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## **Volcano Spring International Holdings Limited**

**火山邑動國際控股有限公司**

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

**(Stock Code: 1715)**

### **PROFIT WARNING**

This announcement is made by Volcano Spring International Holdings Limited (the “**Company**” and its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 and information currently available to the Company, the Group expects to record a net loss after tax of approximately RMB39.0 million for the year ended 31 December 2023, as compared with a net loss after tax of approximately RMB43.6 million for the corresponding period in 2022.

During the year ended 31 December 2023, consumer confidence in China is yet to recover fully as the global economic situation remains highly uncertain. Interest rates remain at a high level, which increases the Group’s cost of funding. The weak consumer confidence and the high interest rates adversely affect the financial performance of the Group. The expected net loss for the year ended 31 December 2023 is attributed to the decrease in gross profit margin to approximately 29.0% in 2023 from approximately 43.6% in 2022 resulting from a drop in sales, a change in product mix, an increase in impairment loss on trade receivables and inventories and an increase in finance costs resulting from increased borrowings to finance the Group’s business operations and the rise in interest rates.

The Company is still in the process of preparing the consolidated financial results of the Group for the year ended 31 December 2023. The information contained in this announcement is only based on the information currently available to the Company and the preliminary review by the Board on the unaudited consolidated management accounts of the Group for the year ended 31 December 2023, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. The actual financial results of the Group for the year ended 31 December 2023 may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2023, which is expected to be published in March 2024 in accordance with the requirements of the Listing Rules.

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

By order of the Board  
**Volcano Spring International Holdings Limited**  
**Madam Maeck Can Yue**  
*Chairperson*

Hong Kong, 9 February 2024

*As at the date of this announcement, the executive Directors of the Company are Madam Maeck Can Yue and Mr. Wu Huizhang, and the independent non-executive Directors of the Company are Mr. Wang Shih-fang, Mr. Yan Chi Ming, Mr. Hooi Hing Lee and Mr. Li Wei.*