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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Vertical International Holdings Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “13. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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## VERTICAL INTERNATIONAL HOLDINGS LIMITED

### 弘浩國際控股有限公司

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

**(Stock code: 8375)**

## RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE

**Financial Adviser and Underwriter**

**SUNWAH KINGSWAY**  
**新華滙富**

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Capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The Shares have been dealt in on an ex-rights basis from Thursday, 13 January 2022. Dealings in the Rights Shares in its nil-paid form will take place from Wednesday, 26 January 2022 to Monday, 7 February 2022 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is rescinded or terminated, the Rights Issue will not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form and who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of rescission and termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders should note that the Rights Issue will proceed on a fully underwritten basis and the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to the Latest Time for Termination to terminate its obligations under the Underwriting Agreement on the occurrence of certain events. These events are set out under the section headed “Rescission and Termination of the Underwriting Agreement” of this Prospectus. If the Underwriter exercises such rights, the Rights Issue will not proceed.

The latest time for application for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares is 4:00 p.m. on Thursday, 10 February 2022.

The procedures for acceptance, payment and transfer of the Rights Shares are set out in the section headed “Letter from the Board — The Rights Issue — Procedures for acceptance and payment or transfer” in this Prospectus.

24 January 2022

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

“2020 Annual Report”	the annual report of the Company for the year ended 31 December 2020
“Announcement”	the announcement of the Company dated 26 November 2021 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday or public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	Vertical International Holdings Limited (Stock code: 8375), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“controlled corporation(s)”	has the meaning as ascribed thereto under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Controlling Shareholder(s)”	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

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## DEFINITIONS

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“COVID-19”	a viral respiratory disease caused by the severe acute, respiratory syndrome coronavirus 2, which has been declared by World Health Organisation as a pandemic on 11 March 2020
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“Excluded Shareholder(s)”	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
“Financial Adviser”	Kingsway Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertaking”	a letter of irrevocable undertaking executed by the Controlling Shareholders in favour of the Company
“Last Trading Day”	Friday, 26 November 2021, being the last trading day of the Shares traded on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	18 January 2022, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein

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## DEFINITIONS

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“Latest Time for Acceptance”	4:00 p.m. on Thursday, 10 February 2022 or such other time and date as may be agreed between the Company and the Underwriter, being the latest time for application for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Friday, 11 February 2022 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to rescind or terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“Mr. Boon”	Mr. Boon Ho Yin Henry, the chairman, the chief executive officer, an executive Director and a Controlling Shareholder of the Company
“Overseas Shareholders”	Shareholders whose address on the register of members of the Company are outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
“Prospectus”	this prospectus despatched to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Monday, 24 January 2022 (or such later date as may be agreed between the Underwriter and the Company) for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“Qualifying Shareholders”	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
“Record Date”	Friday, 21 January 2022 or such other date as may be agreed between the Company and the Underwriter for determination of the entitlements under the Rights Issue

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## DEFINITIONS

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“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every two (2) Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions in the Underwriting Agreement and to be set out in the Prospectus Documents
“Rights Share(s)”	96,000,000 Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share Consolidation”	the consolidation of every five (5) issued and unissued share of HK\$0.01 each into one (1) Share of HK\$0.05 each, which was effective on Wednesday, 12 January 2022
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.21 per Rights Share under the Rights Issue
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	Kingsway Financial Services Group Limited, 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 SFO
“Underwriting Agreement”	the underwriting agreement dated 26 November 2021 entered into between the Company and the Underwriter in respect of the Rights Issue as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 36,000,000 Rights Shares to be underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement

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## DEFINITIONS

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“Untaken Share(s)”	means those (if any) of the Rights Shares in respect of which valid application under the PALs and EAFs (accompanied by remittances for the relevant amounts payable on acceptance or application) have not been received on or before the Latest Time for Acceptance
“Vertical Technology”	Vertical Technology Investment Limited, a limited liability company incorporated in the British Virgin Islands and a Controlling Shareholder
“%”	per cent



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## EXPECTED TIMETABLE

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The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in separate announcement(s) by the Company as and when appropriate. All times and dates in this Prospectus refer to Hong Kong local times and dates.

<b>Event</b>	<b>Hong Kong Date and Time</b>
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 26 January 2022
Latest time for splitting the PAL . . . . .	4:30 p.m. on Friday, 28 January 2022
Last day of dealings in nil-paid Rights Shares . . . . .	4:00 p.m. on Monday, 7 February 2022
Latest time for application for, acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares . . . . .	4:00 p.m. on Thursday, 10 February 2022
Latest time to rescind or terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Friday, 11 February 2022
Announcement of allotment results of the Rights Issue . . . . .	Friday, 18 February 2022
Despatch of share certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares or if the Rights Issue is terminated . . . . .	Monday, 21 February 2022
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Tuesday, 22 February 2022

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place at 4:00 p.m. on Thursday, 10 February 2022 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme condition” caused by super typhoon as announced by the Government of the Hong Kong Special Administrative Region, if such circumstances is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

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## RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

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If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:

- (i) the success of the Rights Issue would be affected by:
  - (a) 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
  - (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 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
  - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (ii) 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
- (iii) 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 the Underwriting Agreement.

Moreover, the Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination any of the followings comes to the knowledge of the Underwriter:

- (i) any material breach of any of the warranties or undertakings of the Company contained in the Underwriting Agreement; or

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## RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

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- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties of the Company contained in the Underwriting Agreement untrue or incorrect in any respect.

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

If the Underwriter rescinds or terminates the Underwriting Agreement, the Rights Issue will not proceed. All obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination. Further announcement(s) would be made by the Company if the Underwriting Agreement is rescinded or terminated by the Underwriter.

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LETTER FROM THE BOARD

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**VERTICAL INTERNATIONAL HOLDINGS LIMITED**

**弘浩國際控股有限公司**

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

**(Stock code: 8375)**

*Executive Directors:*

Mr. Boon Ho Yin Henry

Ms. Chow Cheung Chu

*Independent Non-executive Directors:*

Mr. Liu Kwan

Mr. Chik Kin Man Paul

Mr. Wong Wai Leung

*Registered Office:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head Office and Principal Place of*

*Business in Hong Kong:*

Unit 2212, 22/F

Global Gateway Tower

63 Wing Hong Street

Cheung Sha Wan

Hong Kong

24 January 2022

*To the Qualifying Shareholders, and  
for information only, the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES  
HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other matters, the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.21 per Rights Share.

The Rights Issue is fully underwritten by the Underwriter. The Underwriter has conditionally agreed to underwrite up to 36,000,000 Rights Shares (being all of the Rights Shares under the Rights Issue other than 60,000,000 Rights Shares that have been undertaken to be subscribed by Vertical Technology pursuant to the Irrevocable Undertaking), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the condition precedent contained therein.

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## LETTER FROM THE BOARD

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The Share Consolidation was approved by the Shareholders at the extraordinary general meeting held on Monday, 10 January 2022. The Share Consolidation became effective on Wednesday, 12 January 2022.

The purpose of this Prospectus is to provide you with, among others things, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with the financial and other information of the Group.

### THE RIGHTS ISSUE

#### Rights Issue statistics

Basis of Rights Issue:	One (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.21 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	192,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	96,000,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares:	HK\$4.8 million (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Shares in issue immediately upon completion of the Rights Issue:	288,000,000 Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Number of Rights Shares undertaken to be taken up:	Vertical Technology has undertaken to take up 60,000,000 Rights Shares, representing approximately 62.5% of the total Rights Shares proposed to be provisionally allotted by the Company
Gross proceeds from the Rights Issue:	Approximately HK\$20.2 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)
Right of excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities in issue which are convertible or exchangeable into or confer any right to subscribe for Shares in the Rights Issue. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no Share is issued or repurchased on or before the Record Date, the 96,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 50.00% of the total number of issued Shares as at the Latest Practicable Date and (ii) approximately 33.33% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

### **Subscription Price**

The Subscription Price of HK\$0.21 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, or upon an application of excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.3% to the closing price of HK\$0.248 (after taking into account the effect of the Share Consolidation) per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 40.8% to the theoretical closing price of HK\$0.355 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.071 per then existing share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 42.5% to the theoretical closing price of HK\$0.365 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.073 per then existing share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 43.2% to the theoretical closing price of approximately HK\$0.370 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.074 per then existing share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 45.5% to the theoretical closing price of approximately HK\$0.385 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.077 per then existing share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (vi) a discount of approximately 31.6% to the theoretical ex-rights price of approximately HK\$0.307 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.071 per then existing share as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a discount of approximately 62.4% to the unaudited consolidated net asset value per Share of approximately HK\$0.558 (based on the latest published consolidated net asset value of the Group of approximately HK\$107.2 million as disclosed in the interim report of the Company for the six months ended 30 June 2021 and 192,000,000 Shares assuming the Share Consolidation has become effective); and
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 14.2% represented by the theoretical diluted price of approximately HK\$0.313 to the benchmarked price of approximately HK\$0.365 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.071 and the average closing price of HK\$0.073 per then existing share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day immediately prior to the date of the Announcement).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, the recent market price of the Shares prior to the Last Trading Day, the financial condition of the Company and the reasons and benefits of Rights Issue as discussed in the paragraph headed "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" in this section.

In determining the Subscription Price, the Directors have considered, among other things as mentioned above, (i) the recent and general downward trend of the market prices of the Shares since 6 September 2021 (from the highest adjusted price of approximately HK\$0.81 per Share to the lowest adjusted price of approximately HK\$0.32 per Share) prior to the Last Trading Day and (ii) the adjusted closing price range of the Shares (representing the closing price range of the Shares as adjusted by the effects of the Share Consolidation) traded on the Stock Exchange in the last two months prior to and including the Last Trading Day ("**Relevant Period**") as benchmarks to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an adjusted closing price range between HK\$0.495 and HK\$0.32 with an average closing price of approximately HK\$0.385 per Share and that the Subscription Price of HK\$0.21 represents (i) a discount of approximately 34.4% to the lowest closing price of HK\$0.32 per Share; (ii) a discount of approximately 57.5% to the highest closing price of HK\$0.495 per Share; and (iii) a discount of approximately 45.5% to the average closing price of the Shares of approximately HK\$0.385 per Share. Given the trading prices of the Shares during the Relevant Period have remained low and have been affected by the general downturn of the stock prices of the stock market in Hong Kong during the same period, the Board considered that the Subscription Price demonstrated a reasonable discount to the then trading prices and an incentive to the Shareholders to participate in the proposed Rights Issue.



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## LETTER FROM THE BOARD

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The Directors consider that the terms of the Rights Issue, including the Subscription Price and the above mentioned discounts, are commercially rational, fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into account the above considerations and the following factors:

- (a) as all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to participate in the future growth of the Company;
- (b) the prevailing market conditions and the Subscription Price is at a discount to the recent closing prices of the Shares with a view to encouraging the existing Shareholders to participate in the Rights Issue; and
- (c) the proceeds from the Rights Issue will provide the Group with a substantial amount of funds required as set out under the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” in this section.

The net price per Rights Share (i.e. the Subscription Price less the cost and expenses incurred in the Rights Issue) is estimated to be approximately HK\$0.195, upon full acceptance of the relevant provisional allotment of Rights Shares.

### **Irrevocable Undertaking from the Controlling Shareholders**

As at the Latest Practicable Date, Vertical Technology, being a Controlling Shareholder of the Company, is beneficially interested in 120,000,000 Shares, representing approximately 62.5% of the issued share capital of the Company. Vertical Technology is wholly owned by Mr. Boon.

As at 26 November 2021, the Company has received from the Controlling Shareholders the Irrevocable Undertaking, which provides that:

- (i) he/it will 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;
- (ii) he/it will lodge or procure the lodgment of the PAL(s) in respect of the Rights Shares referred to in paragraph (i) above and the EAF(s) accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance;
- (iii) the Shares registered in the name of and beneficially owned by Vertical Technology as at the date of the Irrevocable Undertaking will remain registered in the name of and beneficially owned by Vertical Technology on the Record Date; and

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## LETTER FROM THE BOARD

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- (iv) Mr. Boon will remain the beneficial owner of the entire issued share capital of Vertical Technology on the Record Date.

Save for the Irrevocable Undertaking given by the Controlling Shareholders, the Company has not received any information or irrevocable undertaking from any substantial Shareholder of the Company of their intention to take up the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

### Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the Share Consolidation having become effective by no later than the Prospectus Posting Date;
- (ii) 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 Shares;
- (iii) 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);
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance (together with any other documents required by the applicable law or regulation to be annexed thereto) by no later than the Prospectus Posting Date;
- (v) 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;
- (vi) the compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands;
- (vii) the compliance with and performance of all the undertakings and obligations of the Controlling Shareholders under the Irrevocable Undertaking;
- (viii) the representations, warranties and undertakings of the Company referred to in the Underwriting Agreement remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Termination;
- (ix) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement;

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## LETTER FROM THE BOARD

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- (x) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination; and
- (xi) the Underwriter being satisfied with the results of due diligence review of the Group to be conducted pursuant to the Underwriting Agreement.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. If the conditions set out in the above paragraphs are not satisfied (or, if applicable, waived by the Underwriter) by the Latest Time for Acceptance and/or the conditions set out in paragraphs (viii) and (ix) do not remain fulfilled (unless waived by the Underwriter under the terms of the Underwriting Agreement) up to the Latest Time for Termination, the Underwriting Agreement shall terminate (save in respect of the surviving provisions in relation to fees and expenses, indemnity, notices and governing law) and no party hereto will have any claim against any other party for cost, damages, compensation or otherwise (save in respect of any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination), and the Rights Issue will not proceed.

As at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

### **Basis of provisional allotment**

The Rights Shares will be allotted on the basis of one (1) Rights Share (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar on or before the Latest Time for Acceptance.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Closure of register of members**

The register of members of the Company will be closed from Monday, 17 January 2022 to Friday, 21 January 2022 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

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## LETTER FROM THE BOARD

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### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

The Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders for their information only.

### **Excluded Shareholders**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the legality and feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The Company will send the Prospectus only (without the PAL and the EAF) and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only.

Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder.

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Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, 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.

### **Application for the excess Rights Shares**

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) any Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; (ii) any Rights Shares created by aggregating fraction of Rights Shares; and (iii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

If the aggregate number of the excess Rights Shares is less than the number of Rights Shares applied for under the relevant EAFs, the Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) 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
- (ii) 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 Rights Shares available for excess application is greater than the aggregate number of excess Rights Shares applied for under the relevant EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess 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 the Underwriting Agreement.

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## LETTER FROM THE BOARD

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Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 January 2022.

In the event that the Board notes unusual patterns of excess application and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Thursday, 10 February 2022. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**VERTICAL INTERNATIONAL HOLDINGS LIMITED — EAF**" and crossed "Account Payee Only".

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Monday, 21 February 2022. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies is also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his/her/its own risk by the Registrar on or before Monday, 21 February 2022.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will



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constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses as at the Record Date by the Registrar on the respective despatch dates. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" above is not satisfied, and/or not waived (where applicable) at or before 4:00 p.m. on Friday, 11 February 2022 (or such later time and date as may be agreed between the Company and the Underwriter), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 21 February 2022.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company. No odd-lot matching services will be provided by the Company in respect of the Rights Issue.

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### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Monday, 21 February 2022 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not proceed, refund cheques will be despatched on or before Monday, 21 February 2022 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 21 February 2022, by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Procedures for acceptance and payment or transfer**

#### ***PAL — Acceptance, payment and transfer***

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to them as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. (Hong Kong time) on Thursday, 10 February 2022 (or, under bad weather conditions, such later date as mentioned in the paragraph headed "Effect of bad weather on the Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares" in the section headed "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders issued by, a licensed bank in Hong Kong and made payable to "**VERTICAL INTERNATIONAL HOLDINGS LIMITED — PAL**" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 10 February 2022, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined



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and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part or all of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on 28 January 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above.

Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights

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Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction. No application for Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue is not fulfilled or waived by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Monday, 21 February 2022.

No receipt will be issued in respect of any application monies received.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 10,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and

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settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### THE UNDERWRITING ARRANGEMENT

The Board is pleased to announce that on 26 November 2021 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. The Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

Date	:	26 November 2021 (after trading hours of the Stock Exchange)
Parties	:	(i) the Company; and (ii) the Underwriter
Underwriter	:	Kingsway Financial Services Group Limited, 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 SFO whose ordinary course of business includes underwriting of securities and complies with the requirement under Rule 10.24A(1) of the GEM Listing Rules

As at the Latest Practicable Date, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons

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Number of Rights Shares underwritten by the Underwriter	:	Up to 36,000,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date), representing all the Rights Shares under the Rights Issue other than the 60,000,000 Rights Shares that have been undertaken to be subscribed by Vertical Technology pursuant to the Irrevocable Undertaking
Underwriting Commission	:	4.0% of the aggregate Subscription Price in respect of the Underwritten Shares

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate. The Directors consider that the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. In particular, the Directors have made reference to the range of rate of underwriting commission paid in recent rights issue conducted by other ten listed companies on the Stock Exchange since 19 February 2021 and up to the date of the Underwriting Agreement (being approximately 1.0% to 7.07%), the rate of which was calculated on the basis of the total subscription price of the rights shares and the underwriting commission of 4.0% payable by the Company is considered to be consistent with the rate charged in the market.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not rescinded or terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter has agreed to subscribe or procure the subscription for all Underwritten Shares that are not otherwise taken up.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

### **Conditions of the Underwriting Agreement**

The conditions of the Underwriting Agreement have been set out in the paragraph headed "The Rights Issue — Conditions of the Rights Issue" above.

### **Rescission and Termination of the Underwriting Agreement**

The Underwriter may rescind or terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of certain events. For details, please refer to the section headed "Rescission and Termination of the Underwriting Agreement" above.

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### SHAREHOLDING STRUCTURES

The tables below sets out some possible changes in the shareholding structure of the Company arising from the Rights Issue which are for illustrative purpose only.

As at the Latest Practicable Date, the Company has 192,000,000 Shares in issue. Assuming there is no further issue or repurchase of Shares from the date of this Prospectus up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the Rights Issue.

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
	<i>Number of issued Shares</i>	<i>%</i>	Assuming full acceptance of the Rights Shares by the existing Shareholders		Assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than the Controlling Shareholder who has provided the Irrevocable Undertaking	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
<b>Controlling Shareholder</b>						
Vertical Technology (Note 1)	120,000,000	62.5%	180,000,000	62.5%	180,000,000	62.5%
<b>Public Shareholder</b>						
Underwriter, sub-underwriter(s) and/or subscriber(s) procured by them	—	0.00%	—	0.00%	36,000,000	12.5%
Other public Shareholders	<u>72,000,000</u>	<u>37.5%</u>	<u>108,000,000</u>	<u>37.5%</u>	<u>72,000,000</u>	<u>25.0%</u>
<b>Total</b>	<u><u>192,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>288,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>288,000,000</u></u>	<u><u>100.00%</u></u>

*Notes:*

- Vertical Technology is wholly and beneficially owned by Mr. Boon. Therefore, Mr. Boon is deemed to be interested in the 120,000,000 Shares of the Company held by Vertical Technology under the SFO as at the Latest Practicable Date.
- The applications of any Shareholder for his entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation to make a general offer under the Takeovers Code.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- The public float requirements under the GEM Listing Rules shall be fulfilled by the Company upon completion of the Rights Issue. Under the Underwriting Agreement, the Underwriter has undertaken to the Company that if there is an indication that the shareholding of the Company

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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 placees 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.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and distribution of chip type and radial lead type aluminum electrolytic capacitors.

It is estimated that the Company will raise approximately HK\$20.2 million from the Rights Issue and the relevant expenses would be approximately HK\$1.5 million, which includes underwriting commission and professional fees payable to the Financial Adviser, legal adviser and other parties involved in the Rights Issue. The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$18.7 million.

The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$9.6 million, representing approximately 51.3% of the net proceeds, for upgrading its equipment and machines to enhance the Group's production and operation efficiency; (ii) approximately HK\$3.8 million, representing approximately 20.3% of the net proceeds, for the repayment of bank borrowings; and (iii) the balance of approximately HK\$5.3 million, representing approximately 28.4% of the net proceeds, as general working capital of the Group.

As stated in the third quarterly report 2021 for the nine months ended 30 September 2021 (the "Period"), the revenue of the Group increased by approximately 55.9% to approximately HK\$103.0 million from approximately HK\$66.1 million for the nine months ended 30 September 2020. The gross profit of the Group increased by approximately HK\$9.0 million to approximately HK\$18.4 million for the Period from approximately HK\$9.4 million for the nine months ended 30 September 2020. The significant increase was mainly attributable to the rising demand in the Group's self-manufactured aluminum electrolytic capacitor during the Period. In response to the market trend, the Group plans to apply approximately HK\$9.6 million, representing approximately 51.3% of the net proceeds to upgrade its equipment and machinery for slitting, stitching and winding, assembly, aging and marking, to expand its production capacity, enhance its operation efficiency and capture the market opportunity.

In addition, according to the interim report 2021 of the Company for the six months ended 30 June 2021, the Company's outstanding bank loans were amounted to approximately HK\$14.4 million with a total outstanding bank loans (including the



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## LETTER FROM THE BOARD

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principal and the relevant interest) of HK\$3.8 million which will be due on or before 31 December 2022 (the “**Borrowing**”) and carried interest rates ranged from 2.38% to 5.38%. The Group intends to apply approximately HK\$3.8 million, representing approximately 20.3% of the net proceeds to repay the Borrowing, which will reduce the financial cost and enhance the financial position of the Group. Accordingly, the remaining amount of the net proceeds amounted to approximately HK\$5.3 million will be used as general working capital purposes.

Apart from the Rights Issue, the Directors have considered other debt/equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity, and placing of new shares dilutes the interests of existing shareholders without giving them the opportunity to take part in the enlarged capital base of the Company. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market, which would allow the Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group.

The Directors are of the view that the Rights Issue, when compared with other forms of debt/equity fundraising, is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base and gearing ratio of the Company, which in turn will support the Company’s continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

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## LETTER FROM THE BOARD

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### EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had carried out the following equity fundraising activity in the 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
12 March 2021	Placing of new Shares under general mandate	HK\$7.68 million	Approximately (i) HK\$4.23 million to finance the addition of production equipment; (ii) HK\$1.84 million to expand the existing production plant; and (iii) HK\$1.61 million as general working capital of the Group	Approximately HK\$5.84 million of the total net proceeds of HK\$7.68 million has been utilized as intended and as disclosed in the announcement of the Company dated 12 March 2021, amongst which approximately (i) HK\$4.23 million was utilised to finance the addition of production equipment; (ii) HK\$1.61 million was utilised for general working capital of the Group; and (iii) the remaining net proceeds of approximately HK\$1.84 million has not been utilised as at the Latest Practicable Date and will be used as intended for the expansion of the existing production plant by 30 June 2022

Save as disclosed above, the Company had not conducted any other equity fundraising activities in the past 12 months immediately preceding the Latest Practicable Date.

### RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but are not limited to, the following:

#### **Risks relating to the business and financial conditions of the Group**

##### ***(i) Intense competition in the aluminum electrolytic capacitors industry***

The Group is principally engaged in the manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components. As the potential of the aluminum electrolytic capacitors industry has been discovered in recent years, many companies have entered into this industry, intensifying the market competition. In view of the existing and future competition from local and international market players, this may have adverse effect on the operating performance and financial position of the Group.



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## LETTER FROM THE BOARD

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### *(ii) Heavy reliance on the PRC market*

As disclosed in the 2021 interim report of the Company for the six months ended 30 June 2021, the Group generated approximately HK\$56.7 million from the PRC market, representing approximately 86.0% of the Group's revenue for that period. As the PRC market will continue to be the primary focus of the Group for business opportunities, any adverse changes in the economic condition and business environment in the PRC may affect the Group's operating performance and its ability to execute its business strategies.

### *(iii) Major financial risks*

The Group is exposed to certain financial risks, including but not limited to (i) currency risk mainly arises from the fluctuation of USD and RMB against the functional currencies of the Group, (ii) interest rate risk primarily due to variable-rate bank balances and bank borrowings due to the fluctuation of the prevailing market interest rate, (iii) credit risk in the event of the counterparties' failure to perform their obligations and (vi) liquidity risk. If the Group fails to manage and monitor the Group's exposure to any of its major financial risks, the business operation and financial conditions of the Group may be adversely and materially affected.

### **Risk relating to the Share price**

The price and trading volume of the Shares are influenced by the public market sentiment. Factors such as fluctuations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and the general political, economic, social and market conditions globally and, particularly, in the PRC and Hong Kong could cause the market price of the Shares to fluctuate substantially.

### **Risks relating to the Rights Issue**

Under the Underwriting Agreement, the Underwriter shall be entitled by notice in writing to the Company to rescind the Underwriting Agreement or terminate its obligations upon the occurrence of any of the events stated in the section headed "Rescission and Termination of the Underwriting Agreement" in this Prospectus on or before the Latest Time for Termination. Should the Rights Issue proceed as intended, the interest of the existing Shareholders will be diluted if they do not or cannot, as the case may be, subscribe for the Rights Shares which they are entitled to.

### **Additional risks**

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied above, or otherwise deemed immaterial by the Directors as at the Latest Practicable Date, may also adversely affect the Group's business in a material aspect.

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## LETTER FROM THE BOARD

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### **GEM LISTING RULES IMPLICATIONS**

As the Rights Issue will not increase the number of issued shares of the Company or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the date of the Announcement or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to the Shareholders as part of such rights issues or open offers), the Rights Issue is not subject to Shareholders' approval under Rule 10.29 of the GEM Listing Rules. In addition, the Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having rescinded or terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Rescission and Termination of the Underwriting Agreement" in this Prospectus). Accordingly, the Rights Issue may or may not proceed.**

**Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 26 January 2022 to Tuesday, 7 February 2022 (both dates inclusive).**

**Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares from the date of this Prospectus and up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriter's right of rescission and termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

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**LETTER FROM THE BOARD**

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**ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in Appendices I to III to this Prospectus.

Yours faithfully,  
For and on behalf of the Board  
**Vertical International Holdings Limited**  
**Boon Ho Yin Henry**  
*Chairman*

## 1. FINANCIAL INFORMATION

The audited financial information of the Group for (i) each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the annual reports of the Company for the three years ended 31 December 2018, 2019 and 2020 respectively, (ii) the unaudited financial information of the Group for the nine months ended 30 September 2021 are disclosed in the third quarterly report of the Company for the nine months ended 30 September 2021. The aforesaid annual reports and quarterly report of the Company are available on both the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company ([www.verticaltech.com.cn](http://www.verticaltech.com.cn)).

Set out below are links to the relevant annual reports and quarterly report of the Company:

- (a) annual report of the Company for the year ended 31 December 2018 (pages 51 to 123), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328129.pdf>

- (b) annual report of the Company for the year ended 31 December 2019 (pages 55 to 133), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000487.pdf>

- (c) annual report of the Company for the year ended 31 December 2020 (pages 62 to 133), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033000698.pdf>

- (d) third quarterly report of the Company for the nine months ended 30 September 2021 (pages 6 to 12), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/1111/2021111100509.pdf>

**2. INDEBTEDNESS**

As at the close of business on 30 November 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this Prospectus, the total indebtedness of the Group amounted to approximately HK\$18.2 million, which comprised of secured bank borrowings of approximately HK\$16.0 million and lease liabilities in respect of various offices, factories and motor vehicles of approximately HK\$2.2 million.

Save as disclosed above or as otherwise disclosed herein, and apart from intra-group liabilities within the Group and normal trade and other payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 30 November 2021.

The Directors confirmed that the Group do not have any plans for material external debt financing and no material changes in the indebtedness and contingent liabilities of the Group since 30 November 2021 up to and including the Latest Practicable Date.

**3. WORKING CAPITAL STATEMENT**

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the cash flow generated from the operating activities of the Group and the financial resources available to the Group, including the Group's internally generated funds and available banking facilities, the estimated net proceeds from the Rights Issue, and in the absence of unforeseeable circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of the Prospectus.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components, including semiconductor devices and passive components. Over the last few months, the overall business environment and economy have been recovering gradually from the impact of the COVID-19 pandemic which led to the increase in the demand of the Group's products. As set out in the third quarterly report for the 9 months ended 30 September 2021, the revenue of the Group increased by approximately 55.9% to approximately HK\$103.0 million from approximately HK\$66.1 million for the nine months ended 30 September 2020. The gross profit of the Group increased by approximately HK\$9.0 million to approximately HK\$18.4 million for the nine months ended 30 September 2021 from approximately HK\$9.4 million for the nine months ended 30 September 2020. In view of the growing demand for the Group's self-manufactured aluminum electrolytic capacitor products, the Group will continue to expand the production line in its factory located in China and take steps to strengthen the production and sales capabilities in the market.

Given the unpredictability associated with the development of COVID-19 and any contingency measures that may be put in place by the relevant governments and corporate entities, the future financial performances of the Group could be significantly different from the current trend depending on how the situation evolves, the Group will closely monitor in this regard. Despite the current economic uncertainty caused by the changing COVID-19 pandemic situation is expected to continue for the near term, the Group remains committed to (i) advancing its technology capabilities, (ii) enhancing the supply capacity to meet the growing demand, and (iii) stepping up development of competitive products, which will contribute to the Group's long-term growth. Looking forward, the Group will continue to closely monitor the changing business environment and review its business approach with a view to secure valuable business opportunities for the Group and grow its business in the coming years.

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

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

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

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

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

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

*Notes:*

1. The amount of unaudited consolidated net tangible assets of the Group as at 30 June 2021 is based on consolidated net assets the Group of approximately HK\$107,211,000 less intangible assets of approximately HK\$2,000,000 as extracted and derived from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 on which the interim report has been issued on 6 August 2021.
2. The 192,000,000 Shares have been retrospectively adjusted from 960,000,000 existing shares at 30 June 2021, after taking into effect of the Share Consolidation by which every five issued and unissued existing shares has consolidated into one consolidated share of HK\$0.05 each on 12 January 2022.



3. The estimated net proceeds from the Rights Issue of approximately HK\$18,748,000 are based on the issuance of 96,000,000 Rights Shares (based on shares after share consolidation disclosed in Note 2) at HK\$0.21 each, after deducting the estimated related expenses of approximately HK\$1,412,000 to be incurred by the Group.
4. The unaudited consolidated net tangible assets of the Group per Share as at 30 June 2021 is calculated based on the unaudited consolidated net tangible assets of the Group as at 30 June 2021 of approximately HK\$105,211,000 divided by 192,000,000 Shares (based on shares after share consolidation disclosed in Note 2) which represents Shares in issue as at 30 June 2021.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 30 June 2021 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2021 and 288,000,000 Shares in issue upon completion of the Rights Issue as at 30 June 2021, which comprises 192,000,000 Shares in issue as at 30 June 2021 before the Rights Issue and 96,000,000 Rights Shares to be issued under the Rights Issue.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2021.

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

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



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

To the Directors of Vertical International Holdings Limited

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

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

### **Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

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

**Our Independence and Quality Control**

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

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

**Reporting Accountants’ Responsibilities**

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

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

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

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

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

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

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

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

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

### **Opinion**

In our opinion:

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

**Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 24 January 2022

**Tong Wai Hang**

Practising certificate number P06231

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date and (ii) immediately following completion of the Rights Issue (assuming all the Rights Shares are taken up) was and will be as follows:

### (i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares of HK\$0.05 each	<u>50,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
<u>192,000,000</u>	Shares of HK\$0.05 each	<u>9,600,000</u>

### (ii) Upon the completion of the Rights Issue (assuming no further issue or repurchase of Shares on or before the Record Date)

<i>Authorised:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares of HK\$0.05 each	<u>50,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
192,000,000	Shares of HK\$0.05 each	9,600,000
<u>96,000,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>4,800,000</u>
<u>288,000,000</u>	Shares of HK\$0.05 each in issue immediately upon completion of the Rights Issue	<u>14,400,000</u>

All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on GEM.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### *Long Position in the Shares*

Name of Director	Capacity/ nature of interests	Number of Shares held	Approximate percentage of interest (Note 1)
Mr. Boon	Interest in a controlled corporation (Note 2)	120,000,000	62.5%

*Long Position in the shares of the associated corporation of the Company*

Name of Director	Capacity/nature of interests	Name of associated corporation	Number of shares interested	Percentage of shareholding in the associated corporation
Mr. Boon	Beneficial owner	Vertical Technology	1	100%

*Notes:*

1. The percentage is calculated on the basis of the total number of issued Shares as at the Latest Practicable Date.
2. Vertical Technology held direct interests of 120,000,000 Shares. Vertical Technology is wholly and beneficially owned by Mr. Boon. Therefore, Mr. Boon is deemed to be interested in all the Shares held by Vertical Technology under the SFO.

Save as disclosed above, as at Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

**(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares:

*Long positions in the Shares*

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of shareholding in the Company (Note 1)
Vertical Technology (Note 2)	Beneficial owner	120,000,000	62.5%
Ms. Sun Koon Kwan ("Ms. Sun") (Note 3)	Interest of spouse	120,000,000	62.5%

*Notes:*

- (1) The percentage is calculated on the basis of the total number of issued Shares as at the Latest Practicable Date.
- (2) Vertical Technology is wholly and beneficially owned by Mr. Boon. He is deemed to be interested in all the Shares held by Vertical Investment under the SFO.
- (3) Ms. Sun is the spouse of Mr. Boon. Ms. Sun is deemed to be interested in the same number of Shares in which Mr. Boon is interested by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is aware of any other person who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

As at the Latest Practicable Date, the Company did not have any options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

#### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors, the Controlling Shareholders nor any of their respective close associates (as defined under the GEM Listing Rules) had any interests in any business which competed or might compete, either directly or indirectly, with the business of the Group.

#### **5. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2020 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or was proposing to enter into any service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation other than statutory compensation.

#### **7. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims of material importance to the Group and there were no litigation or claims of material importance, known to the Directors, pending or threatened against any member of the Group.



## 8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Company within the two years immediately preceding the date of this Prospectus and are or may be material:

- (i) the Underwriting Agreement;
- (ii) a supplemental agreement dated 16 December 2021 to the Underwriting Agreement entered into between the Company and Kingsway Financial Services Group Limited regarding the amendments of certain dates and times in the Underwriting Agreement due to the delay in despatch of circular; and
- (iii) a placing agreement dated 12 March 2021 entered into between the Company and Kingsway Financial Services Group Limited regarding the placing of up to 160,000,000 placing shares of the Company at a placing price of HK\$0.051 each.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions, letters or advice which are contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
Baker Tilly Hong Kong Limited	Certified Public Accountants, Hong Kong

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert had no shareholding in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts had no direct or indirect interest in any assets which had been, since 31 December 2020 (the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Board of Directors</b>	Mr. Boon Ho Yin Henry Ms. Chow Cheung Chu Mr. Liu Kwan Mr. Chik Kin Man Paul Mr. Wong Wai Leung
<b>Registered Office</b>	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Headquarters and Principal Place of Business in Hong Kong</b>	Unit 2212, 22/F Global Gateway Tower 63 Wing Hong Street Cheung Sha Wan Hong Kong
<b>Authorised Representatives</b>	Mr. Boon Ho Yin Henry Flat A, 3rd Floor Block 5, Regent Palisades No. 43 Bisney Road Hong Kong  Ms. Cheung Yuet Fan Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company Secretary</b>	Ms. Cheung Yuet Fan
<b>Compliance Officer</b>	Mr. Boon Ho Yin Henry
<b>Auditor/Reporting Accountants</b>	<b>Baker Tilly Hong Kong Limited</b> Certified Public Accountants 2nd Floor, Foyer 625 King's Road North Point Hong Kong
<b>Principal Banker</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b> 1 Queen's Road Central Central Hong Kong

<b>Principal Share Registrar and Transfer Office in the Cayman Islands</b>	<b>Conyers Trust Company (Cayman) Limited</b> Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Hong Kong Branch Share Registrar and Transfer Office</b>	<b>Tricor Investor Services Limited</b> Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
<b>Legal Advisers to the Company as to Hong Kong laws</b>	<b>Fairbairn Catley Low and Kong</b> 23/F, Shui On Centre 6-8 Harbour Road Hong Kong
<b>Legal Adviser to the Company as to Cayman Islands laws</b>	<b>Appleby</b> Suites 4201-03 & 12 42/F, One Island East Taikoo Place 18 Westlands Road Quarry Bay Hong Kong
<b>Financial Adviser to the Company</b>	<b>Kingsway Capital Limited</b> 7/F, Tower One Lippo Centre 89 Queensway Hong Kong
<b>Underwriter</b>	<b>Kingsway Financial Services Group Limited</b> 7/F, Tower One Lippo Centre 89 Queensway Hong Kong

## 11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

### Executive Directors

**Mr. Boon Ho Yin Henry (温浩然)**, aged 46, was appointed as a Director on 3 January 2017 and re-designated as an executive Director, the chairman and the chief executive officer of our Group on 7 April 2017. Mr. Boon is responsible for our Group's major decision-making, overall strategic planning, determining corporate policies and daily operations and management of our Group. Mr. Boon is also the Compliance Officer of the Company. As one of the founders of our Group, Mr. Boon has over 10 years of experience in the industry of trading and manufacturing electronic

components. Mr. Boon is also a director of Vertical Technology (B.V.I.) Limited, Vertical Technology Company Limited (弘峰科技有限公司), and Vertical Engineering Company Limited (弘峰工程有限公司).

Prior to co-founding our Group, Mr. Boon was a finance professional. From September 2000 to September 2003 he worked as a financial analyst of the personal computing division of IBM China/Hong Kong Limited and was mainly responsible for financial review, budgeting, cash flow forecasting, accounting and project management. After his resignation in September 2003, Mr. Boon had been preparing the business plan of Vertical Technology Company Limited which commenced business in 2006.

Mr. Boon graduated in June 1997 from the University of Toronto in Canada with a degree of Bachelor of Commerce. He is a member of the CFA Institute (formerly known as the Association for Investment Management and Research), and was designated as chartered financial analyst in September 2001. Mr. Boon is also a member of the Hong Kong Society of Financial Analysts.

**Ms. Chow Cheung Chu (周祥珠)**, aged 37, was appointed as an executive Director of our Group on 7 April 2017 and is principally responsible for the overall management of our Company and supervising of financial activities and internal control of our Group. Ms. Chow joined our Group in January 2015 as the finance manager of Vertical Technology Company Limited. Since January 2015, Ms. Chow has been managing our Group's financial activities and overseeing our Group's back office functions including finance and accounting, and general administration, from which she has obtained an extensive experience in the management and operation of our Group's business and the industry. She is also responsible for the internal control of our Group and has been monitoring and ameliorating our Group's business workflow.

Prior to joining our Group, Ms. Chow was an auditor and was mainly responsible for accounting, auditing and providing assurance services. She was an audit junior at East Asia Sentinel Limited from May 2009 to May 2010 and an audit semi-senior at Raymond Y.L. Lai & Co. from July 2010 to July 2011, and from January 2012 to December 2012. She was later promoted to the position of audit senior in January 2013 until she resigned in January 2015. She was mainly responsible for handling audit assignments along with related tax and secretarial works.

Ms. Chow obtained her degree of Bachelor of Business Administration with a major in accountancy and a minor in financial services from The Hong Kong Polytechnic University in October 2008. Ms. Chow became a member of the HKICPA in May 2013.

#### **Independent non-executive Directors**

**Mr. Liu Kwan (劉筠)**, aged 49, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for overseeing the management of our Group independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company.

Mr. Liu has over 18 years of experience in accounting and auditing. He worked at Deloitte & Touche LLP in Canada from September 1997 to October 2000 with the last held position as senior staff accountant, and was primarily responsible for auditing and due diligence review. He was a financial analyst at the TD Securities Division of the Toronto Dominion Bank in Canada from October 2000 to March 2001 and was primarily responsible for business and market analysis. He was at American International Assurance Company, Limited in Hong Kong from October 2001 to November 2005, where he worked as a staff auditor from October 2001 to December 2003, and as a senior auditor from January 2004 to November 2005. He was primarily responsible for auditing and compliance review. He was at New York Life International, LLC in Hong Kong from November 2005 to November 2010, where he worked as a director of audits in the internal audit department from November 2005 to September 2009, and as an assistant general auditor in the internal audit department from October 2009 to November 2010. He was primarily responsible for auditing and risk review. From November 2010 to July 2011, he was at KPMG in Hong Kong with his last held position as senior manager in the risk and compliance division, and was primarily responsible for providing assurance, risk, compliance and business promotion services. From August 2011 to November 2014, he worked as an audit manager at Prudential Services Limited in Hong Kong and was primarily responsible for development, execution and management of audit work. From December 2014 and until now, he has become the regional anti-money laundering manager of Prudential Services Limited and is primarily responsible for drafting and implementing regional anti-money laundering standards and overseeing the sanctions screening operations in Asia.

Mr. Liu obtained his Bachelor of Arts degree and his Bachelor of Administrative Studies degree from York University in Canada in June 1994 and June 1997 respectively. Mr. Liu became a chartered accountant and a chartered professional accountant of the Institute of Chartered Accountants of Ontario (now known as Chartered Professional Accountants of Ontario) in November 2000 and November 2012, respectively. He became a certified internal auditor of the Institute of Internal Auditors in Hong Kong in August 2009 and a certified anti-money laundering specialist of Association of Certified Anti-Money Laundering Specialists in Hong Kong in May 2016.

**Mr. Chik Kin Man Paul (戚健民)**, aged 47, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for overseeing the management of our Group independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company.

Mr. Chik has over 20 years of experience in the IT industry. He worked at IBM China/Hong Kong Limited from July 1998 to September 2021 with the last held position as infrastructure architect in global technology services department. Mr. Chik has become a Hong Kong Solutioning Leader of Kyndryl Hong Kong Limited since September 2021 and is responsible for IT consulting, solution design and technology delivery services.

Mr. Chik obtained his degree of Bachelor of Science from the University of Hong Kong in November 1996, and his Master degree of practicing accounting from Monash University in Australia in November 2001. He then obtained a degree of Bachelor of Laws from University of London in August 2005. Mr. Chik was qualified as a certified practicing accountant of CPA Australia in September 2005. He was also a certified information systems auditor from August 2006 to January 2010. He was awarded the Information Technology Infrastructure Library (ITIL) Expert in IT service management in June 2010 and he was also qualified as an ISO/IEC 20000 practitioner in June 2012.

**Mr. Wong Wai Leung (黃偉樑)**, aged 44, was appointed as an independent non-executive Director on 24 October 2017 and is mainly responsible for overseeing the management of our Group independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company.

Mr. Wong worked at Ernst & Young in audit assurance from September 2000 to July 2009 with his last held position as senior manager in the assurance and advisory business services department. He was subsequently seconded to the assurance and advisory business services department of the New York office of Ernst & Young in the United States as a senior accountant from November 2004 to March 2006. Mr. Wong worked at Lianjie Capital (Hong Kong) Limited from September 2009 to March 2012 with his last held position as chief financial officer. He was subsequently transferred to Lianjie Sports Investments Limited, a private company which manages investments and trusts for a family office, between April 2012 and December 2015 with his last position as chief financial officer. He was appointed as a director of Lianjie Sports Investments Limited in January 2016. Mr. Wong has become an executive director, chief financial officer and company secretary of Qinqin Foodstuffs Group (Cayman) Company Limited, a company principally engaging in the manufacturing, distribution and sale of food and snacks products in the PRC, since June 2016 up to the present and is responsible for corporate development, investment, accounting and financial matters.

Mr. Wong received a degree of Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology in November 2000. He has also been a member of the HKICPA since July 2004, and a fellow member of the Association of Chartered Certified Accountants since September 2010.

Mr. Wong has been appointed as an executive director of Qinqin Foodstuffs Group (Cayman) Company Limited (親親食品集團(開曼)股份有限公司) (Stock code: 1583) since 22 March 2016, and has been appointed as an independent non-executive director of MediNet Group Limited (醫匯集團有限公司) (Stock code: 8161) since 19 May 2016 and an independent non-executive director of Zhongchang International Holdings Group Limited (中昌國際控股集團有限公司) (Stock code: 859) from 13 May 2020 to 12 May 2021, the shares of which are listed on the Stock Exchange.

**Senior management**

**Mr. Li Xinjun (李新軍)**, aged 39, is the deputy general manager of the sales and marketing department of Dongguan Shouke Electronics Technology Limited (“**Dongguan Shouke**”) and is mainly responsible for management of sales assistants and marketing of our Group. Mr. Li was promoted to the position of deputy general manager of the sales and marketing department of Dongguan Shouke on 1 July 2016. He joined Vertical Technology Company Limited in January 2007 as a salesperson based in the PRC and up to February 2014, where he was responsible for sales and marketing. Mr. Li was subsequently seconded to Dongguan Shouke in March 2014 as a supervisor and focused on sales and marketing.

Mr. Li graduated from 粵北技工學校 in the PRC in July 2003, with a specialisation in electrical and mechanical engineering.

**Company Secretary**

**Ms. Cheung Yuet Fan (張月芬)** is the company secretary of our Company. She is a director of Corporate Services of Tricor Services Limited (“**Tricor**”), a global professional services provider specializing in integrated business, corporate and investor services. The Company has engaged Tricor as external service provider and appointed Ms. Cheung as the company secretary of the Company since 16 October 2017.

Ms. Cheung has over 30 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Prior to joining Tricor, Ms. Cheung worked in the corporate secretarial department of Deloitte Touche Tohmatsu in Hong Kong and in various Hong Kong listed companies in the role of company secretary and corporate governance areas. She is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”).

Ms. Cheung obtained a Bachelor of Arts degree in Accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

**Business address of the Directors and the senior management**

The business address of the Directors and the senior management is the same as the Company’s principal place of business in Hong Kong located at Unit 2212, 22/F, Global Gateway Tower, 63 Wing Hong Street, Cheung Sha Wan, Hong Kong.



**Audit committee**

The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Wai Leung, Mr. Liu Kwan and Mr. Chik Kin Man Paul (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). Mr. Wong Wai Leung has been appointed as the chairman of the Audit Committee. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

**12. EXPENSES**

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration, translation, legal and accountancy charges and other related expenses are estimated to be approximately HK\$1.5 million and are payable by the Company.

**13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

**14. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company (<http://www.verticaltech.com.cn>) for a period of 14 days from the date of this Prospectus:

- (i) the independent reporting accountants’ assurance report on the unaudited pro forma financial information of the Group issued by Baker Tilly Hong Kong Limited set out in Appendix II to this Prospectus;
- (ii) the written consent of the expert referred to in the paragraph headed “9. Expert and Consent” in this appendix; and
- (iii) the material contracts referred to in the paragraph headed “8. Material Contracts” in this appendix.



**15. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

**16. GENERAL**

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) In case of inconsistency, the English text of this Prospectus, the accompanying PAL and EAF shall prevail over its Chinese text.