

Dated 12 March 2021

VERTICAL INTERNATIONAL HOLDINGS LIMITED

and

KINGSWAY FINANCIAL SERVICES GROUP LIMITED

PLACING AGREEMENT

THIS AGREEMENT is made the 12 March 2021

BETWEEN:

- (1) **Vertical International Holdings Limited** (the “**Company**”), a company incorporated in the Cayman Islands with limited liability and having its registered address at Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman KY1-1111, Cayman Islands; and its principal place of business at Unit 2212, 22/F., Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Hong Kong;
- (2) **Kingsway Financial Services Group Limited** (the “**Placing Agent**”), a company registered in Hong Kong and having its registered address at 7/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong.

WHEREAS:

- (A) The Company was incorporated in the Cayman Islands with limited liability and its issued Shares are listed and dealt in on GEM of the Stock Exchange (stock code: 8375).
- (B) The Placing Agent is a licensed corporation in Hong Kong permitted to carry on business in 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 SFO.
- (C) As 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 800,000,000 Shares have been issued and fully paid or credited as fully paid.
- (D) The Company is desirous of appointing the Placing Agent, and the Placing Agent is desirous of acting as the placing agent of the Company, to procure subscribers for the Placing Shares (as defined below) on a best effort basis upon the terms and subject to the conditions set out in this Agreement.
- (E) The Placing Shares are to be issued by the Company under the General Mandate

and, therefore, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

IT IS HEREBY AGREED:

1. INTERPRETATION

1.1. In this Agreement, including the recitals hereto, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise requires:-

“Agreement”	this placing agreement as amended or varied from time to time by an agreement in writing duly executed by the Parties;
“Business Day”	a day (other than a Saturday, Sunday, public holiday in Hong Kong and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general business;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as amended, modified and/or otherwise supplemented from time to time;
“Completion”	completion of this Agreement in accordance with the provisions of Clause 5;
“Completion Date”	the third Business Day following the fulfillment of the condition specified in Clause 2.6 or such other date agreed between the Company and the Placing Agent;
“General Mandate”	the general mandate granted to the directors of the Company pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 7 May 2020 to issue, allot and dealt with up to 160,000,000 new

	Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended or replaced or as their application is modified by listing decision and guidance letters published from time to time or any other provisions from time to time;
“Long-stop Date”	31 March 2021;
“Parties”	the named parties to this Agreement and their respective successors and permitted assigns and the expression “Party” shall be construed accordingly;
“Permitted Issuances”	the issue of options, rights or Shares (a) pursuant to the employee share option scheme of the Company; or (b) as a result of any conversion of any outstanding convertible bonds/notes of the Company;
“Placee”	any professional, institutional and/or other investors independent of the Group and its connected persons (as defined in the GEM Listing Rules) procured by or on behalf of the Placing Agent and/or any of its agent(s) to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations hereunder;
“Placing”	the offer by way of private placing of the Placing Shares by the Placing Agent pursuant to Clause 2 upon the terms and subject to the conditions set out in this Agreement;
“Placing Announcement”	the announcement in the agreed form proposed to be issued on behalf of the Company as soon as

	reasonably practicable immediately following the execution of this Agreement (subject to such amendments as the Stock Exchange may require);
“Placing Period”	the period commencing upon the execution of this Agreement and ending on the Completion Date;
“Placing Price”	the price of HK\$0.051 per Placing Share;
“Placing Shares”	up to a total of 160,000,000 new Shares to be placed pursuant to Clause 2 upon the terms and subject to the conditions set out in this Agreement;
“SFC”	Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended, modified and/or otherwise supplemented from time to time;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholders”	holders of the issued Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance as at the date hereof.

- 1.2. In this Agreement, references to “Recitals”, “Clauses”, and “sub-Clauses” are to recitals, clauses and sub-clauses of this Agreement.
- 1.3. In this Agreement, the singular includes the plural, words importing one gender include the other gender and the neuter and references to persons include bodies corporate or unincorporate, in each case vice versa.
- 1.4. In this Agreement (save as otherwise expressly stated herein), references to any statutes or statutory provision or any rule or regulation (whether or not having the force of law) shall be construed as references to the same as amended, varied, modified, consolidated or re-enacted from time to time (whether before or after the date of this Agreement) and to any subordinate legislation made under such statutory provision.

- 1.5. Any reference to a document being "in the agreed form" means in the form of the document or the draft thereof signed for identification on behalf of the Company and the Placing Agent (as such other parties as may be relevant) with (in the case of a draft) such alterations (if any) as may be agreed between the Company and the Placing Agent (as such other parties as may be relevant).
- 1.6. The Recitals form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement and any reference to this Agreement shall include the Recitals.
- 1.7. Headings of this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.

2. PLACING

- 2.1. Subject to Clauses 2.6 and 2.7 and the provisions of Clause 5, the Placing Agent agrees to act as the placing agent of the Company to procure not less than six Placees on a best effort basis for the Placing Shares at the Placing Price (together with such brokerage, transaction levy imposed by the SFC and the Stock Exchange trading fee as may be payable) on the terms and subject to the conditions set out in this Agreement.
- 2.2. The Company hereby appoints the Placing Agent as its placing agent to procure not less than six Placees for the Placing Shares on a best effort basis on the terms and subject to the conditions set out in this Agreement. Any transaction lawfully, reasonably and properly carried out by the Placing Agent pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its placing agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage (except for any loss or damage arising out of any fraud, willful default or negligence on the part of the Placing Agent) to the Company arising from any such transaction or for any alleged insufficiency of the price (otherwise than as a result, of non-compliance by the Placing Agent with its obligations under this Agreement) at which the Placing Shares are sold hereunder.

- 2.3. The Company hereby confirms that the foregoing appointment confers on the Placing Agent in accordance with the provisions hereof all powers, authorities and discretions on its behalf which are necessary for, or reasonably incidental to, the Placing and hereby agrees to approve, confirm and ratify everything which the Placing Agent shall lawfully and reasonably do or have done pursuant to or in anticipation of the terms and conditions of this Agreement.
- 2.4. The Placing Shares shall be offered by the Placing Agent as placing agent of the Company during the Placing Period at the Placing Price (together with such brokerage, transaction levy imposed by the SFC and the Stock Exchange trading fee as payable by Placees) to not less than six Placees who are independent professional, institutional and/or other investors, who and whose ultimate beneficial owners are third parties independent of and not connected with or acting in concert with the directors, chief executive or substantial shareholders (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or any of their respective associates or any other Placees and who are not connected persons (as defined in the GEM Listing Rules) of the Company, provided that no Placing Shares shall be offered to or placed with any person in circumstances which would constitute an offer to the public in Hong Kong within the meaning of the Companies Ordinance or in any other place or in any manner in which the securities laws or regulations of any place may be infringed.
- 2.5. Subject to Clauses 2.6 and 2.7 and the provisions of Clause 5, the Company agrees to allot and issue the Placing Shares to the Placees (or their nominees), credited as fully paid.
- 2.6. The Placing is conditional upon (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and (b) all necessary consents, approvals, authorisations and/or waivers on the part of each of the Placing Agent and the Company having been obtained to effect the execution, completion and performance of the obligations and other terms of this Agreement.
- 2.7. In the event that the condition specified to in Clause 2.6 is not fulfilled by the Long-stop Date (or such other date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the Parties hereunder in

relation to the Placing shall cease and determine and none of the Parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches hereof.

- 2.8. [The Company hereby acknowledges that the Placing Agent, in performing its functions under this Clause 2, is authorised at its own cost and expense to appoint one or more sub-placing agents (“**Sub-agents**”) and that the Sub-agents shall be agents of the Placing Agent relating to the Placing on the terms of and subject to the provisions of this Agreement. All fees, commissions, costs, charges and expenses of the Sub-agents shall be paid and borne by the Placing Agent out of the commissions, costs, charges and expenses payable by the Company under Clause 6.]

3. WARRANTIES AND UNDERTAKINGS

- 3.1. In consideration of the Placing Agent entering into this Agreement and agreeing to perform its obligations hereunder, the Company hereby represents, warrants and undertakes to the Placing Agent as follows:-
- (a) all statements of fact contained in the Placing Announcement are true and accurate and not misleading in all material respects and all statements of opinion, intention or expectation of the directors of the Company in relation to the Company and/or any other member(s) of the Group contained therein (if any) are truly and honestly held and have been made on reasonable grounds after due and careful consideration, and there is no other material fact or matter omitted therefrom the omission of which would make any statement therein misleading in any material respect or which is otherwise material in the context of the Placing;
 - (b) save as previously disclosed to the public in writing in any report, circular, prospectus or announcement of the Company and so far as the Company is aware, there is no litigation, arbitration or other legal proceedings in progress or pending against any member of the Group which if decided adversely would have or have had a material adverse effect on the financial condition of the Group as a whole or which is material for disclosure in the context of the Placing;

- (c) save as previously disclosed to the public in writing in any report, circular, prospectus or announcement of the Company and so far as the Company is aware, there has been no material adverse change in the financial condition of the Group as a whole since 31 December 2020;
- (d) each member of the Group is duly incorporated and validly existing under the laws of the place of its incorporation and each member of the Group has power to own its assets and to conduct its business in the manner presently conducted and the Company is not aware of any petition filed, order made or effective resolution passed for the liquidation or winding up of any member of the Group;
- (e) save as previously disclosed to the public in writing in any report, circular, prospectus or announcement of the Company and so far as the Company is aware, it is not in material breach of any provision of the GEM Listing Rules or any rule, regulation or requirement of the Stock Exchange or any provision of the SFO or any rule of requirement of the SFC and, other than the condition set out in Clause 2.6, all necessary consents (if any) have been obtained from the Stock Exchange and other authority to complete the Placing in the manner contemplated;
- (f) save as previously disclosed to the public in writing in any report, circular, prospectus or announcement of the Company and so far as the Company is aware, there is no enquiry, investigation, order, decree or judgement of any court or governmental agency or regulatory body outstanding against any director of the Company or any member of the Group which may have a material adverse effect upon the financial condition of the Group (taken as a whole) or which is material in the context of the Placing;
- (g) save as previously disclosed to the public in writing in any report, circular, prospectus or announcement of the Company no material outstanding indebtedness of any member of the Group has become payable or repayable by reason of any default of any member of the Group and no event has occurred which may result in such indebtedness becoming payable or repayable prior to its maturity date, in a demand being made for such

indebtedness to be paid or repaid or in any step being taken to enforce any security for any such indebtedness of any member of the Group;

- (h) save as previously disclosed to the public in writing in any report, circular, prospectus or announcement of the Company and so far as the Company is aware or otherwise in the ordinary course of business, no member of the Group is a party to or under any obligation which is material and which is of an unusual or unduly onerous nature; no member of the Group is in breach of or in default of any contract or agreement which may have or has had a material adverse effect upon the financial condition of the Group (taken as a whole) or; which is material for disclosure;
- (i) the audited consolidated accounts for the Group for the financial year ended on 31 December 2020:
 - (i) have been prepared on a consistent basis (save as disclosed therein) and in accordance with generally accepted accounting principles in Hong Kong;
 - (ii) show a true and fair view of the state of affairs of the Group as at 31 December 2020 and of its results for the period in question;
- (j) the Company has power under its constitutional documents to enter into this Agreement and this Agreement has been duly authorised and when duly executed, constitutes legally binding and enforceable obligations of the Company; and
- (k) except for the Permitted Issuances, no unissued share capital of any member of the Group is under any option or agreed conditionally or unconditionally to be put under any option and no person has any outstanding warrant, pre-emptive right or any other right of any description to require shares to be allotted or issued by any member of the Group;

3.2. The Company represents, warrants and undertakes to the Placing Agent that:

- (a) the Placing Shares when issued will be allotted and issued in accordance

with its constitutional documents, with all relevant laws of Hong Kong and the Cayman Islands and the rules and regulations of the Stock Exchange and will rank *pari passu* in all respects with all other Shares in issue as at the Completion Date;

- (b) subject to the condition set out in Clause 2.6 being satisfied, the Company has full power and authority to issue the Placing Shares; and
- (c) the Placing Shares will, on allotment and issue, be free from all liens, charges, encumbrances and third party rights of whatsoever nature and together with all rights attaching thereto at the date of such allotment, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Shares, the record date for which shall fall on or after the Completion Date.

3.3. Each of the Parties hereby undertakes to the other to procure that no disclosure or public announcement or communication (other than the Placing Announcement) concerning the Placing which is material in relation to the Placing shall be made or despatched between the date hereof and the Completion Date without the prior written consent of the other Party as to the context, timing and manner of making or despatch thereof, save as required by law or the Stock Exchange or the SFC.

3.4. The representations and warranties contained in this Clause 3 are deemed to be given as at the date hereof and shall remain in full force and effect until the Completion. Each of the Company and the Placing Agent (as the case may be) hereby undertakes to notify the other Party of any matter or event coming to its attention prior to Completion which would be reasonably considered to render or have rendered any relevant representation or warranty to untrue or inaccurate at the date hereof or at any time prior to Completion.

4. PLACING AGENT'S WARRANTIES AND UNDERTAKINGS

4.1. The Placing Agent represents, warrants and undertakes to the Company as follows:

- (a) the Placing will be a private placement of securities and not an offer to public within the meaning of the Companies Ordinance and that it will

procure Placees for the Placing Shares only in the course of communications with them over the telephone and without the despatch of documents until after legally binding commitments to subscribe the Placing Shares (or any part thereof) have been obtained from each Placee in the course of such communications;

- (b) that it will confine all statements it makes during the course of those communications referred to in sub-clause (a) above strictly within the limits of the information contained in the Placing Announcement;
- (c) neither the Placing Agent nor any of the affiliates or persons acting on behalf of the Placing Agent has made or will make, in their respective capacities as agent of the Company in connection with the Placing, to any person to whom any of the Placing Shares may be offered any representation or statement regarding the Company or its subsidiaries or the financial or business position or prospects of the Company or its subsidiaries which has not at the time of making the same been disclosed to the public in writing by the Company;
- (d) that it will ensure that the terms and conditions on which each Placee will subscribe for the Placing Shares and the number of such Placing Shares to be subscribed are covered in precise terms and agreed with each Placee, such terms and conditions to be identical with respect to each Placee and which shall provide that each subscription is conditional on the condition set out in Clause 2.6 of this Agreement being satisfied;
- (e) that it will not, directly or indirectly, offer or sell any Placing Shares or distribute or publish any documents in relation to the Placing in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of the Placing Shares and the distribution and publication of any document relating thereto will be made in compliance with those laws and regulations;
- (f) no action has been or will be taken directly or indirectly in any jurisdiction that would result in a public offering of the Placing Shares and neither it

nor persons acting on its behalf will offer or sell any Placing Shares otherwise than in compliance with applicable laws and regulations in each jurisdiction in which any such offer or sale takes place, and without prejudice to the generality of the foregoing, as the Placing Shares have not been and will not be registered under the Securities Act of the United States (the “US Securities Act”), they may not be offered, sold, transferred and delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and accordingly the Placing Shares have not been and will not be offered or sold to a buyer in the United States, except to those persons it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the US Securities Act). Neither it nor any person acting on its behalf has engaged or will engage in any directed selling efforts in the United States (as defined in Regulation S under the US Securities Act) or any form general solicitation or general advertising (each as used in Rule 5.02(c) of Regulation D under the US Securities Act) with respect to the Placing Shares;

- (g) that it will use its best endeavours to satisfy itself that, and will obtain a written confirmation from each Placee procured by it for the Placing Shares that, the Placee and its ultimate beneficial owners (if any) are third parties independent of, not connected and not acting in concert with, the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of its or their respective associates or any other Placees and are not connected persons of the Company. For the purposes of this Clause 4.1(g), “associates” and “connected persons” shall have the same meanings ascribed thereto under the GEM Listing Rules;
- (h) that it shall make available and promptly supply, or procure the Placees of the Placing Shares to make available and promptly supply, to the Stock Exchange and/or the SFC all information in relation to the Placees of the Placing Shares which may be required by the Stock Exchange and/or the SFC;
- (i) that it shall use its best endeavours to satisfy itself that each of the Placees shall not hold such Placing Shares, as represent 10% or more of the

Company's existing issued share capital as at the date hereof and as the Completion Date and the total number of the Placees procured by it for the Placing Shares shall be not less than six persons;

- (j) that it has full power to enter into and perform its obligations under this Agreement and this Agreement will, when executed, constitute binding obligations on the Placing Agent in accordance with its terms;
- (k) that it will comply with the requirements provided under the GEM Listing Rules and all applicable laws and regulations in each jurisdiction in which it may offer Placing Shares;
- (l) that it will procure that its sub-agents (if any) will observe, agree to and comply with, and will be bound by, the provisions of this Clause 4.1 as if such sub-agents were parties hereto for the purposes of this Clause 4.1 (but the Placing Agent shall nevertheless remain liable for all acts and omissions of any sub-agents appointed by it);
- (m) that it shall procure that all of the sub-placing agents (if any) will make the warranties and undertakings set forth in this Clause 4; and
- (n) it will, to the extent it may reasonably do so, cooperate with the Company to assist the Company to comply with any applicable law, regulation or direction of the Stock Exchange, the SFC or any other applicable regulatory body in connection with the Placing.

4.2. The Placing Agent shall, if so required, deliver to the Stock Exchange as soon as practicable a duly signed marketing statement in the form of Form D of Appendix 5 to the GEM Listing Rules (with a copy to be forwarded to the Company concurrently).

4.3. The Placing Agent represents, warrants and undertakes to the Company that it has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably have been expected to cause or result in stabilisation or manipulation of the price of the Placing Shares, except for stabilisation activities conducted in accordance with applicable laws and the

Stock Exchange requirements.

- 4.4. The Placing Agent shall provide (and procure the sub-placing agents to provide) a list of the Placees to the Stock Exchange and (if required) the Executive Director of the Corporate Finance Division of the SFC (or any delegate of the Executive Director).

5. COMPLETION

- 5.1. Completion shall take place at [*] a.m./p.m. on the Completion Date at the principal place of business in Hong Kong of the Company when all (but, not part only) of the following business shall be transacted:

- (a) the Placing Agent shall at Completion (i) deliver to the Company copy of the Placing Agent's confirmation of independence of the Placees or such other person(s) as nominated by Placees submitted to the Stock Exchange and shall notify the Company in writing the names of the Placees (and/or their respective nominees (if any)) and the number and denomination of the Placing Shares to be issued and allotted to them and/or the particulars of the relevant CCASS participants' account or investor participants' account at least two Business Days prior to the Completion Date, and (ii) effect payment to the Company by either the delivery of one or more cashier's order(s) issued by a licensed bank in Hong Kong or payment of an amount in immediately available funds in Hong Kong dollars made for value in such manner as shall be found by the Company in its reasonable opinion to be acceptable equal to the aggregate Placing Price payable for the aggregate number of Placing Shares so subscribed (after deduction of the placing fees and expenses referred to under Clause 6); and
- (b) the Company shall allot and issue credited as fully paid to the Placees (and/or their respective nominees (if any)) the Placing Shares and shall procure that the Placees and/or such nominees are registered on the branch register of members of the Company in Hong Kong in respect thereof.

- 5.2. Against compliance with Clause 5.1, the Company shall deliver or procure the delivery on the Completion Date to the Placing Agent definitive share certificates

for the Placing Shares in board lots or an integral multiple thereof issued in the name of the respective Placees (and/or the Placing Agent) (or their respective nominees) and in accordance with instructions given in the application to be delivered as referred to above or, if so required by any Placee, share certificates for the Placing Shares to the depositary for HKSCC Nominees Limited for credit to such CCASS participants' accounts or investor participants' accounts as may be designated by such Placee.

- 5.3. The Placing Agent shall ensure that it receives a confirmation, in a form it thinks appropriate, from each Placee and satisfy itself from the Placees that the Placees will be independent professional, institutional and/or other investors, who and whose ultimate beneficial owners are third parties independent of and not acting in concert with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of its or their respective associates or any other Placees and will not be connected persons of the Company. The Placing Agent shall as soon as practicable after Completion and in any event within the time limits (if any) imposed by the Stock Exchange and the relevant regulatory authorities provide particulars of the Placees to the Company direct, including names, addresses, number of Placing Shares acquired and such other information as required by the Stock Exchange and/or the relevant regulatory authority or governmental agency in Hong Kong for delivery to the Stock Exchange and/or the relevant authority or governmental agency in Hong Kong and warrant that it has all necessary authorisations from the Placees in connection therewith.

6. PLACING FEES AND EXPENSES

- 6.1. The Company shall pay to the Placing Agent a placing fee of 4% and brokerage commission of 1%, the Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.0027% of the aggregate value of the Placing Price of the Placing Shares under this Agreement, which the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 5.1.
- 6.2. In addition to the fee referred to in Clause 6.1, the Company shall pay the transaction levy imposed by the SFC and the Stock Exchange trading fee as may be payable (where required) and the costs of publishing the Placing

Announcement, and all charges, fees and expenses of the Company's share registrar including (without limitation) their fees and expenses in effecting the issue of the Placing Shares, and the issue of certificates therefor in board lots, to the Placees or, where applicable, the Placing Agent or its nominees, all of which amounts the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company pursuant to Clause 5.1.

- 6.3. The Placing Agent shall bear all of its own legal and out-of-pocket expenses incurred by the Placing Agent in relation to this Agreement, the Placing and their associated transactions.
- 6.4. The Company shall be liable for its own costs and expenses (including fees of legal and other professional advisers) incurred in connection with the Placing and their associated transactions.

7. TERMINATION OF THE PLACING

- 7.1 Unless otherwise agreed between the Company and the Placing Agent, the appointment in respect of the Placing Agent hereunder shall terminate simultaneously upon the earlier of (a) Completion and (b) termination of this Agreement, whichever is earlier.
- 7.2 The Placing Agent reserves its right to terminate the arrangements set out in this Agreement by notice in writing to the Company at or prior to 10:00 a.m. on the Completion Date (or such other date as may be agreed between the Parties), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "force majeure event" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (b) 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 of this Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of such Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inappropriate, inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any material change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

7.3 If, at or prior to 10:00 a.m. on the Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than four consecutive trading days save for the purposes of clearing of any announcement relating to this Agreement or circulars relating to the Placing and/or the sale and purchase agreement and the ancillary agreements thereto; or

(c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Agreement was, when given, untrue or inaccurate or would in any material respect be untrue or inaccurate and the Placing Agent, in its reasonable opinion, determines that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under this Agreement.

7.4 Upon giving of the notice pursuant to Clauses 7.2 and 7.3, all obligations of the Placing Agent shall cease and determine and no Party shall have any claim against the other Party in respect of any matter or thing arising out of or in connection with this Agreement, save for any antecedent breach of any obligation under this Agreement.

8. MISCELLANEOUS

8.1. All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed.

8.2. This Agreement may be executed in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and is binding on all parties. A party may execute this Agreement and the documents referred to herein on a facsimile copy counterpart and deliver his signature and seal by facsimile.

8.3. Time shall be of the essence of this Agreement in all respects.

9. NOTICES

9.1. Any notice, claim, demand, court process, document or other communication to

be given under this Agreement (collectively. "communication" in this Clause 9) shall be in writing in either the English or the Chinese language and may be served or given personally or sent to the address (including cable address) or facsimile numbers (if any) stated after the relevant party's name at the beginning of this Agreement or, where relevant, to the registered office for the time being of the party to be served, or to such other address (which must be in Hong Kong) as may have been last notified in writing by such party to the party serving the communication specifically referring to this Agreement. All communications shall be served by the following means and the addressee of a communication shall be deemed to have received the same within the time stated adjacent to the relevant means of despatch:

<u>Means of despatch</u>	<u>Time of deemed receipt</u>
Local mail or courier	24 hours
Facsimile	on despatch
Air courier/Speedpost	3 days
Airmail	5 days

9.2. A communication served in accordance with Clause 9.1 shall be deemed sufficiently served and in proving service and/or receipt of a communication it shall be sufficient to prove that such communication was left at the addressee's address or that the envelope containing such communication was properly addressed and posted or despatched to the addressee's address or that the communication was properly transmitted by facsimile or cable to the addressee.

9.3. Nothing in this Clause 9 shall preclude the service of communication or the proof of such service by any mode permitted by law.

10. SUCCESSORS AND ASSIGNS

10.1. This Agreement shall be binding on and shall enure for the benefit of each Party's successors and permitted assigns and personal representatives (as the case may be), but no assignment may be made of any of the rights or obligations hereunder by either Party without the prior written consent of the other Party.

11. GOVERNING LAW

11.1. This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

11.2. The Parties irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts.

