

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the annual report of Vertical International Holdings Limited (the “**Company**”, together with its subsidiaries (collectively, the “**Group**”)) for the year ended 31 December 2019 published on 30 March 2020 (the “**2019 Annual Report**”). Capitalised terms used herein shall have the same meanings as defined in the 2019 Annual Report unless the context requires otherwise.

In addition to the information disclosed under the subheading “Use of Proceeds” in the section “Management Discussion and Analysis” in the 2019 Annual Report, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following additional information regarding the expected timeline for the utilization of unutilized proceeds to the 2019 Annual Report.

USE OF PROCEEDS

The net proceeds from public offering and placing (“**Share Offer**”) amounted to approximately HK\$34.8 million. These proceeds were and will be used in accordance with the business strategies as set out in the Company’s prospectus dated 31 October 2017 (the “**Prospectus**”). The unused proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong. The Company intends to use the unutilized proceeds in the same manner and proportions as described in the Prospectus.

The net proceeds from the Share Offer from 13 November 2017 (the “**Listing Date**”) to 31 December 2019 were used as follows:

Use of proceeds	Planned use of net proceeds (adjusted on a pro rata basis based on the actual net proceeds)	Planned use of net proceeds up to 31 December 2019 (adjusted on a pro rata basis based on the actual net proceeds)	Actual use of net proceeds up to 31 December 2019	Unutilized proceeds as at 31 December 2019	Expected timeline for fully utilizing the unutilized proceeds
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
To increase the production capacity of the Group’s chip type aluminum electrolytic capacitors	21.5	21.5	21.5	—	N/A
To establish the second production plant in Dongguan, Guangdong Province, the PRC	6.6	6.6	2.0	4.6	By 31 December 2021 (<i>Note</i>)
To continue research and development effort	2.5	2.5	2.5	—	N/A
To promote the Group’s branded products	2.3	2.3	2.3	—	N/A
General working capital	<u>1.9</u>	<u>1.9</u>	<u>1.9</u>	<u>—</u>	N/A
	<u>34.8</u>	<u>34.8</u>	<u>30.2</u>	<u>4.6</u>	

Note: As at 31 December 2019, the proceeds of HK\$2.0 million were utilized to pay rental and fitting out expenses for the Group’s second production plant in Dongguan. The unutilized proceeds of HK\$4.6 million as at 31 December 2019 will be used to pay the rental of the second production plant which is expected to be fully utilized by 31 December 2021. The expected timeline for fully utilizing the proceeds have been extended as compared to the initial plan as there was a delay in the rental of the second production plant and the actual rental and renovation costs were lower than anticipated.

The expected timeline for utilization of the unutilized proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement.

The supplemental information provided in this announcement does not affect other information contained in the 2019 Annual Report and, save as disclosed above, the contents of the 2019 Annual Report remain unchanged.

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

Hong Kong, 5 August 2020

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

This announcement, for which the Directors 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 of Hong Kong Limited 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 GEM (www.hkgem.com) 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.