

**DATED: 26 November 2021**

**VERTICAL INTERNATIONAL HOLDINGS LIMITED**

and

**KINGSWAY FINANCIAL SERVICES GROUP LIMITED**

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**UNDERWRITING AGREEMENT**

relating to  
a rights issue of 96,000,000 shares of HK\$0.05 each  
at HK\$0.21 per rights share

of

**VERTICAL INTERNATIONAL HOLDINGS LIMITED**

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**THIS AGREEMENT is made on 26 November 2021**

**BETWEEN:**

- (1) **VERTICAL INTERNATIONAL HOLDINGS LIMITED**, a company incorporated in the Cayman Islands with limited liability and having its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business in Hong Kong at Unit 2212, 22/F, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Hong Kong (the "**Company**"); and
- (2) **KINGSWAY FINANCIAL SERVICES GROUP LIMITED**, a company incorporated in Hong Kong with limited liability and having its registered office and principal place of business at 7/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong and a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**Underwriter**");

**WHEREAS:**

- (A) The Company was incorporated in the Cayman Islands. As at the date hereof the Company has an authorised share capital of HK\$50,000,000 divided into 5,000,000,000 Shares of HK\$0.01 each, of which 960,000,000 Shares have been issued and fully paid or credited as fully paid. All the issued Shares of the Company are listed on the Stock Exchange (as defined below). As at the date of this Agreement, the Company has no outstanding Share Options.
- (B) It is proposed that the Company will put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five (5) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.05 each. An extraordinary general meeting will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation.
- (C) It is further proposed that, subject to the conditions as set out in Clause 3 of this agreement, upon the Share Consolidation becoming effective, the Company will implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.21 per Rights Share.
- (D) The Underwriter is desirous of underwriting the issue of the Underwritten Shares by the Company as the exclusive underwriter and on the terms and subject to the conditions hereinafter contained.
- (E) As at the date of this Agreement, Mr. Boon is the beneficial owner of 100% of the entire issued share capital of Vertical Technology, which in turn is the beneficial owner of 600,000,000 Shares, representing approximately 62.50% of the entire issued share capital of the Company. The Controlling Shareholders have given the Irrevocable Undertaking in favour of the Company to, among other matters, accept or procure the

acceptance in full of the Rights Shares to be provisionally allotted to Vertical Technology pursuant to the Rights Issue, which is expected to be 60,000,000 Rights Shares, in respect of the Shares held by Vertical Technology as at the Record Date.

- (F) The Company has agreed to give the representations, warranties and undertakings hereinafter mentioned.

**NOW IT IS HEREBY AGREED as follows:**

**1. DEFINITIONS**

- 1.1 In this Agreement including the Recitals, unless the context otherwise requires, the following expressions have the following meanings:

<b>“Announcement”</b>	the announcement in relation to the Share Consolidation, the Rights Issue and this Agreement as referred to in Clause 4.1 of this Agreement
<b>“associates”</b>	has the meaning ascribed to it under the GEM Listing Rules
<b>“Board”</b>	the board of Directors
<b>“business day”</b>	a day (excluding a Saturday, and a Sunday, a public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
<b>“Companies Act”</b>	the Companies Act of the Cayman Islands, as amended from time to time
<b>“Companies (Winding Up and Miscellaneous Provisions) Ordinance”</b>	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended from time to time

<b>“connected person(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules
<b>“Consolidated Shares”</b>	ordinary share(s) of HK\$0.05 each in the share capital of the Company immediately following the Share Consolidation becoming effective
<b>“Controlling Shareholder(s)”</b>	has the meaning ascribed to it under the GEM Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely Mr. Boon and Vertical Technology
<b>“Directors”</b>	the director(s) of the Company
<b>“EAF(s)”</b>	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, in such usual form as may be agreed between the Company and the Underwriter
<b>“Excluded Shareholder(s)”</b>	those overseas Shareholder(s) whom the Directors, after making due and careful enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
<b>“Existing Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
<b>“GEM”</b>	GEM operated by the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Irrevocable Undertaking”</b>	a letter of irrevocable undertaking executed by the Controlling Shareholders in favour of the

	Company
<b>“Latest Time for Acceptance”</b>	4:00 p.m. on Friday, 28 January 2022 or other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
<b>“Latest Time for Termination”</b>	4:00 p.m. on Monday, 31 January 2022 or such other time or date as may be agreed between the Company and the Underwriter in writing, being the first business day after the Latest Time for Acceptance
<b>“Listing Committee”</b>	has the meaning ascribed to it under the GEM Listing Rules
<b>“Mr. Boon”</b>	Mr. Boon Ho Yin Henry, the chairman, chief executive officer, an executive Director and a Controlling Shareholder of the Company
<b>“PAL(s)”</b>	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
<b>“Prospectus”</b>	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues
<b>“Prospectus Documents”</b>	the Prospectus, the PAL and the EAF and any supplementary prospectus or supplementary PAL and EAF (if required)
<b>“Prospectus Posting Date”</b>	Friday, 14 January 2022 or such other date as may be agreed in writing between the Underwriter and the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
<b>“Qualifying Shareholders”</b>	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
<b>“Record Date”</b>	Thursday, 13 January 2022 or such other date as may be determined by the Company, being the date by reference to which the

	Shareholders' entitlements to the Rights Issue are to be determined
<b>“Registrar”</b>	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited
<b>“Rights Issue”</b>	the proposed issue by way of rights of one (1) Rights Share for every two (2) Consolidated Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions in this Agreement and to be set out in the Prospectus Documents
<b>“Rights Shares”</b>	new Consolidated Share(s) to be allotted and issued by the Company under the Rights Issue
<b>“Share(s)”</b>	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Share Consolidation”</b>	the consolidation of every five (5) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.05 each
<b>“Share Options”</b>	the share options to subscribe for Shares granted under the Share Option Scheme
<b>“Share Option Scheme”</b>	the share option scheme adopted by the Company on 24 October 2017
<b>“Specified Event”</b>	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings contained in Clause 11.1 untrue or incorrect in any respect
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription Price”</b>	the subscription price of HK\$0.21 per Rights Share under the Rights Issue
<b>“Takeovers Code”</b>	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
<b>“Underwritten Shares”</b>	up to 36,000,000 Rights Shares to be

underwritten by the Underwriter pursuant to the terms and conditions of this Agreement

**“Vertical Technology”**

Vertical Technology Investment Limited, a limited liability company incorporated in the British Virgin Islands and a Controlling Shareholder of the Company

“%”

per cent.

- 1.2 References to the singular number include the plural and vice versa and references to one gender include every gender.
- 1.3 Any reference to a document being “in the agreed form” means in such form as may following the date of this Agreement be agreed between the Company and the Underwriter.
- 1.4 References to Clauses and Recitals are to clauses and recitals to this Agreement.

**2. DUE DILIGENCE**

- 2.1 The Underwriter shall, and shall procure that its advisers and agents shall, forthwith upon the signing of this Agreement, conduct due diligence review on the assets, liabilities, business plan, operations and affairs of the Group as it may consider appropriate and the Company shall provide and procure their agents to provide such assistance as the Underwriter and its advisers and agents may reasonably require in connection with such review so as to enable the review to be completed on or before 26 November 2021.

**3. CONDITIONS**

- 3.1 The obligations of the Underwriter under this Agreement are conditional upon each of the following condition precedents being fulfilled or waived (as appropriate):
  - (1) the Share Consolidation having become effective by no later than the Prospectus Posting Date;
  - (2) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in the Consolidated Shares;
  - (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
  - (4) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the



Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (together with any other documents required by the applicable law or regulation to be annexed thereto) by no later than the Prospectus Posting Date;

- (5) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by no later than the Prospectus Posting Date;
- (6) the compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands;
- (7) the compliance with and performance of all the undertakings and obligations of the Controlling Shareholders under the Irrevocable Undertakings;
- (8) the representations, warranties and undertakings of the Company referred to in this Agreement remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Termination;
- (9) there being no breach of the undertakings and obligations of the Company under the terms of this Agreement;
- (10) this Agreement not being terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination; and
- (11) the Underwriter being satisfied with the results of due diligence review of the Group to be conducted under Clause 2.1 above.

3.2 None of the parties to this Agreement may waive conditions (1) to (6) above (both inclusive). The Underwriter may waive any of the conditions (7) to (11) above in whole or in part by written notice to the Company. If any of the conditions of the Rights Issue are not fulfilled (or in respect of conditions (7) to (11), waived in whole or in part by the Underwriter on or before the Latest Time for Termination (or such later time and/or date as the Company and the Underwriter may agree in writing), this Agreement shall terminate (save in respect of any rights and obligations which may accrue under this Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach and the Rights Issue will not proceed. Each party agrees to use its best endeavours to procure fulfillment of all the said conditions on or before each of the said respective dates.

3.3 The Company shall make application to the Stock Exchange for the listing of, and permission to deal in the Consolidated Shares and the Rights Shares, in their nil-paid and fully-paid forms.

#### **4. PUBLICATION OF THE ANNOUNCEMENT**

- 4.1 Subject to the approval by the Stock Exchange, the Company shall arrange for an Announcement in relation to the Share Consolidation, the Rights Issue and this Agreement to be published on the website of the Stock Exchange and the Company's website as soon as reasonably practicable following the signing of this Agreement.

#### **5. PROVISIONAL ALLOTMENT OF RIGHTS SHARES**

- 5.1 Subject to the fulfillment (or waiver, as the case may be) of the conditions (3), (4), (5), (6) and (11) specified in Clause 3.1, on or before the Prospectus Posting Date:
- (a) the Company shall procure that the Rights Shares are provisionally allotted by a resolution of the Board on the terms set out in the Prospectus Documents to the Qualifying Shareholders and the transferees of nil-paid Rights Shares;
  - (b) the Company shall deliver to the Underwriter certified copies of the resolutions referred to in Clauses 5.1(a);
  - (c) the Company shall procure the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date; and
  - (d) the Company shall procure the posting of the Prospectus as well as an explanation letter to the Excluded Shareholders by no later than the Prospectus Posting Date as set out in Clause 6.1 below.
- 5.2 Subject to Clause 7.3, the Company shall make available for subscription of excess Rights Shares by the Qualifying Shareholders with EAF(s), which comprise:
- (a) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or transferees of nil-paid Rights Shares; and
  - (b) the Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium as set out in Clause 6.2 below.
- 5.3 The Rights Shares, when allotted, fully paid or credited as fully paid and issued, shall rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares, including the right to receive all future dividends and distributions which may be declared, made or paid on or after such date.

#### **6. EXCLUDED SHAREHOLDERS**

- 6.1 The Company shall, by no later than the Prospectus Posting Date, post copies of a letter to the Excluded Shareholders, in such form as may be agreed between the Company and the Underwriter, explaining the circumstances in which they are not permitted to participate in the Rights Issue, and enclosing a copy of the Prospectus stamped "For Information Only" (without the PAL and the EAF).

- 6.2 The Company shall provisionally allot the Rights Shares which represent the entitlements of the Excluded Shareholders to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall use its best endeavour to sell the nil-paid rights in the market as soon as practicable after dealings in nil-paid Rights Shares commence and in any event before the Latest Time for Acceptance at a net premium. If and to the extent that such nil-paid rights can be so sold, the nominee shall account to the Company for the net proceeds of sale (after deducting the expenses of sale and stamp duty, if any), on the basis that the net proceeds after deducting the expenses of sale and stamp duty (if any) attributable to the sale of the Rights Shares that would otherwise have been allotted to the Excluded Shareholders shall be distributed on a pro rata basis (but rounded down to the nearest cent) to the Excluded Shareholders except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders in accordance with Clause 7.2.

## 7. UNDERWRITING

- 7.1 The Underwriter's obligations under this Clause shall terminate if, before the Latest Time for Acceptance:
- (a) the PAL(s) in respect of all the Underwritten Shares (including any Rights Shares falling within the provisions of Clause 6.2) have been lodged for acceptance (whether by the persons to whom the Underwritten Shares were provisionally allotted or by renounees of the right to accept allotment) in accordance with the terms of the Prospectus Documents, together with cheques or bankers' cashier orders or other remittances for the full amount payable thereunder which are honoured on first or, at the discretion of the Underwriter, subsequent presentation (the Underwritten Shares comprised in the PALs which are so lodged together with such remittances are herein referred to as having been "accepted"); or
  - (b) the number of Underwritten Shares applied for under the EAFs which have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications which are honoured on first or, at the discretion of the Underwriter, subsequent presentation, is equal to or greater than the aggregate of the number of Underwritten Shares which have not been accepted.
- 7.2 If EAFs have been lodged in accordance with the terms of the Prospectus Documents, together with cheques or banker's cashier orders or other remittances for the full amount payable in connection with the relevant applications which are honoured on first or, at the discretion of the Underwriter, subsequent presentation, then the Company shall accept such applications which are honoured on first or, at the discretion of the Underwriter, subsequent presentation, provided that the Company shall only be obliged to accept applications for the aggregate number of the Underwritten Shares which have not been accepted and, if the aggregate number of such Rights Shares not having been accepted (the "**Excess Rights Shares**") is less

than the number of Rights Shares applied for under the relevant EAFs, the Directors shall allocate the Excess Rights Shares at the discretion of the Directors on a fair and equitable basis as far as practicable based on the following principles:

- (a) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (b) the Excess Rights Shares will be allocated to the applicants on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

If the aggregate number of the Excess Rights Shares is greater than the aggregate number of Rights Shares applied for under the relevant EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of Rights Shares applied for under the relevant EAFs.

Underwritten Shares which have either been accepted or which are the subject of accepted applications under the EAFs are herein referred to as having been “taken up”. Any Rights Shares not accepted for by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not taken up by excess application will be taken up by the Underwriter pursuant to the terms and conditions of this Agreement.

- 7.3 If any of the Underwritten Shares has not been taken up as at the Latest Time for Acceptance, the Company shall as soon as practicable thereafter and in any event before 12:00 noon on the first business day after the Latest Time for Acceptance notify or procure the Registrar on behalf of the Company to notify the Underwriter in writing of the number of Underwritten Shares not taken up, and the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for such Underwritten Shares not taken up not later than 12:00 noon on the second business day after the Latest Time for Acceptance.
- 7.4 The Underwriter shall, not later than 4:00 p.m. on 11 February 2022, pay or procure payment to the Company (or as it may direct) by way of banker’s draft or cashier’s order drawn on a bank in Hong Kong of the aggregate Subscription Price in respect of the Underwritten Shares for which it is obliged to subscribe or procure subscription in accordance with this Clause, after deduction of the fees, costs, charges and expenses payable by the Company pursuant to Clause 9.5. The Company shall arrange for delivery to the Underwriter or its nominee of share certificates in respect of the fully paid Underwritten Shares for which the Underwriter has subscribed or procured subscription in such names and in such denominations as the Underwriter may reasonably require at the same time as share certificates are despatched generally to persons who have taken up Rights Shares or, where the Underwriter has designated an investor participant or CCASS participant stock account for deposit of all or part of the Rights Shares, evidence to the satisfaction of the Underwriter that such documents and instructions required to effect the crediting of such Rights Shares have been signed or given, as the case may be.

- 7.5 In relation to each valid PAL, EAF or evidence of CCASS authorised subscription instruction details made or procured to be made by the Underwriter, the underwriting commitment of the Underwriter shall be reduced *pro tanto* by the number of Rights Shares comprised in such PAL, EAF or evidence of CCASS authorised subscription instruction details, if the PAL, EAF or evidence of CCASS authorised subscription instruction details relating to such subscription is marked with the name of the Underwriter (or any sub-underwriter of the Underwriter) and to the extent that such application has been accepted (whether in whole or in part) pursuant to the terms and conditions as set out in the Prospectus Documents and this Agreement until the underwriting commitment of the Underwriter is reduced to zero.

## 8. OBLIGATIONS OF THE UNDERWRITER

- 8.1 Any transaction carried out by the Underwriter pursuant to Clause 7 (other than the obligation to subscribe or procure subscription for any Underwritten Shares pursuant to Clause 7.3 and the obligations contained in Clause 7.5 or Clause 8.4) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the Underwriter's own account. The Underwriter (in relation to Clause 7) shall not be responsible for any loss or damage to any persons arising from any such transaction or for any alleged insufficiency of any dealing price at which any of the Rights Shares or nil-paid rights may be sold by any such person or for the timing of any such transaction, except where such loss or damage arises from the negligence or default of the Underwriter or any agent appointed by it for such purpose.
- 8.2 The Underwriter shall use its best endeavours to ensure that the subscribers procured by it for the Underwritten Shares shall be, to the best knowledge of the Underwriter, independent third parties who and whose ultimate beneficial owners (a) are not connected persons of the Company or any of their respective associates; and (b) are not parties acting in concert (within the meanings under the Takeovers Code) ("**Parties Acting In Concert**") with any connected persons of the Company or any of its directors, chief executive, or substantial shareholders or any of their respective associates; and (c) will hold less than 10% of the Shares immediately after the completion of the Rights Issue.
- 8.3 The Rights Issue shall be fully underwritten by the Underwriter. The underwriting commitment of the Underwriter in any event shall not be more than the Underwritten Shares. The Underwriter has agreed to subscribe, or procure subscribers to subscribe, on a fully underwritten basis pursuant to the terms and conditions of this Agreement.
- 8.4 In acting as an agent of the Company hereunder, the Underwriter shall comply with all applicable laws and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of the Directors to be in breach of any applicable laws, and in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by it of the Rights Shares are made only in compliance with all applicable law and regulation and do not require the registration of the Prospectus Documents or any of them or any other document as a prospectus or

otherwise in any jurisdiction other than Hong Kong and the Underwriter shall not make or purport to make on behalf of the Company any representation or warranty not contained in the Prospectus Documents.

- 8.5 The Underwriter hereby undertakes to the Company that if there is an indication that the shareholding of the Company held by the public Shareholders will become less than 25% of the then issued share capital of the Company upon completion of the Rights Issue, the Underwriter will procure subscribers (who and whose ultimate beneficial owners (a) are not connected persons of the Company or any of their respective associates; and (b) are not Parties Acting In Concert with any connected persons of the Company or any of its directors, chief executive or substantial shareholders or any of their respective associates) to subscribe or procure places to place down the Shares which have been taken up by itself to maintain or restore the minimum public float requirement of the Company in compliance with the GEM Listing Rules.
- 8.6 The Underwriter further confirms to the Company that as at the date of this Agreement, it is not beneficially interested in any Shares.

## **9. FEES AND EXPENSES**

- 9.1 In consideration of the Underwriter's obligations under this Agreement to underwrite the Underwritten Shares and its services in connection with the issue of the Rights Shares, the Company shall by not later than the date of despatch of the share certificates for the Rights Shares pay to the Underwriter a commission of 4% of the aggregate Subscription Price of the Underwritten Shares underwritten under this Agreement, which the Underwriter is hereby authorised to deduct from such payment to be made by it to the Company pursuant to Clause 7.4.
- 9.2 The amount referred to in Clause 9.1 shall not be payable if this Agreement does not become unconditional or if it is terminated by the Underwriter pursuant to Clause 13.
- 9.3 In the event of the Underwriter not being called upon to subscribe or procure subscribers pursuant to Clause 7.3 and/or the amount of the subscription moneys payable by the Underwriter being less than the full amount due to the Underwriter, the amounts payable pursuant to Clause 9.1, or the balance thereof, shall be due and payable as soon as reasonably practicable and in any event not later than three business days after the Latest Time for Acceptance or such other date as may be agreed between the Company and the Underwriter.
- 9.4 The Company shall bear its own legal fees, accountancy and other professional fees, the Registrar' fees, the cost of printing and distributing the Prospectus Documents and all other costs, charges and expenses relating to the issue of the Rights Shares and associated transactions (including, without limitation, all fees payable to the Stock Exchange in connection with the listing of the Consolidated Shares and the Rights Shares and capital duty (if any) payable on the issue of its share capital).
- 9.5 Out of the commission referred to in Clause 9.1, the Underwriter will pay any commissions, costs and expenses in respect of the sub-underwriting of the Underwritten Shares.

## **10. ANNOUNCEMENTS**

- 10.1 Save as expressly required hereunder or as otherwise required by the Stock Exchange or the Securities and Futures Commission, no public announcement or communication to Shareholders or to the Stock Exchange concerning the Company and/or its subsidiaries which is material in relation to the Rights Issue shall be made or despatched by the Company or the Underwriter between the date hereof and, if all the Underwritten Shares are taken up, the Latest Time for Acceptance or, in any other case, the time at which the Underwriter is obliged to make payment under Clause 7, without prior written approval from the Company as to the content, timing and manner of making or despatch thereof.

## **11. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

- 11.1 The Company confirms, represents and warrants to and undertakes with the Underwriter in the following terms:
- (a) the facts stated in the recitals to this Agreement are accurate in all respects;
  - (b) all information supplied to the Underwriter by the Company or its advisers for the purposes of the Rights Issue is and will be true and accurate in all respects and all forecasts and estimates so supplied have been made after due and proper consideration, are fair and honest and represent reasonable expectations based on facts known or which on reasonable enquiries ought to be known to the Directors;
  - (c) the Prospectus Documents will contain all material particulars required to comply with all statutory and other provisions so far as applicable and the requirements of the Stock Exchange and all statements of fact contained therein are in all respects true and accurate and there are no facts known or which on reasonable enquiry could have been known to the Directors of the Company which are not disclosed in the Prospectus Documents and the omission of which could make any statement therein misleading or which in the circumstances of the Rights Issue are material for disclosure therein;
  - (d) the statements, estimates and expressions of opinion contained in the Prospectus Documents as to profits, prospects, dividends and working capital will have been made after due and proper consideration, will be fair and honest, and will represent reasonable expectations based on facts known or which on reasonable enquiry ought to be known to the Directors;
  - (e) the issue of the Rights Shares in accordance with the Prospectus Documents will comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Act and the requirements of the Stock Exchange and all other relevant regulations in Hong Kong and the Cayman Islands and will not involve any breach of or default under any agreement, trust deed or instrument to which the Company or any of its subsidiaries is a party;

- (f) on the date of issue of the Rights Shares, the Company will have power under its constitutional documents to issue the Rights Shares without further sanction or consent by members of the Company or any other person and will have available for issue sufficient Shares to permit the Rights Shares to be issued;
- (g) the Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares, including the right to receive all future dividends and distributions which are declared, made or paid on or after such date;
- (h) no litigation or arbitration proceedings involving the Company or any of its subsidiaries is in progress or is threatened or pending which individually or collectively is or may be of material importance in the context of the Rights Issue and there are no circumstances known to the Company or any of its Subsidiaries which are likely to give rise to any such litigation or arbitration proceedings;
- (i) the statement in the Prospectus relating to the working capital of the Company shall represent the true and honest opinion of the Directors arrived at after due and careful consideration and enquiry;
- (j) the Company shall not, without the prior consent of the Underwriter issue any Share or issue or grant any share options or other securities convertible into, exchangeable for or which carry right to acquire Shares (other than the Rights Shares) from the date of this Agreement until after the Latest Time for Acceptance;
- (k) the appointment of the Underwriter as the underwriter of the Rights Issue is exclusive and the Company shall not appoint or attempt to appoint any other person as underwriter or sub-underwriter in respect of the Rights Issue;
- (l) there has been no material adverse change in the financial or trading position or prospect of the Company or any of its subsidiaries since 31 December 2020;
- (m) the returns for taxation purposes, which ought to have been made by or in respect of each of the companies in the Group in Hong Kong and any other part of the world, have been duly made and there are no circumstances known to any company in the Group or any of their respective directors, after making due and careful enquiry, which might be the occasion of any such dispute with the relevant revenue or other appropriate authorities which is materially adverse to the Group and all such returns are in all respects up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities;
- (n) each of the members of the Group is duly incorporated in and under the laws of its respective place of incorporation and has full power and authority to conduct its business as now carried on;
- (o) neither the Company nor any of its subsidiaries has entered into any contract or commitment of an unusual or onerous nature which, in the context of Rights Issue, might be material for disclosure;



- (p) no order has been made and no resolution has been passed for the winding up of, or for a provisional liquidator to be appointed in respect of, the Company or any of its subsidiaries, and no petition has been presented and no meeting has been convened for the purpose of winding up any of the same; no receiver has been appointed in respect of the Company or any of its subsidiaries or all or any of its assets; none of the Company or any of its subsidiaries is insolvent, or unable to pay its debts when they fall due, or has stopped paying its debts as they fall due; and no unsatisfied judgement, the exercise of which is material to the financial condition of the Group, is outstanding against the Company or any of its subsidiaries;
- (q) no material outstanding indebtedness or guarantee or indemnity of any liability of the Company or any of its subsidiaries has become payable by reason of default by the Company or any of its subsidiaries and no event has occurred or is pending which with the lapse of time or the fulfillment of any condition or the giving of notice or the compliance with any other formality may result in any such indebtedness or guarantee or indemnity of any liability becoming so payable;
- (r) the Company shall not from the date hereof until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the Consolidated Shares, Rights Shares and Shares which may fall to be issued upon exercise of the subscription rights attached to the outstanding Share Options, if any, as at the date of this Agreement);
- (s) the Company has taken all necessary corporate or other action, and no other consents, actions, authorisations or approvals are necessary to enable or authorise it:
  - (i) to allot and to issue the Rights Shares required to be provisionally allotted pursuant to the terms of this Agreement in accordance with the Prospectus Documents without any sanction;
  - (ii) to deal with the Rights Shares attributable to the Excluded Shareholders as may be specified in the Prospectus Documents; and
  - (iii) to enter into and perform its obligations under this Agreement and to make the Rights Issue;
- (t) the Rights Shares, when fully paid, shall be free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever; and
- (u) the obligations of the Company under this Agreement constitute legally valid and binding obligations of the Company, and are enforceable in accordance with the terms herein.

11.2 The Company hereby undertakes to use all reasonable endeavours not to cause or

permit any Specified Event to occur prior to the Latest Time for Termination, and, if this Agreement is not rescinded pursuant to Clause 13, all such warranties, representations and undertakings as are contained in Clause 11.1 above shall be deemed to have been repeated as at the Latest Time for Termination with reference to the facts and circumstances then subsisting.

- 11.3 If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, the Company shall as soon as reasonably practicable give notice to the Underwriter of the same.
- 11.4 The foregoing provisions of this Clause 11 will continue in full force and effect notwithstanding the completion of the Rights Issue.

## **12. INDEMNITY**

- 12.1 The Company shall on demand indemnify the Underwriter and shall on demand hold the Underwriter indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges and expenses) whatsoever arising from or in respect of any breach by the Company of any provision of this Agreement, or any claim which may be brought or threatened to be brought against the Underwriter (whether or not such claim is successfully compromised or settled) in each case arising out of or in relation to or by reason of the performance by the Underwriter of its obligations hereunder (and provided that such loss or liability is not connected with any failure by the Underwriter to comply with its obligations under Clause 7.3), by any subscriber or sub-underwriter of any of the Rights Shares or any subsequent purchaser or transferee thereof or any other person claiming that he has suffered loss in respect of them as a result of:
  - (a) the Prospectus Documents not containing all the information required by law or pursuant to the rules of the Stock Exchange or other relevant authority or body to be stated therein or on the grounds that any statement, estimate or forecast contained in the Prospectus Documents is untrue, inaccurate or misleading in any material respect;
  - (b) the Prospectus Documents failing or being alleged to fail to disclose sufficient information necessary to enable an informed assessment to be made by a sophisticated investor of the assets and liabilities, financial position, profits and losses, and prospects of the Group or of the rights attaching to the Rights Shares;
  - (c) any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 11;
  - (d) any breach of the laws or regulations of any country resulting from the allotment or issue of the Rights Shares or the distribution of the Prospectus Documents;
  - (e) any material misrepresentation by either the Company or any of the Directors or any employee of the Company in connection with the Rights Issue; or
  - (f) the allotment or issue of the Rights Shares,

including in any such case (but without prejudice to the generality of the foregoing) all reasonable costs, charges and expenses of whatever nature which the Underwriter may properly incur or bear in disputing any such claim made against it or establishing any claim on its part under this Clause 12 provided that this indemnity shall not relate to any claims or proceedings costs or expenses arising from any negligent act, omission or default, on the part of the Underwriter and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Underwriter after, and on the basis of, regular consultation with the Company.

- 12.2 The Company shall not make any claim against the Underwriter to recover any damages which the Company may suffer arising out of the performance by the Underwriter of its obligations hereunder, provided that such damages do not arise from any negligent act, omission or default on the part of the Underwriter.
- 12.3 If the Underwriter becomes aware of any claim relevant for the purposes of Clause 12.1, it shall give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to the Underwriter being indemnified and secured to its reasonable satisfaction against all losses and expenses to which it might thereby render itself liable to suffer and incur including, without limitation, reasonable legal expenses properly incurred by its legal advisers.

### **13. RESCISSION AND TERMINATION**

- 13.1 If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:
- (a) the success of the Rights Issue would be affected by:
    - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
    - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
    - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or

- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the opinion of the Underwriter is material to the Group as a whole and is likely to affect the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it;

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Agreement.

13.2 The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the warranties or undertakings contained in Clause 11 above comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

13.3 If prior to the Latest Time for Termination any such notice as referred to above is given by the Underwriter, the obligations of all parties under this Agreement (save in respect of this Clause 13 and the provisions of Clause 12 which shall remain in full force and effect and save further that the Company shall pay the fees and expenses specified in Clause 9 (subject to Clause 9.2)) shall terminate forthwith.

13.4 Rescission or termination of this Agreement under this Clause 13 shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

#### **14. TIME OF THE ESSENCE**

14.1 Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the parties hereto, but as regards any time, date or period originally fixed or any time, date or period so extended as aforesaid, time shall be of the essence.

#### **15. NOTICES**

15.1 Any notice required to be given hereunder will be deemed to be duly served if left at

or sent by hand or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and where relevant, marked for the attention of the following persons:

<u>Party</u>	<u>Address</u>	<u>Facsimile number</u>
The Company	Unit 2212, 22/F, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Hong Kong	(852) 3690 2521
The Underwriter	7/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong	(852) 2283 7150

- 15.2 Any such notice will be deemed to be served if sent by facsimile on receipt of answerback, if sent by hand at the time when the same is handed to or left at the address of the party to be served, and if sent by post on the day (excluding Sundays or Hong Kong public holidays) after the day of posting.

## **16. COUNTERPARTS**

- 16.1 This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by executing any such counterpart.

## **17. THIRD PARTY RIGHTS**

- 17.1 Unless expressly provided to the contrary in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Agreement.
- 17.2 Notwithstanding any term of this Agreement, the consent of any person who is not a party to this Agreement is not required to rescind or vary this Agreement at any time.

## **18. GOVERNING LAW**

- 18.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 18.2 The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong but this Agreement may be enforced in any other court in competent jurisdiction.
- 18.3 Any liability of any party hereunder to any other party may in whole or in part be released, compounded or compromised and time or indulgence may be given by any

party hereunder as regards any other party under such liability without prejudicing that party's rights against any other person under the same or a similar liability.

**EXECUTION PAGE**

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement the day and year first above written.

**THE COMPANY**

**SIGNED by BOON HO YIN HENRY**  
its director  
for and on behalf of

**VERTICAL INTERNATIONAL  
HOLDINGS LIMITED**

in the presence of:- *Mak ching Yee*

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**THE UNDERWRITER**

SIGNED by So Man Hong  
its director/authorised signatory  
for and on behalf of

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Wesley So

**KINGSWAY FINANCIAL SERVICES  
GROUP LIMITED**

in the presence of:-



Name of Witness: Cheung Wing Szee