

The information set out in this Appendix does not form part of the Accountants' Report issued by Baker Tilly Hong Kong Limited, the Company's reporting accountants, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial information of the Group" set out in Appendix I.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group ("Unaudited Pro Forma Financial Information") has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2021.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2021, as extracted from the published interim report of the Group for the six months ended 30 June 2021, and is adjusted for the effect of the Rights Issue as if the Rights Issue had taken place on 30 June 2021.

As it is prepared for illustrative purposes, only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 June 2021 or at any future dates immediately after completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group as at 30 June 2021 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after the completion of the Rights Issue as at 30 June 2021 HK\$'000
Based on 96,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.21 per Right Share	<u>105,211</u>	<u>18,748</u>	<u>123,959</u>
			HK\$
Unaudited consolidated net tangible assets of the Group per Share as at 30 June 2021 before the completion of the Rights Issue (Note 4)			<u>0.55</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share immediately after completion of the Rights Issue (Note 5)			<u>0.43</u>

Notes:

1. The amount of unaudited consolidated net tangible assets of the Group as at 30 June 2021 is based on consolidated net assets the Group of approximately HK\$107,211,000 less intangible assets of approximately HK\$2,000,000 as extracted and derived from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 on which the interim report has been issued on 6 August 2021.
2. The 192,000,000 Shares have been retrospectively adjusted from 960,000,000 existing shares at 30 June 2021, after taking into effect of the Share Consolidation by which every five issued and unissued existing shares has consolidated into one consolidated share of HK\$0.05 each on 12 January 2022.
3. The estimated net proceeds from the Rights Issue of approximately HK\$18,748,000 are based on the issuance of 96,000,000 Rights Shares (based on shares after share consolidation disclosed in Note 2) at HK\$0.21 each, after deducting the estimated related expenses of HK\$1,412,000 to be incurred by the Group.
4. The unaudited consolidated net tangible assets of the Group per Share as at 30 June 2021 is calculated based on the unaudited consolidated net tangible assets of the Group as at 30 June 2021 of approximately HK\$105,211,000 divided by 192,000,000 Shares (based on shares after share consolidation disclosed in Note 2) which represents Shares in issue as at 30 June 2021.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 30 June 2021 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2021 and 288,000,000 Shares in issue upon completion of the Rights Issue as at 30 June 2021, which comprises 192,000,000 Shares in issue as at 30 June 2021 before the Rights Issue and 96,000,000 Rights Shares to be issued under the Rights Issue.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2021.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPLIATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Prospectus.



Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

To the Directors of Vertical International Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Vertical International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2021 as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 24 January 2022 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue (the "**Proposed Transactions**") on the Group's consolidated net tangible assets as at 30 June 2021 as if the Proposed Transactions had taken place at 30 June 2021. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2021, on which no audit or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.


The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.



Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 24 January 2022
Tong Wai Hang
Practising certificate number P06231