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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

SUNWAH KINGSWAY
新華滙富

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 160,000,000 Placing Shares at the Placing Price of HK\$0.051 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 160,000,000 Placing Shares under the Placing represents (i) approximately 20% of the existing issued share capital of the Company of 800,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.051 per Placing Share represents: (i) a discount of approximately 19.05% to the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on 12 March 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 16.67% to the average closing price of approximately HK\$0.0612 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, it is expected that the maximum gross proceeds from the Placing will be approximately HK\$8.16 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$476,000, are estimated to be approximately HK\$7.68 million. The Company intends to apply the net proceeds from the Placing as to: (i) approximately HK\$4.23 to finance the addition of production equipment; (ii) approximately HK\$1.84 million to expand the existing production plant; and (iii) approximately 1.61 million as general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 12 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 160,000,000 Placing Shares at the Placing Price of HK\$0.051 per Placing Share.

Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 12 March 2021

Parties: (i) the Company (as the issuer); and
(ii) Kingsway Financial Services Group Limited (as the Placing Agent).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 4% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

Placees

The Placing Agent will, on best effort basis, to place the Placing Shares at the Placing Price to not less than six Placees who shall be professional, institutional and/or other investors independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules). If any of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) after completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 160,000,000 Placing Shares under the Placing represents (i) approximately 20% of the existing issued share capital of the Company of 800,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The maximum aggregate nominal value of the maximum number of the Placing Shares will be approximately HK\$1,600,000.

Ranking of the Placing Shares

The Placing Shares, when allotted 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 Placing Shares.

Placing Price

The Placing Price of HK\$0.051 per Placing Share represents: (i) a discount of approximately 19.05% to the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on 12 March 2021, being the date of the Placing Agreement; and (ii) a

discount of approximately 16.67% to the average closing price of approximately HK\$0.0612 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market prices and the recent trading performance of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon (a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and (b) all necessary consents, approvals, authorisations and/or waivers on the part of each of the Placing Agent and the Company having been obtained to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement.

In the event that the above conditions is not fulfilled by the Long-stop Date (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

Completion of the Placing

Completion of the Placing shall take place on a date falling the third Business Day following the fulfilment of all the conditions set out in the Placing Agreement (or on such other date as may be agreed between the Company and the Placing Agent).

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 160,000,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be utilised as to 100% upon the allotment and issue of all the Placing Shares.

Termination

The Placing Agent shall be entitled by notice in writing to the Company at any time at or prior to 10:00 a.m. on the Completion Date to terminate the Placing Agreement upon the occurrence of any of the following events which, in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and affected by any force majeure events below:

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

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

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than four consecutive trading days; or

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

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

Upon giving of the above mentioned notice by the Placing Agent to the Company, the Placing Agreement shall terminate and be of no further effect and all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and trading of aluminum electrolytic capacitors and trading of electronic components.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares are fully placed, the maximum gross proceeds from the Placing will be approximately HK\$8.16 million. The maximum net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$476,000, are estimated to be approximately HK\$7.68 million. The Company intends to apply the net proceeds from the Placing as to: (i) approximately HK\$4.23 to finance the addition of production equipment; (ii) approximately HK\$1.84 million to expand the existing production plant; and (iii) approximately 1.61 million as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group.

The Directors (including the independent non-executive Directors) consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after the completion of the Placing) are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Vertical Technology Investment Limited ("Vertical Technology") (Note)	600,000,000	75	600,000,000	62.5
Public Shareholders				
The Placees	—	—	160,000,000	16.67
Other public Shareholders	<u>200,000,000</u>	<u>25</u>	<u>200,000,000</u>	<u>20.83</u>
Total	<u><u>800,000,000</u></u>	<u><u>100</u></u>	<u><u>960,000,000</u></u>	<u><u>100</u></u>

Note: The issued share capital of Vertical Technology is owned as to 100% by Mr. Boon Ho Yin Henry ("Mr. Boon"), being the chief executive officer of the Company, an executive Director and chairman of the Board. Accordingly, Mr. Boon is deemed to be interested in the 600,000,000 Shares held by Vertical Technology under the SFO.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Vertical International Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange
“Completion Date”	the date of completion of the Placing which shall be within third Business Day (or on such other date as may be agreed between the Company and the Placing Agent) following the fulfillment of all the conditions specified in the Placing Agreement
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate granted by the Shareholders to the Directors by a resolution of the Shareholders passed at the annual general meeting to allot, issue and deal with up to 20% of the issued Shares as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Long-stop Date”	31 March 2021
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited, a licensed corporation to carry on business in Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 12 March 2021 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.051 per Placing Share
“Placing Share(s)”	up to 160,000,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Vertical International Holdings Limited
Boon Ho Yin Henry
Chairman

Hong Kong, 12 March 2021

As at the date of this announcement, the executive Directors are Mr. Boon Ho Yin Henry and Ms. Chow Cheung Chu; and the independent non-executive Directors are Mr. Liu Kwan, Mr. Chik Kin Man Paul and Mr. Wong Wai Leung.

This announcement, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of GEM (www.hkgem.com) for at least seven days from its date of publication. This announcement will also be published on the website of the Company at www.verticaltech.com.cn.