and semi-conductors such as diodes and transistors in Hong Kong and the PRC.

During the years ended 31 December 2024 and 2023, all performance obligations for contracts of sales of manufactured aluminum electrolytic capacitors and trading of electronic components are expected to fulfil in a period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at 31 December 2024 and 2023 is not disclosed.

## Segment results

Segment results represents the profit earned by each segment without allocation of unallocated expenses (including administrative expenses and selling and distribution costs), other income, other gains and losses, finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### For the year ended 31 December 2024

	Sales of manufactured aluminum electrolytic capacitors <i>HK\$'000</i>	Trading of electronic components <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue under HKFRS 15</b>			
External sales	<u>68,691</u>	<u>12,855</u>	<u>81,546</u>
<b>Results</b>			
Segment profit	<u>5,717</u>	<u>422</u>	6,139
Unallocated expenses			(16,516)
Other income			2,388
Other gains and losses			3,550
Finance costs			<u>(568)</u>
Loss before taxation			<u>(5,007)</u>

### For the year ended 31 December 2023

	Sales of manufactured aluminum electrolytic capacitors <i>HK\$'000</i>	Trading of electronic components <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue under HKFRS 15</b>			
External sales	<u>73,615</u>	<u>10,647</u>	<u>84,262</u>
<b>Results</b>			
Segment profit	<u>5,738</u>	<u>385</u>	6,123
Unallocated expenses			(15,826)
Other income			502
Other gains and losses			(2,005)
Finance costs			<u>(644)</u>
Loss before taxation			<u>(11,850)</u>

There were no inter-segment sales in both years.



## Geographical information

The following table provides an analysis of the Group's revenue from external customers by the location of customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PRC	68,858	71,717
Japan	12,164	9,653
Hong Kong	491	2,807
Macau	33	85
	<u>81,546</u>	<u>84,262</u>

The following is an analysis of the carrying amounts of the Group's non-current assets (i.e. property, plant and equipment and right-of-use assets), analysed by the geographical area in which the assets are located:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	4,720	5,639
PRC	24,311	34,781
	<u>29,031</u>	<u>40,420</u>

## Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A ( <i>note 1</i> )	12,164	9,653
Customer B ( <i>note 2</i> )	9,445	11,985
Customer C ( <i>note 2</i> )	N/A <sup>#</sup>	11,861

<sup>#</sup> The corresponding revenue did not contribute 10% or more of the total revenue.

*Note 1:* Revenue from trading of electronic components.

*Note 2:* Revenue from sales of manufactured aluminum electrolytic capacitors.

#### 4 INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PRC Enterprise Income Tax		
– Current tax	–	67
– Over-provision in respect of prior years, net	–	(163)
– PRC withholding tax	<u>473</u>	<u>434</u>
	<u><b>473</b></u>	<u><b>338</b></u>

No provision for taxation in Hong Kong has been made for the year (2023: HK\$Nil) as the Company and its subsidiaries incorporated in Hong Kong have no assessable profits for the year.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary in the PRC, 東莞首科電子科技有限公司, has been granted tax incentives as a High and New Technology Enterprise and is entitled to a preferential tax rate of 15% since 2016.

The Group is subjected to PRC withholding tax of 5% on dividend income from PRC subsidiaries.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before taxation	<u><b>(5,007)</b></u>	<u><b>(11,850)</b></u>
Tax at the applicable tax rate of 15% (2023: 15%)	<b>(751)</b>	(1,777)
Tax effect of expenses not deductible for tax purpose	<b>319</b>	574
Tax effect of income not taxable for tax purpose	<b>(1,127)</b>	(622)
Tax effect of temporary differences not recognised	<b>(148)</b>	(315)
Tax effect of tax losses not recognised	<b>1,648</b>	2,301
Tax effect of utilisation of tax losses previously not recognised	–	(21)
Effect of different tax rates of subsidiaries operating in other jurisdiction	<b>59</b>	167
Tax concession	–	(240)
Over-provision in respect of prior years, net	–	(163)
PRC withholding tax	<u><b>473</b></u>	<u>434</u>
Actual tax expense	<u><b>473</b></u>	<u><b>338</b></u>

## 5 DIVIDENDS

During the year ended 31 December 2024, no dividend has been proposed and paid to the shareholders of the Company.

In addition, special dividend for the nine months ended 30 September 2022 of 3.50 HK cents per ordinary shares was approved by the shareholders in the extraordinary general meeting on 5 January 2023 and paid out at 9 February 2023 amounted to approximately HK\$10,080,000.

## 6 LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2024 HK\$'000	2023 HK\$'000
<b>Loss:</b>		
Loss for the purpose of calculating basic loss per share (loss for the year)	<u>(5,480)</u>	<u>(12,188)</u>
	2024 Number of shares '000	2023 Number of shares '000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>288,000</u>	<u>288,000</u>

The diluted loss per share is the same as the basic loss per share for both 2024 and 2023 as there were no potential ordinary shares in issue for both 2024 and 2023.

## 7 TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	28,123	26,389
Less: Allowance for credit losses	<u>(167)</u>	<u>(287)</u>
	27,956	26,102
Bills receivables	<u>—</u>	<u>1,283</u>
	<u><u>27,956</u></u>	<u><u>27,385</u></u>

The credit period allowed by the Group to its customers was up to 30 – 120 days (2023: 30 – 120 days) from the date of issuing invoices. The following is an aged analysis of trade and bills receivables based on the dates of delivery of goods which is also the revenue recognition point, net of allowance for credit losses at the end of each reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	6,022	9,315
31 to 60 days	9,525	9,484
61 to 90 days	4,469	3,148
91 to 180 days	3,584	2,362
181 days to 1 year	4,304	3,076
Over 1 year	<u>52</u>	<u>—</u>
	<u><u>27,956</u></u>	<u><u>27,385</u></u>

The Group's trade and bills receivables that are denominated in currencies other than the functional currencies of relevant group entities are set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Denominated in Hong Kong Dollars (“HK\$”)	628	1,404
Denominated in United States Dollars (“US\$”)	<u><u>3,192</u></u>	<u><u>2,300</u></u>

## 8 BILLS RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The following is an ageing analysis of bills receivables at fair value through other comprehensive income presented based on the delivery dates at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	10	—
31 to 60 days	—	1,256
61 to 90 days	318	—
91 to 180 days	535	719
	<u>863</u>	<u>1,975</u>

## 9 TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>16,282</u>	<u>18,127</u>

The credit period of trade payables granted by suppliers ranged from 0 to 90 days (2023: 0 to 90 days) upon the issue of invoices.

The following is an aged analysis of trade payables based on the invoice dates.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	8,444	8,483
31 to 60 days	3,266	4,709
61 to 90 days	2,226	2,948
91 to 180 days	2,340	1,893
181 days to 1 year	4	—
Over 1 year	2	94
	<u>16,282</u>	<u>18,127</u>

The Group's trade payables that are denominated in currency other than the functional currencies of relevant group entities are set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Denominated in United States Dollars ("US\$")	<u>3,304</u>	<u>2,066</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group continued to focus on its key markets including manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components, including semiconductor devices and passive components.

The flat demand on traditional electronic components weakened both local and global consumption market and posed a negative impact on the sales of the Group. The revenue of the Group for the year ended 31 December 2024 decreased by approximately 3.2% to approximately HK\$81.5 million from approximately HK\$84.3 million for the year ended 31 December 2023 as the Group adopted a more aggressive pricing approach in order to maintain the market share. Revenue from sales of the Group's self-manufactured aluminum electrolytic capacitors decreased to approximately HK\$68.7 million for the year ended 31 December 2024 from approximately HK\$73.6 million for the year ended 31 December 2023.

The gross profit margin of the Group increased to approximately 7.5% for the year ended 31 December 2024 from approximately 7.3% for the year ended 31 December 2023 as the management has implemented multiple cost saving initiatives to reduce the production costs. The Group will continue to carefully and extensively review the current situation in relation to costs and resources deployment, and will continue to tighten its control over the operating costs.

### **PROSPECTS**

We expect the cost of operating will continue to maintain at a high level which will become more challenging for us. The Group will remain conservative towards the overall business environment for the coming periods and to take steps to respond to the environment, including diversifying the procurement routes and/or to relocate the manufacturing activities to another low-cost city or province to reduce costs. Moving forward, the Group will continue to take steps to strengthen the production and sales capabilities in the markets and will take advantage of stepping up development of highly competitive products.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue was approximately HK\$81.5 million for the year ended 31 December 2024 and approximately HK\$84.3 million for the corresponding period in 2023, representing a decrease of approximately HK\$2.8 million or 3.2%. The main reason for the decrease was attributable to flat demand on traditional electronic components and excess supply caused fierce price competition. The Group adopted a more aggressive pricing approach to maintain market share.

The revenue for the sales of manufactured aluminum electrolytic capacitors decreased by approximately HK\$4.9 million, from approximately HK\$73.6 million for the year ended 31 December 2023 to approximately HK\$68.7 million for the year ended 31 December 2024. The revenue derived from trading of electronic components increased to approximately HK\$12.9 million for the year ended 31 December 2024 from approximately HK\$10.6 million for the year ended 31 December 2023.

### **Cost of sales**

The Group's cost of sales primarily consists of cost of goods sold and other direct costs. The cost of sales decreased to approximately HK\$75.4 million for the year ended 31 December 2024 from approximately HK\$78.1 million for the year ended 31 December 2023, representing a decrease of approximately 3.5%. The Group's cost of sales decreased along with the decline in revenue for the year ended 31 December 2024.

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

The Group's gross profit remained steady at approximately HK\$6.1 million for the year ended 31 December 2024 and 2023. The Group's gross profit margin increased from approximately 7.3% for the year ended 31 December 2023 to approximately 7.5% for the year ended 31 December 2024. Such increase was mainly due to the management has implemented multiple cost saving initiative to reduce the production costs.

### **Other income**

The Group's other income increased to approximately HK\$2.4 million for the year ended 31 December 2024 from approximately HK\$0.5 million for the year ended 31 December 2023, mainly due to the increase in income from handling charges.

### **Other gains and losses**

The net amount increased from approximately loss of HK\$2.0 million for the year ended 31 December 2023 to approximately gain of HK\$3.6 million for the year ended 31 December 2024. It mainly represented effect from the fair value gain on the equity investments at fair value through profit or loss of approximately HK\$5.9 million, and impairment of property, plant and equipment and right-of-use assets of approximately HK\$3.2 million and HK\$0.1 million respectively for the year ended 31 December 2024.

## **Selling and distribution costs**

The Group's selling and distribution expenses increased to approximately HK\$3.1 million for the year ended 31 December 2024 from approximately HK\$2.8 million for the year ended 31 December 2023, representing an increase of approximately HK\$0.3 million. The increase was mainly due to increase in customer service expenses.

## **Administrative expenses**

Administrative expenses primarily consist of employee benefit expenses, office supplies, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous, general and administrative expenses. Administrative expenses increased to approximately HK\$13.5 million for the year ended 31 December 2024 from approximately HK\$13.1 million for the year ended 31 December 2023, representing an increase of approximately HK\$0.4 million. Such increase was mainly due to increase in depreciation expenses and professional fee but net-off by decrease in certain employee benefit expenses and office supplies.

## **Income tax expenses**

For the year ended 31 December 2024, the Group recorded income tax expenses of approximately HK\$0.5 million as compared to income tax expenses of approximately HK\$0.3 million for the year ended 31 December 2023.

## **Loss for the year**

The Group recorded a loss for the year of approximately HK\$5.5 million for the year ended 31 December 2024, as compared with the loss for the year ended 31 December 2023 of approximately HK\$12.2 million. Such decrease in loss was mainly due to increase in other income of approximately HK\$1.9 million for the year ended 31 December 2024 as compared to the corresponding year in 2023 and the other gain of approximately HK\$3.6 million recorded for the year ended 31 December 2024 as compared to the other losses of approximately HK\$2.0 million recorded for the year ended 31 December 2023.

## **Basic loss per share**

The Company recorded basic loss per share for the year ended 31 December 2024 of approximately 1.90 HK cents as compared with basic loss per share of approximately 4.23 HK cents for the year ended 31 December 2023.

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

As at 31 December 2024, the Group has total assets of approximately HK\$96.6 million (2023: HK\$107.6 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserve) of approximately HK\$27.0 million (2023: HK\$31.0 million) and approximately HK\$69.7 million (2023: HK\$76.6 million) respectively. The current ratio as at 31 December 2024 of the Group was approximately 2.5 times (2023: approximately 2.2 times).



As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$19.5 million (2023: HK\$23.6 million).

The total interest-bearing borrowings of the Group as at 31 December 2024 was approximately HK\$5.9 million (2023: HK\$7.1 million). The gearing ratio (calculated based on lease liabilities, interest bearing bank borrowings, bank overdrafts and margin financing and divided by total equity) of the Group as of 31 December 2024 was 0.10 times (2023: 0.11 times).

## **DIVIDENDS**

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

## **CAPITAL COMMITMENTS**

As at 31 December 2024, the Group did not have any significant capital commitments (2023: HK\$Nil).

## **MATERIAL ACQUISITIONS OR DISPOSALS**

The Group did not have any material acquisition or disposal during the year ended 31 December 2024.

## **CONTINGENT LIABILITIES**

The Group did not have material contingent liabilities as at 31 December 2023 and 2024.

## **CHARGES ON GROUP'S ASSETS**

As at 31 December 2024, the leasehold land and building with the carrying value of approximately HK\$4.0 million (2023: HK\$4.2 million) is pledged to a bank to secure banking facilities granted to the Group.

## **EMPLOYEE INFORMATION**

As at 31 December 2024, the Group had 126 full-time employees (2023: 124 full-time employees), including the Directors. Total remuneration for the year ended 31 December 2024 was approximately HK\$19.8 million (2023: HK\$18.0 million). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

## FOREIGN EXCHANGE EXPOSURE

The Company is mainly operated in its local jurisdiction with most of the transactions settled in its functional currencies of the operations and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities other than the functional currencies of the relevant entities comprising the Group are as follows.

	Liabilities		Assets	
	As at 31 December		As at 31 December	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HK\$	—	—	634	1,410
US\$	3,304	2,066	12,008	9,320
RMB	—	—	—	46
JPY	—	—	1,238	1,592
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure to mitigate the foreign currency risk.

## SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not hold any significant investments (2023: HK\$Nil).

## CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

Throughout the year ended 31 December 2024, the Company has complied with the code provisions as set out in the CG Code except for the deviation from code provision C.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2024, Mr. Boon Ho Yin Henry was the Chairman and the Chief Executive Officer of the Company and was responsible for the Group's major decision-making, overall strategic planning, determining corporate policies and daily operation and management of the Group. In the view that Mr. Boon is one of the founders of the Group and he has been operating and managing the Group since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Boon taking up both roles for effective management and business development of the Group.

Mr. Mai Junhui has been appointed as both the Chairman and the Chief Executive Officer of the Company in place of Mr. Boon on 27 February 2025 and is closely involve in the daily operations and decision making of the Group. The Board believes that having the roles of Chairman and Chief Executive Officer of the Company held by Mr. Mai is conducive to the execution of the Group's business strategies and the efficiency of its operations. In addition, under the supervision of the Board (comprising two executive Directors and three independent non-executive Directors), the Board has a power structure which provides sufficient checks and balances to safeguard the interests of the Company and its shareholders. Therefore, the Directors consider that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

## **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 has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 December 2024.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules during the year ended 31 December 2024 and up to the date of this announcement.

## **ANNUAL GENERAL MEETING (THE "AGM")**

The forthcoming AGM of the Company will be held on Friday, 16 May 2025 at 11:30 a.m. A notice convening the AGM will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.verticaltech.com.cn](http://www.verticaltech.com.cn)) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

### **For attending and voting at the AGM**

The register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no transfer of shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 May 2025.

## AUDIT COMMITTEE

The Company established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Li Weiwei, Mr. Deng Kaihong and Mr. Wu Yuantao. Ms. Li Weiwei possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and she serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group’s internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 December 2024.

By order of the Board  
**Vertical International Holdings Limited**  
**Mai Junhui**  
*Chairman*

Hong Kong, 28 March 2025

*As at the date of this announcement, the executive Directors are Mr. Mai Junhui and Mr. Zhong Chuangyong; and the independent non-executive Directors are Mr. Deng Kaihong, Mr. Wu Yuantao and Ms. Li Weiwei.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from its date of publication. This announcement will also be published on the website of the Company at [www.verticaltech.com.cn](http://www.verticaltech.com.cn).*