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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)

PROFIT WARNING

This announcement is made by Vital Innovations Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby inform the shareholders and potential investors of the Company that, based on the information currently available to the Board and the preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 December 2019 (the “**2019 Period**”), it is currently expected that the Group may record a net loss of not less than RMB8 million for the 2019 Period, as compared to a net profit of RMB14.5 million for the year ended 31 December 2018 (“**2018 Period**”). Based on information currently available to the Board, the decrease in net profit for the 2019 Period was primarily attributable to (i) a drop in turnover from approximately RMB911 million for the 2018 Period to approximately RMB816 million and a decrease in gross profit from approximately RMB16 million for the 2018 Period to approximately RMB8 million for the 2019 Period due to the relatively less active market and strong price competition; (ii) the absence of an one-off reversal of impairment recognized on trade receivables of approximately RMB5.3 million for the 2018 Period; (iii) a decrease in interest income on bank deposits of approximately RMB10 million for the 2019 Period; and (iv) a decrease in exchange gain of approximately RMB4.4 million for the 2019 Period, together with an offsetting effect due to a decrease of selling and distribution expenses of approximately RMB5.4 million for the 2019 Period.

The Board also wishes to inform the shareholders and potential investors of the Company that, due to the worsening global economic situation induced by the outbreak of COVID-19 coronavirus since early 2020, the global commercial demand is expected to be seriously affected. During the 2019 Period, the Company made prepayment in the amount of RMB376 million for orders of certain equipment, which may be subjected to a provision for impairment loss due to the continual deteriorating business environment leading to a decrease in market demand and delay in delivery of the equipment. Whilst the amount of provision to be made is subject to the results of valuation report from independent valuer and supplementary contracts to be negotiated with the suppliers, it is expected that the provision may further worsen the net loss position of the Group for the 2019 Period.

As at the date of this announcement, the auditing process for the annual results for the 2019 Period has not been completed due to restrictions in force in parts of China to combat the COVID-19 coronavirus outbreak. The information contained in this announcement is only based on preliminary assessments made by the Board with reference to the Group's unaudited consolidated management accounts for the 2019 Period and other information currently available, which has not been reviewed by the Company's auditors and the audit committee of the Company and may be subject to changes.

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
Vital Innovations Holdings Limited
Rong Xiuli
Chairperson

Hong Kong, 20 March 2020

As at the date of this announcement, the executive directors of the Company are Ms. Rong Xiuli, Mr. Rong Shengli, Mr. Yin Xuquan and Mr. Wong Ho Chun; and the independent non-executive directors of the Company are Mr. Hon Kwok Ping Lawrence, Mr. Lam Yiu Kin and Mr. Han Xiaojing.