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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)**

### **PROFIT WARNING**

This announcement is made by Vertical International Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Board and the preliminary review of the unaudited consolidated financial results of the Group for the year ended 31 December 2022 (the “**Financial Year 2022**”), the Group is expected to record a significant decrease in revenue by approximately 35% and a net loss not more than HK\$20 million for the Financial Year 2022 as compared to the net profit of approximately HK\$5 million for the year ended 31 December 2021.

The Board considers the significant decrease in revenue and expected loss for the Financial Year 2022 was mainly attributable to the following factors:

- (1) the persistent outbreak of the COVID-19 pandemic has severely weakened both local and global consumption market and posed a negative impact on the sales of the Group. The Group adopted a more aggressive pricing approach in order to maintain the market share and therefore gross profit decreased by approximately HK\$18 million for the Financial Year 2022;
- (2) the border closure and lockdowns has posed an adverse impact on domestic and global supply chains which resulted in higher production costs of the Group;
- (3) the Group recorded a loss on net change in fair value of financial assets at fair value through profit or loss (“**FVTPL**”) of approximately HK\$2 million for the Financial Year 2022 as compared with the gain on net change in fair value of financial assets at FVTPL of approximately HK\$89,000 for the year ended 31 December 2021; and

- (4) the Group recognised an one-off impairment loss or write-off of certain non-current assets of approximately HK\$6 million for the Financial Year 2022, considering that the carrying values of these assets exceeded their estimated recoverable amount as at 31 December 2022.

The Company is in the process of finalizing the annual results of the Group for the Financial Year 2022. The information contained in this announcement represents only a preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the Financial Year 2022 and the information currently available to the Company, which have not been audited or reviewed by the Company's auditor and audit committee of the Company and may therefore be subject to changes. Shareholders and potential investors of the Company should read the Group's annual results announcement for the Financial Year 2022 carefully, which is expected to be published in late March 2023.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Vertical International Holdings Limited**  
**Boon Ho Yin Henry**  
*Chairman*

Hong Kong, 15 March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Boon Ho Yin Henry and Ms. Chow Cheung Chu; and the independent non-executive directors of the Company are Mr. Liu Kwan, Mr. Chik Kin Man Paul and Mr. Wong Wai Leung.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

*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 7 days from the date of its publication and on the website of the Company at [www.verticaltech.com.cn](http://www.verticaltech.com.cn).*