

Novacon Technology Group Limited 連成科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8635

SHARE OFFER

Sole Sponsor, Sole Bookrunner and Sole Lead Manager



Dongxing Securities (Hong Kong) Company Limited

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Novacon Technology Group Limited **連成科技集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OPERATED BY THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares : 100,000,000 Shares (subject to the Offer Size Adjustment Option)

Number of Public Offer Shares : 10,000,000 Shares (subject to reallocation)

Number of Placing Shares : 90,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)

Offer Price : Not more than HK\$0.67 per Offer Share and expected to be not less than HK\$0.53 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal Value : HK\$0.01 per Share

Stock Code : 8635

Sole Sponsor, Sole Bookrunner and Sole Lead Manager



Dongxing Securities (Hong Kong) Company Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited 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.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection — Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII 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 Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on or about Thursday, 18 April 2019 or such later date as may be agreed between the parties. If, for any reason, the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse. The Offer Price will not be more than HK\$0.67 per Offer Share and is expected to be not less than HK\$0.53 per Offer Share, unless otherwise announced. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the above indicative Offer Price Range at any time prior to the Price Determination Date. In such a case, notice of the reduction in the indicative Offer Price Range will be available on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.novacontechgroup.com.

Prospective investors of the Offer Shares should note that the Sole Bookrunner (for itself and on behalf of the Underwriters) is entitled to terminate the Underwriting Agreements by giving a notice in writing to our Company if certain circumstances arise prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such circumstances are set out in "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for termination" in this prospectus. It is important that you carefully read such section for further details.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in "Risk Factors" in this prospectus.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus or the Application Forms may not be used for the purpose of, and does not (and is not intended to) constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus or the Application Forms and the offering of the Offer Shares in other jurisdictions may be restricted by law and therefore persons who possess this prospectus or any of the Application Forms should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities law.

15 April 2019

CHARACTERISTICS OF GEM

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 Stock 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 higher 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.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

We will issue an announcement in Hong Kong to be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.novacontechgroup.com if there is any change in the following expected timetable.

2019
(Note 1)

Latest time to complete electronic applications under the HK eIPO White Form service through the designated website at www.hkeipo.hk (Note 2)	11:30 a.m. on Thursday, 18 April 2019
Application lists of the Public Offer open (Note 3)	11:45 a.m. on Thursday, 18 April 2019
Latest time to lodge WHITE and YELLOW Application Forms and to give electronic application instructions to HKSCC (Note 4)	12:00 noon on Thursday, 18 April 2019
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, 18 April 2019
Application lists of the Public Offer close (Note 3)	12:00 noon on Thursday, 18 April 2019
Expected Price Determination Date (Note 5)	Thursday, 18 April 2019
Announcement of the Offer Price, the indication of levels of interest in the Placing, the level of applications in the Public Offer, the basis of allotment of the Public Offer Shares, and the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published (a) on the website of our Company at www.novacontechgroup.com (Note 6); and (b) on the website of the Stock Exchange at www.hkexnews.hk on or before	Tuesday, 30 April 2019
Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result (or www.hkeipo.hk/IPOResult) with a "search by ID Number/Business Registration Number" function from	Tuesday, 30 April 2019

EXPECTED TIMETABLE

Despatch/collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before (*Note 7*) Tuesday, 30 April 2019

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before (*Note 8*) Tuesday, 30 April 2019

Dealings in Shares on GEM to commence at 9:00 a.m. on Thursday, 2 May 2019

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Share Offer, including the conditions of the Public Offer, are set out in “Structure and Conditions of the Share Offer” in this prospectus. If there is any change in this expected timetable, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.novacontechgroup.com.
2. You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 18 April 2019, the application lists will not open and close on that day. See “How to Apply for Public Offer Shares” in this prospectus. If the application lists do not open and close on Thursday, 18 April 2019, the dates mentioned in this section may be affected. An announcement will be made by us in such event.
4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Public Offer Shares” in this prospectus.
5. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Thursday, 18 April 2019 and in any event, not later than Friday, 26 April 2019. If, for any reason, the Offer Price is not agreed by Friday, 26 April 2019 between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, the Share Offer (including the Public Offer) will not proceed and will lapse.
6. None of the information contained on any website forms part of this prospectus.
7. Applicants who apply for 1,000,000 Public Offer Shares or more on **WHITE** Application Forms and have provided all information required by their Application Forms may collect share certificates (if applicable) and refund cheques (if applicable) from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 30 April 2019 or any other date as notified by us.

EXPECTED TIMETABLE

Applicants being individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Applicants being corporations which are eligible for personal collection must attend by sending their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

Applicants who apply for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms and have provided all required information may collect their refund cheques, if any, in person but may not elect to collect their share certificates personally, which will be deposited into CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Uncollected share certificates and refund cheques, if any, will be despatched by ordinary post to the addresses specified in the relevant Application Form at the applicants' own risk. Further information is set out in "How to Apply for Public Offer Shares" in this prospectus.

Share certificates are expected to be issued on Tuesday, 30 April 2019 but will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

8. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the Offer Price is less than the initial price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/ passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in "How to Apply for Public Offer Shares" in this prospectus.

Applicants who apply through **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Particulars of the structure of the Share Offer, including the conditions thereto, are set out in "Structure and Conditions of the Share Offer" in this prospectus. Details relating to how to apply for the Public Offer Shares are set out in "How to Apply for Public Offer Shares" in this prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and the Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer.

CHARACTERISTICS OF GEM	i
EXPECTED TIMETABLE	ii
CONTENTS	v
SUMMARY	1
DEFINITIONS	14
GLOSSARY OF TECHNICAL TERMS	23
FORWARD-LOOKING STATEMENTS	28
RISK FACTORS	30
WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE	49
INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER	52
DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER	55
CORPORATE INFORMATION	59
INDUSTRY OVERVIEW	61
REGULATORY OVERVIEW	73
HISTORY, DEVELOPMENT AND REORGANISATION	89
BUSINESS	98
DIRECTORS AND SENIOR MANAGEMENT	153

CONTENTS

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS	168
SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS	174
SHARE CAPITAL	176
FINANCIAL INFORMATION	178
STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS	215
UNDERWRITING	222
STRUCTURE AND CONDITIONS OF THE SHARE OFFER	234
HOW TO APPLY FOR PUBLIC OFFER SHARES	243
Appendix I — Accountant’s Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Profit Estimate	III-1
Appendix IV — Property Valuation Report	IV-1
Appendix V — Summary of the Constitution of our Company and the Cayman Islands Company Law	V-1
Appendix VI — Statutory and General Information	VI-1
Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection	VII-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Established in 2006, we are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. Our customers are mainly financial institutions, including brokerage firms and wealth management companies, and mainly located in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus. We primarily focus on financial trading solutions targeting the trading of OTC-traded financial instruments, stock exchange-traded financial instruments and fund management for wealth management companies.

During the Track Record Period, our revenue was generated from (i) licensing and maintenance services; (ii) initial set up and customisation services; and (iii) sales of computer hardware and software. The following table sets out the breakdown of our Group’s revenue and profit during the Track Record Period:

	FY2017	FY2018	9M2018	9M2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Unaudited)</i>	
Revenue	44,255	43,474	33,795	32,502
Profit and total comprehensive income attributable to owners of the Company	13,363	6,426	11,392	6,615
Profit and total comprehensive income attributable to owners of the Company (excluding non-recurring Listing expenses)	13,363	13,211	13,753	13,393

SUMMARY

OUR FINANCIAL TRADING SOLUTIONS

During the Track Record Period, our core financial trading solutions comprised of the following:

Type of solution	Name of our financial trading solution	Target users	Key functions
(1) Trading terminal	<i>AUTON</i>	Retail investors	Among others: <ul style="list-style-type: none"> • Access to quote, charts and market news • Placing of orders • Integrates with our trading systems, <i>GES TX</i>, for trading OTC-traded financial instruments, and <i>GES EX</i>, for trading stock exchange-traded financial instruments
(2) Trading system	<i>GES TX</i>	Brokers, dealers, back office operators and accounting staff	Among others: <ul style="list-style-type: none"> • Supports trading of OTC-traded financial instruments • Streamlines the process of order matching between brokers and liquidity providers by way of order routing • Generates reports to comply with audit and compliance requirements
(3) Trading system	<i>GES EX</i>	Brokers	Among others: <ul style="list-style-type: none"> • Supports trading of various types of stock-exchange traded financial instruments • Multiple order types facilitating concurrent investment portfolio management
(4) Fund management system	<i>GES IX</i>	Wealth management companies and their clients (such as fund subscribers)	A fund management system which allows wealth management companies to administer their funds and manage their clients' investment portfolios

SUMMARY

Mostly developed by our in-house development team, our financial trading solutions are typically off-the-shelf packaged solutions. Certain of our financial trading solutions are highly configurable to enhance flexibility to suit the needs of different customers and facilitate our customers to execute their business functions. We also offer a comprehensive range of financial trading solutions to satisfy the various needs of our customers. For FY2017, FY2018 and 9M2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to HK\$8.3 million, HK\$8.1 million and HK\$4.7 million, representing approximately 18.7%, 18.6% and 14.5% of our total revenue during the same periods, respectively. Out of the total research and development costs, HK\$4.1 million, HK\$4.8 million and HK\$3.5 million, respectively, was capitalised as intangible assets. Such capitalised research and development cost represented approximately 9.2%, 11.0% and 10.7% of our total revenue during the same periods, respectively.

Apart from financial trading solutions, we also offer value-added services such as customisation, system protection and hosting services to our customers in respect of our financial trading solutions and procurement of computer hardware and software from third parties according to our customers' needs.

The following table sets out the breakdown of our Group's revenue by different sources of revenue during the Track Record Period:

	FY2017		FY2018		9M2018		9M2019	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(Unaudited)</i>							
Licensing and maintenance services	38,881	87.9	38,349	88.2	29,482	87.2	28,021	86.2
Initial set up and customisation services	5,209	11.8	3,964	9.1	3,376	10.0	3,221	9.9
Sales of computer hardware and software	165	0.3	1,161	2.7	937	2.8	1,260	3.9
Total	<u>44,255</u>	<u>100.0</u>	<u>43,474</u>	<u>100.0</u>	<u>33,795</u>	<u>100.0</u>	<u>32,502</u>	<u>100.0</u>

OUR CUSTOMERS

For FY2017, FY2018 and 9M2019, we had 29, 28 and 30 customers, respectively, including mainly brokerage firms and wealth management companies mainly located in Asia Pacific region, including Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus.

For FY2017, FY2018 and 9M2019, the revenue from our top five customers amounted to HK\$24.1 million, HK\$21.7 million and HK\$18.9 million, respectively, representing 54.4%, 49.8% and 58.2% of our total revenue, respectively. For FY2017, FY2018 and 9M2019, the revenue from our largest customer amounted to HK\$8.2 million, HK\$6.0 million and HK\$6.2 million, respectively, representing 18.5%, 13.7% and 19.0% of our total revenue, respectively.

SUMMARY

OUR SUPPLIERS

During the Track Record Period, our major suppliers consisted of (i) network protection service provider; (ii) data centre service providers; (iii) call centre support service provider; (iv) news feed providers; (v) financial market information providers; (vi) computer hardware and software vendors for onward sale to our customers; (vii) data line vendors; and (viii) computer network and service provider.

For FY2017, FY2018 and 9M2019, the purchases from our top five suppliers amounted to HK\$5.3 million, HK\$2.8 million and HK\$2.6 million, respectively, representing 71.3%, 69.3% and 70.9% of our total purchase, respectively. For FY2017, FY2018 and 9M2019, the purchases from our largest supplier amounted to HK\$1.5 million, HK\$0.8 million and HK\$0.9 million, respectively, representing 20.7%, 20.0% and 24.5% of our total purchase, respectively.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our growth is derived from our following competitive strengths:

- Comprehensive range of financial trading solutions with high flexibility and sophisticated risk and order management tools
- Established reputation with proven track record
- Strong and innovative development capabilities
- Well-established business relationships with our major customers
- An experienced and dynamic senior management team

For details, see “Business — Our Competitive Strengths” in this prospectus.

OUR STRATEGIES

We wish to strengthen our market position in the financial technology industry through the following strategies:

- Continue to commit in research and development of our financial trading solutions by (a) enhancing and upgrading our financial trading solutions; and (b) incorporating prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems
- Establish a research and development centre
- Pursue selective acquisition(s)

SUMMARY

- Retain, attract and motivate high calibre and experienced staff

For details, see “Business — Our Strategies” in this prospectus.

COMPETITIVE LANDSCAPE

According to the F&S Report, the financial trading solutions market in Asia Pacific is fragmented. There are approximately 500 financial trading solution providers in Asia Pacific in 2017. In 2017, the total revenue of financial trading solutions generated by Asia Pacific market participants amounted to HK\$18.9 billion and the top five Asia Pacific financial trading solution providers contributed to 18.1% of the total revenue generated by Asia Pacific financial trading solution providers. Our market share in Asia Pacific in terms of revenue was 0.2% in 2017.

For further details on the competitive landscape of the financial technology industry in which we operate in, see “Industry Overview” in this prospectus.

OUR CONTROLLING SHAREHOLDERS

Upon completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), our Company will be held as to 52.5% by Essential Strategy. Essential Strategy is an investment holding company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Wei, our non-executive Director and the chairman of our Board. As Essential Strategy will be entitled to exercise 30% or more of the voting power at general meetings of our Company and Mr. Wei controls Essential Strategy by virtue of holding more than 50% of the voting interests in Essential Strategy (and hence controls Essential Strategy’s voting interests in our Company), Essential Strategy and Mr. Wei will be regarded as a group of Controlling Shareholders upon the Listing.

Mr. Wei has extensive experience in financial trading including bullion trading and Forex trading. Prior to joining our Group, he worked at a number of financial trading companies, including 漢鑫金銀事業有限公司 (the unofficial English name of which is Han Shin Gold and Silver Company Limited), which principally engaged in bullion trading in Taiwan as regional controller and Jin Ku Precious Metal Trading Ltd (currently known as Far East Precious Metal (HK) Limited) which principally engaged in bullion trading in Hong Kong as director.

Mr. Wei came to know GES in around 2010 as it was the financial trading solution provider of Jin Ku Precious Metal Trading Ltd (currently known as Far East Precious Metal (HK) Limited), a company which he held directorship from January 2010 to January 2012. In addition, his son, Mr. Wei Chun Pong Benjamin, joined GES as an application support in September 2014. Through his son, he gained an understanding of the business of GES. Mr. Kwok approached Mr. Wei to invest in GES as both Mr. Kwok and Mr. Chung were considering to realise their investments for their personal needs. As Mr. Wei believed that the demand for financial trading solutions would increase and was optimistic about the prospects of GES, he decided to acquire the shares in GES from Mr. Kwok and Mr. Chung in March 2016. As at the Latest Practicable Date, Mr. Wei’s investment mainly focused on our Group.

SUMMARY

For details, see “Relationship with our Controlling Shareholders”, “Substantial and Significant Shareholders” and “Directors and Senior Management” in this prospectus.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Summary of combined statements of comprehensive income

	FY2017	FY2018	9M2018	9M2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Revenue	44,255	43,474	33,795	32,502
Profit before income tax	16,113	9,493	14,113	8,594
Profit and total comprehensive income attributable to owners of the Company for the year/period	13,363	6,426	11,392	6,615

Our revenue decreased by HK\$0.8 million or 1.8% from HK\$44.3 million in FY2017 to HK\$43.5 million in FY2018, which was mainly due to decrease in revenue from initial set up and customisation services of HK\$1.2 million as a result of completion of the one-off integration project on *GES TX* for one of our customers during FY2017. The decrease was partially offset by increase in revenue from sales of computer hardware and software of HK\$1.0 million mainly as a result of sales and installation of relevant computer hardware and software for a brokerage firm in Hong Kong who has subscribed licence of our financial trading solutions. Our revenue decreased by HK\$1.3 million or 3.8% from HK\$33.8 million in 9M2018 to HK\$32.5 million in 9M2019. The decrease was mainly due to decrease in revenue from (i) licensing and maintenance services of HK\$1.5 million mainly due to termination of the relevant services by an entity within Customer B and an entity within Customer F during 9M2018; and (ii) initial set up and customisation services of HK\$0.2 million as a result of completion of a timetabling software project for one of our customers during 9M2018, partially offset by increase in revenue from increased number of projects in 9M2019. The decrease in revenue was partially offset by increase in sales of computer hardware and software of HK\$0.3 million.

Our profit for the year decreased by HK\$6.9 million or 51.9% from HK\$13.4 million in FY2017 to HK\$6.4 million in FY2018 whilst our net profit margin decreased from 30.2% in FY2017 to 14.8% in FY2018. Excluding the non-recurring Listing expenses of HK\$6.8 million charged to our statements of comprehensive income in FY2018, our profit for the year and net profit margin for FY2018 were HK\$13.2 million and 30.4%, respectively, being rather stable compared to HK\$13.4 million and 30.2%, respectively, for FY2017. Our profit for the period decreased by HK\$4.8 million or 41.9% from HK\$11.4 million in 9M2018 to HK\$6.6 million in 9M2019 whilst our net profit margin decreased from 33.7% in 9M2018 to 20.4% in 9M2019. Excluding the non-recurring Listing expenses of HK\$2.4 million and HK\$6.8 million charged to our combined statements of comprehensive income in 9M2018 and 9M2019, respectively, our profit for the period amounted to HK\$13.8 million and HK\$13.4 million in 9M2018 and 9M2019, respectively, representing a decrease of HK\$0.4 million, mainly due to the combined effect of (i) decrease in revenue; and (ii) increase in employee benefit expenses, partially offset by the fair value gain on our investment property of HK\$3.4 million in 9M2019. See “Financial Information — Review of Historical Results of Operations” in this prospectus for further details.

SUMMARY

Summary of combined statements of financial position

	As at 31 March		As at 31 December
	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	13,030	47,543	51,018
Current assets	31,053	19,130	20,942
Current liabilities	2,846	19,026	17,807
Net current assets	28,207	104	3,135
Total assets	44,083	66,673	71,960
Total equity	40,875	47,301	53,916

Our net current assets decreased from HK\$28.2 million as at 31 March 2017 to HK\$0.1 million as at 31 March 2018, which was primarily due to (i) decrease in cash balances of HK\$13.8 million; (ii) increase in bank borrowing of HK\$12.4 million in relation to acquisition of an investment property; and (iii) increase in accruals and other payables of HK\$3.9 million mainly due to accruals of the Listing expenses of HK\$3.1 million. The decrease in net current assets was partially offset by increase in trade receivables, deposits and prepayments of HK\$2.1 million mainly as a result of increase in prepayments in relation to the Listing. We recorded net current assets of HK\$3.1 million as at 31 December 2018. Such increase in net current assets was primarily due to the increase in trade receivables, deposits and prepayments of HK\$4.4 million mainly as a result of increase in prepayments for Listing expenses of HK\$3.7 million, partially offset by decrease in income tax payable of HK\$1.0 million as a result of payment during 9M2018. See “Financial Information — Liquidity and Capital Resources — Net current assets” in this prospectus for further details.

Summary of combined statements of cash flows

	FY2017	FY2018	9M2018	9M2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>			
Operating profit before working capital changes	18,851	15,263	16,558	8,385
Net cash generated from operating activities	20,793	15,317	9,045	4,895
Net cash used in investing activities	(5,685)	(40,242)	(4,468)	(4,351)
Net cash generated from/(used in) financing activities	—	11,131	(810)	(2,831)
Net increase/(decrease) in cash and cash equivalents	15,108	(13,794)	3,767	(2,287)
Cash and cash equivalents at beginning of the year/period	13,333	28,441	28,441	14,647
Cash and cash equivalents at end of the year/period	28,441	14,647	32,208	12,360

SUMMARY

Key financial ratios

	FY2017	FY2018	9M2019
Net profit margin (%) ⁽¹⁾	30.2	14.8	20.4
Return on equity (%) ⁽²⁾	32.7	13.6	16.3
Return on total assets (%) ⁽³⁾	30.3	9.6	12.2
Interest coverage (times) ⁽⁴⁾	N/A	203	32
Current ratio ⁽⁵⁾	10.9	1.0	1.2
Gearing ratio (%) ⁽⁶⁾	0.0	26.3	22.4
Net debt to equity ratio (%) ⁽⁷⁾	Net cash	Net cash	Net cash

Notes:

1. Net profit margin for each of the year/period is calculated as net profit for the year/period divided by revenue for the respective period. See “Financial Information — Review of Historical Results of Operations” in this prospectus for more details on our net profit margins.
2. Return on equity is calculated by dividing profit for the period by total equity as at the respective year/period end and multiplying the resulting value by 100%. Profit for 9M2019 was annualised for illustrative purpose.
3. Return on total assets is calculated by dividing profit for the period by total assets as at the respective year/period end and multiplying the resulting value by 100%. Profit for 9M2019 was annualised for illustrative purpose.
4. Interest coverage is calculated based on profit before gross finance costs and tax divided by gross finance costs for the respective year/period.
5. Current ratio is calculated as the total current assets divided by the total current liabilities.
6. Gearing ratio is calculated as the total debt divided by total equity and multiplied by 100%.
7. Net debt to equity ratio is calculated as total borrowings net of cash and cash equivalents, and divided by total equity and multiplied by 100%.

Summary of adjusted profit and total comprehensive income for the year/period

	FY2017	FY2018	9M2018	9M2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit and total comprehensive income for the year/period	13,363	6,426	11,392	6,615
Adjusted for:				
- Fair value adjustment to an investment property	—	2,459	—	(3,400)
- Listing expenses	—	6,785	2,361	6,778
Adjusted profit and total comprehensive income for the year/period	<u>13,363</u>	<u>15,670</u>	<u>13,753</u>	<u>9,993</u>

SUMMARY

Financial impact of the acquisition of self-owned property and subsequent change in the use of such property

We acquired our self-owned property in January 2018 at a consideration of HK\$31.4 million, which was classified as an investment property. For details, see “Business — Properties” in this prospectus. In respect of the acquisition of our self-owned property, we recognised an addition of investment property (inclusive of transaction cost) of HK\$34.1 million and such acquisition was funded by external bank borrowing of HK\$12.5 million and cash and cash equivalent of HK\$21.6 million. The investment property has subsequently recognised a fair value loss of HK\$2.5 million in FY2018 and a fair value gain of HK\$3.4 million up to the date of reclassification from investment property to property and equipment in 9M2019. Subsequent to the acquisition of our self-owned property and as a result of the addition of bank borrowing, we incurred finance costs of HK\$47,000 and HK\$275,000 in FY2018 and 9M2019, respectively.

Since the acquisition of the self-owned property to October 2018, as we were unable to find suitable tenant for our self-owned property, for cost saving purpose, we decided to move in earlier to use the self-owned property as our office and the self-owned property was reclassified from investment property to property and equipment from October 2018. For details, see “Business — Properties” in this prospectus. As a result of the abovementioned, we entered into a surrender agreement with the landlord for early termination in respect of the leased premises, pursuant to which the original lease was terminated on 31 January 2019 and we incurred a one-off expense in respect of the forfeiture of rental deposit of HK\$0.7 million during 9M2019. As a result of moving in to the self-owned property as our office premises, having considered the increase in, among others, depreciation expenses, finance costs, building management fees and rates and government rent offset by the decrease in, among others, rental expenses and building management fees, we achieved a net saving of approximately HK\$0.1 million per month.

RECENT DEVELOPMENT

Our business operations have been stable after the Track Record Period. As at the Latest Practicable Date, we had 29 customers and the number of customers remained stable. We moved our office to our self-owned property in January 2019 and therefore we no longer incur rental expenses upon early termination of the original lease. For details, see “Business — Properties” in this prospectus. Our Group is expected to maintain a stable revenue and net profit for FY2019. For details on the profit estimate, see “Financial Information — Profit Estimate for FY2019” in this prospectus. If we exclude the non-recurring Listing expenses and the fair value adjustment to an investment property, our Directors expect that:

- (a) the net profit and the net profit margin of our Group for FY2019 will be lower than that for FY2018, mainly due to (i) the increase in amortisation of intangible assets; (ii) increase in bonus paid for staff retention; and (iii) increase in auditor’s remuneration; and
- (b) the net profit and net profit margin of our Group for FY2020 will be lower than that for FY2018, mainly due to (i) the expected increase in (1) the employee benefit expenses as a result of expanding our development team by recruiting additional staff; and (2) license and subscription costs of information package, both for the implementation of our future

SUMMARY

business plans; and (ii) the expected increase in depreciation expenses mainly due to (1) the acquisition of computer hardware for the implementation of our future business plans; and (2) the reclassification of the self-owned property from investment property to property and equipment during FY2019.

To the best knowledge of our Directors, there was no material change in the general market conditions that had affected or would affect our business operations or financial condition materially and adversely since 31 December 2018 and up to the date of this prospectus.

We have been proactively exploring new business initiatives by diversifying our financial trading solutions with an aim to becoming a one-stop financial trading solution provider covering the whole life cycle of trading and settlement process from order placing, risk management, compliance to settlement.

The impact of the Listing expenses on our combined statements of comprehensive income has posted a material adverse change in the financial or trading position or prospect of our Group since 31 December 2018 (being the date of the latest audited combined financial statements were made up). Prospective investors should be aware of the impact of the Listing expenses on the financial performance of our Group for FY2019 and FY2020. Save for the Listing expenses, our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, there is no event which could materially affect the information shown in our combined financial statements included in the Accountant's Report as set out in Appendix I to this prospectus since 31 December 2018.

LISTING EXPENSES

Assuming that the Offer Size Adjustment Option is not exercised, total expenses in relation to the Listing is estimated to be HK\$34.9 million (based on the mid-point of the indicative Offer Price Range of HK\$0.60). During FY2018, we incurred Listing expenses of HK\$8.8 million, of which HK\$6.8 million was charged to our combined statements of comprehensive income, while HK\$2.0 million was recognised as prepayment, and we expect to incur additional total Listing expenses of HK\$26.1 million in FY2019 and FY2020. In FY2019 and FY2020, HK\$10.2 million and HK\$3.4 million is expected to be charged to our combined statements of comprehensive income, respectively, and HK\$14.5 million (together with the previous incurred Listing expenses recorded as prepayment) is expected to be recognised as a deduction in equity in FY2020. **Prospective investors should note that our financial results for FY2019 and FY2020 will be adversely affected by the non-recurring Listing expenses described above, and may not be comparable to the financial performance of our Group in the past.**

SUMMARY

USE OF PROCEEDS AND REASONS FOR THE LISTING AND THE SHARE OFFER

Assuming that the Offer Size Adjustment Option is not exercised at all, based on the Offer Price of HK\$0.60 per Offer Share, being the mid-point of the indicative Offer Price Range, the net proceeds from the Share Offer are estimated to be approximately HK\$25.1 million. Our Company currently intends to use the net proceeds from the Share Offer as follows:

Use of proceeds	% of total net proceeds (%)	Amount of net proceeds (HK\$ million)
Continue to commit in research and development of our financial trading solutions ^(Note)	75.8	19.0
- recruitment of research and development staff and engagement of consultant to provide technical support for research and development	31.4	7.9
- subscription of market information package from the Stock Exchange and corporate action information package from third party vendor	23.6	5.9
- acquisition of computer hardware and software, such as servers and network devices	17.0	4.3
- marketing expenses	3.8	0.9
Pursue selective acquisition(s)	8.0	2.0
Establish a research and development centre	10.1	2.5
Working capital and other general corporate purposes	6.1	1.6

Note:

A breakdown of estimated net proceeds from the Share Offer to be applied is as follows:

A. Enhance and upgrade our financial trading solutions	49.9	12.5
(i) develop the cloud-based versions of <i>GES EX</i> and <i>GES IX</i>	16.9	4.3
(ii) enable the use of big data for <i>AUTON</i>	7.7	1.9
(iii) enhance <i>AUTON</i> 's algo-trading capability with artificial intelligence	6.8	1.7
(iv) develop HTML5 version of <i>AUTON</i>	6.3	1.6
(v) unify and improve our financial trading solutions	12.2	3.0
B. Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems	25.9	6.5

Our Directors believe that our Company and its shareholders will benefit as a whole from the Listing because (i) the estimated net proceeds from the Share Offer will provide our Group with financial resources for the execution of our business strategies and plans as set out above, including (a) enhancing and upgrading our financial trading solutions; (b) establishing a research and development centre; and (c) pursuing selective acquisition(s); (ii) our Group can strengthen our competitiveness in the market through the Listing by broadening the brand recognition of our Group and enhancing our corporate profile, which in turn will help attract more customers and strategic

SUMMARY

partners; (iii) the Listing may serve as a fund-raising platform for us; (iv) through the Listing, the internal control and corporate governance practices of our Group would be enhanced; (v) the Share Offer will enhance the liquidity of the Shares; (vi) our existing level of capital resources and facilities may no longer be adequate for us to continue to grow and implement our business plans and to maintain competitiveness in the industry; and (vii) equity financing is more favourable than debt financing. For details, see “Statement of Business Objectives and Use of Proceeds” in this prospectus.

OFFER STATISTICS

	Based on the minimum indicative Offer Price of HK\$0.53 per Offer Share	Based on the maximum indicative Offer Price of HK\$0.67 per Offer Share
Market capitalisation of our Shares ⁽¹⁾	HK\$212.0 million	HK\$268.0 million
Unaudited pro forma adjusted combined net tangible assets of our Group per Share ⁽²⁾	HK\$0.181	HK\$0.211

Note:

1. The calculation of the market capitalisation of our Shares is based on 400,000,000 Shares in issue immediately after completion of the Share Offer but does not take into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.
2. The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. See Appendix II to this prospectus for further details.

DIVIDEND

Under the Companies Law and our Articles, dividends may be paid out of the profits of our Company, or from any reserve set aside from profits which the directors determine is no longer needed. For FY2017, FY2018 and 9M2019, no dividend has been paid or declared by the Company or the companies now comprising our Group. As at the Latest Practicable Date, we had no plan to declare any dividend prior to the Listing.

Our Group does not have any dividend policy. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividend that may be declared or paid by our Board in the future.

SUMMARY

HIGHLIGHTS OF RISK FACTORS

Our business is subject to a number of risks and you should read the entire “Risk Factors” in this prospectus carefully before you decide to invest in the Offer Shares. Some of the major risks we face include: (i) substantially all of our revenue during the Track Record Period was derived from our financial trading solutions; (ii) our top five customers accounted for a significant portion of our total revenue during the Track Record Period; (iii) we may fail to continue the engagements with our existing customers, or secure new engagements from existing customers or new customers; (iv) we rely on our senior management team and experienced technical staff, and we may not be able to retain them; (v) any material destruction or under-performance of our servers or unexpected disruption of the Internet or server connection at data centres could lead to material and adverse impact on our Group’s business, reputation and results of operations; and (vi) we may incur impairment losses for intangible assets, which may adversely affect our results of operations.

REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

PROFIT ESTIMATE FOR FY2019

We have prepared the following profit estimate for FY2019.

Estimated consolidated profit attributable to owners of our Company	Not less than HK\$6.5 million
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Unaudited pro forma estimated earnings per Share	Not less than HK\$0.01
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The profit estimate, for which our Directors are solely responsible, has been prepared by them based on the audited combined results for 9M2019 in the Accountant’s Report as set out in Appendix I to this prospectus and the unaudited consolidated results based on the management accounts of our Group for the three months ended 31 March 2019.

The calculation of the unaudited pro forma estimated earnings per Share for FY2019 is based on the estimated unaudited combined profit attributable to the owners of our Company for FY2019 and on the assumptions that a total number of 400,000,000 Shares had been in issue throughout FY2019, assuming that a total number of 100,000,000 Shares under the Share Offer and 299,999,000 Shares under the Capitalisation Issue had been in issue as at 1 April 2018, without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“9M2018”	the nine months ended 31 December 2017
“9M2019”	the nine months ended 31 December 2018
“Accountant’s Report”	the accountant’s report on our Group for the Track Record Period is set out in Appendix I to this prospectus
“Application Form(s)”	the WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 29 March 2019 and effective on the Listing Date, as amended or supplemented from time to time, a summary of which is set out in Appendix V to this prospectus
“Asia Pacific”	refers to China, Japan, India, South Korea, Australia, Indonesia, Taiwan, Thailand, Hong Kong, Philippines, Malaysia, Singapore, Vietnam, New Zealand, Myanmar, Laos, Mongolia, Brunei, Fiji, East Timor, Solomon Islands, Samoa and Tonga
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“AU\$” or “AUD”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“business day(s)” or “Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Cayman Islands Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time

DEFINITIONS

“Capitalisation Issue”	the issue of 299,999,900 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in “Statutory and General Information — A. Further information about our Company — 5. Written resolutions of our Shareholders passed on 29 March 2019” in Appendix VI to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedure and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company” or “our Company”	Novacon Technology Group Limited (連成科技集團有限公司), a company incorporated as an exempted company in the Cayman Islands with limited liability on 7 February 2018 under the Companies Law
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto in the GEM Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and, in the context of this prospectus, refers to Mr. Wei and Essential Strategy
“core connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 12 April 2019 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), further details of which are set out in Appendix VI to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 12 April 2019 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), regarding the non-competition undertakings as more particularly set out in “Relationship with our Controlling Shareholders — Non-Competition Undertaking” in this prospectus
“Dongxing Securities”, “Sole Sponsor”, “Sole Bookrunner” or “Sole Lead Manager”	Dongxing Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Essential Strategy”	Essential Strategy Investments Limited, a company incorporated in BVI with limited liability on 4 January 2016, which is wholly-owned by Mr. Wei and is one of the Controlling Shareholders
“Expert Wisdom”	EXPERT WISDOM HOLDINGS LIMITED, a company incorporated in BVI with limited liability on 21 December 2017, which is wholly-owned by Mr. Chung
“F&S Report”	an independent market research report commissioned by our Company and prepared by our industry consultant, Frost & Sullivan
“Frost & Sullivan”	Frost & Sullivan Limited, an industry consultant engaged by our Company to prepare the F&S Report and an Independent Third Party
“FY” or “financial year”	financial year of our Company ended or ending 31 March
“GEM”	GEM operated by the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM, as amended, supplemented or modified from time to time
“GES”	GLOBAL ESOLUTIONS (HK) LIMITED, formerly known as MAY POWER LIMITED (美權有限公司), a company incorporated in Hong Kong with limited liability on 25 January 2006 and an indirect wholly-owned subsidiary of our Company
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”, “HKD” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“ HK eIPO White Form ”	the application for Public Offer Shares to be registered in the applicants’ own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
“Hong Kong Government”	the Government of Hong Kong
“Independent Third Party(ies)”	a person who, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of our Company

DEFINITIONS

“JPY”	Japanese yen, the lawful currency of Japan
“Latest Practicable Date”	7 April 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of the Shares on GEM
“Listing Date”	the date expected to be on or around 2 May 2019, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on GEM
“Listing Division”	the Listing Department of the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange)
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended or supplemented from time to time
“Motion Cast”	Motion Cast Limited, a company incorporated in BVI with limited liability on 21 February 2018, a direct wholly owned subsidiary of our Company
“Mr. Chung”	Mr. Chung Chau Kan (鍾就根), the chief executive officer of our Company and an executive Director, and the spouse of Ms. Yip
“Mr. Wei”	Mr. Wei Ming (衛明), the chairman of the Board, a non-executive Director and one of the Controlling Shareholders, and the spouse of Ms. Wong
“Ms. Wong”	Ms. Wong Siu King (黃笑琼), the spouse of Mr. Wei
“Ms. Yip”	Ms. Yip Kim Kam (葉劍琴), the spouse of Mr. Chung
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.67 and expected to be not less than HK\$0.53, such price to be determined by agreement between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before the Price Determination Date
“Offer Price Range”	HK\$0.53 to HK\$0.67 per Offer Share

DEFINITIONS

“Offer Shares”	the Public Offer Shares and the Placing Shares
“Offer Size Adjustment Option”	the option granted by our Company to the Placing Underwriters, exercisable by the Sole Bookrunner (for itself and on behalf of the Placing Underwriters), pursuant to which our Company may be required by the Sole Bookrunner to allot and issue up to 15,000,000 additional new Shares, representing up to 15% of the total number of Offer Shares initially available for subscription under the Share Offer, for cash at the Offer Price, solely to cover any over-allocation in the Placing at its sole and absolute discretion under the Placing Underwriting Agreement, details of which are set out in “Structure and Conditions of the Share Offer — Offer Size Adjustment Option” in this prospectus
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the Placing Underwriting Agreement, as further described in “Structure and Conditions of the Share Offer — The Placing” in this prospectus
“Placing Shares”	90,000,000 new Shares being initially offered by us for subscription pursuant to the Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option
“Placing Underwriters”	the underwriters for the Placing who are expected to enter into the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the underwriting agreement relating to the Placing to be entered into by, among others, our Company and the Placing Underwriters on or about the Price Determination Date, as further described in “Underwriting — Underwriting Arrangements and Expenses — The Placing” in this prospectus
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record and determine the Offer Price
“Price Determination Date”	the date expected to be on or around 18 April 2019, but no later than 26 April 2019, on which our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) determine the Offer Price for the purpose of the Share Offer
“Public Offer”	the offer by us of the Public Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Shares”	10,000,000 new Shares (subject to reallocation) being initially offered by us for subscription pursuant to the Public Offer
“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out in “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 12 April 2019 relating to the Public Offer entered into by, among others, our Company and the Public Offer Underwriters, as further described in “Underwriting — Underwriting Arrangements and Expenses — Public Offer — Public Offer Underwriting Agreement” in this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are set out in “History, Development and Reorganisation — Reorganisation” in this prospectus
“Reorganisation Agreement”	the reorganisation agreement dated 21 March 2019 entered into among Essential Strategy and Mr. Chung (as transferors), Motion Cast (as transferee), Expert Wisdom, our Company and GES, relating to the sale and purchase of shares in GES which comprised (i) 70 ordinary shares held by Essential Strategy; and (ii) 30 ordinary shares held by Mr. Chung. The shares were transferred to Motion Cast in consideration of the allotment and issue of 63 Shares and 27 Shares, credited as fully paid, to Essential Strategy and Expert Wisdom, respectively

DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Board
“RLT”	REAL LOGIC TECHNOLOGY COMPANY LIMITED (實至科技有限公司), a company incorporated in Hong Kong with limited liability on 2 October 2003 and an indirect wholly-owned subsidiary of our Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) of a nominal value of HK\$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on GEM
“Shareholder(s)”	holder(s) of Shares
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 29 March 2019, the principal terms of which are summarised in “Statutory and General Information — D. Share Option Scheme” in Appendix VI to this prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto in the GEM Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
“Track Record Period”	FY2017, FY2018 and 9M2019
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“U.S. Securities Act”	the United States Securities Act 1933, as amended or supplemented from time to time
“US dollar”, “US\$” or “USD”	United States dollars, the lawful currency of the United States

DEFINITIONS

“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s/applicants’ own name(s)
“ WIL ”	Win Investment (HK) Limited, a company incorporated in Hong Kong with limited liability on 25 October 2017 and an indirect wholly-owned subsidiary of our Company
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent

In this prospectus, unless the context otherwise requires:

- *amounts and percentage figures, including share ownership and operating data, may have been subject to rounding adjustments. Where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, and amounts presented as percentages have been rounded to the nearest tenth of a percent. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and*
- *all times and dates refer to Hong Kong local time and dates.*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to us and are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

“algorithm” or “algo”	a procedure or formula for solving a problem, based on conducting a sequence of specified actions
“algo-trading”	the subset of electronic trading. It means computer generated trading activities created by a predetermined set of rules aimed at delivering specific execution outcomes. For instance, it captures simple automated trading processes and strategies such as automatic hedges. Algo-trading systems are designed, among others, to execute orders based on the rules set by the users (such as retail investors)
“AMS”	Automatic Order Matching and Execution System, an electronic stock trading system developed by the Stock Exchange
“artificial intelligence”	a computer science of researching and developing theories, methods, technologies and application systems that simulate and extend human intelligence
“backtest”	the process of testing a trading strategy on relevant historical data to ensure its viability before risking any actual capital. An investor, broker or dealer can simulate the trading of a strategy over an appropriate period of time and analyse the results for the levels of profitability and risk
“big data”	extremely large data sets which may be analysed computationally to reveal patterns and trends
“BSS”	broker supplied system, which is a broker’s in-house developed system or a third-party software package developed by commercial vendors
“CAGR”	compound annual growth rate

GLOSSARY OF TECHNICAL TERMS

“CBBC”	callable bull/bear contracts, a type of structured product that tracks the performance of an underlying asset without requiring investors to pay the full price required to own the actual asset. They are issued either as bull or bear contracts with a fixed expiry date, allowing investors to take bullish or bearish positions on the underlying asset. CBBC are issued by a third party, usually an investment bank, independent of exchanges and of the underlying asset. CBBC are issued with the condition that during their lifespan they will be called by the issuers when the price of the underlying asset reaches a level (known as the “ Call Price ”) specified in the listing document. If the Call Price is reached before expiry, the CBBC will expire early and the trading of that CBBC will be terminated immediately. The specified expiry date from the listing document will no longer be valid
“CFD”	a contract for difference (CFD) is an arrangement made in a futures contract whereby differences in settlement are made through cash payments, rather than by the delivery of physical goods or securities. This is generally an easier method of settlement, because both losses and gains are paid in cash. CFDs provide investors with the all the benefits and risks of owning a security without actually owning it
“cloud”	applications, services or resources made available to users on demand via the Internet from a cloud server with access to shared pools of configurable resources
“cloud server”	a physical or virtual infrastructure that performs application and information processing storage. Cloud servers are created using virtualisation software to divide a physical (bare metal) server into multiple virtual servers
“Exchange Participants”	a person (a) who, in accordance with the rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“failover”	a backup operational mode in which the functions of a system component (such as processor, server, network or database) are assumed by secondary system components

GLOSSARY OF TECHNICAL TERMS

“financial trading solutions”	the computer programme that facilitates the operations of trading financial instruments such as stock exchange-traded and OTC-traded financial instruments. The computer programme enables financial institutes to trade financial instruments and manage their client accounts. It effects straight-through processing platform which covers the whole trade cycle, including trading, settlement and clearing process of trading financial instruments
“Forex” or “FX”	foreign exchange
“fund manager”	a person who is responsible for implementing a fund’s investing strategy and managing its portfolio trading activities
“FX spot”	an agreement between two parties to buy one currency against selling another currency at an agreed price for settlement on the spot date
“FX swap”	a simultaneous purchase and sale of identical amounts of one currency for another with two different value dates
“Internet” or “internet”	an international computer network, a combination of computer networks that speak the same protocols and that are connected to each other by high-speed telephone circuits through which information providers can make information available to users/customers globally
“ISV”	independent software vendor, an individual or business that builds, develops and sells consumer or enterprise software
“IT”	information technology
“liquidity provider”	often large banks and other financial institutions. A liquidity provider connects brokers and dealers together, increasing the liquidity of the market
“module(s)”	a separate unit of software or hardware. Typical characteristics of modular components include portability, which allows them to be used in a variety of systems, and interoperability, which allows them to function with the components of other systems
“OCG”	orion central gateway, a market access system to support secured connections between the BSS of Exchange Participants and the Stock Exchange securities market

GLOSSARY OF TECHNICAL TERMS

“OMD-C”	Orion Market Data Platform — Securities Market, a suite of data feed products under OMD-C for securities market include conflated market-by-price data feeds, streaming market-by-price data feeds and streaming market-by-order data feeds
“order routing”	the process by which an order goes from the end user to a stock exchange or a liquidity pool
“OTC”	a market where financial instruments such as currencies, stocks and commodities are traded directly between two parties
“OTC-traded financial instruments”	over-the-counter-traded financial instruments, which are contracts that are traded (and privately negotiated) directly between two parties, without going through an exchange or other intermediary. Products such as Forex, bullion, CFD and options, are almost traded in this way
“OTP-C”	Orion Trading Platform — Securities Market, a new trading platform which was introduced by the Stock Exchange in its securities market to replace the AMS/3.8 platform in February 2018. It is developed based on open systems which provides greater flexibility to support new functionalities and increases trading capacity
“real-time”	a system that relays information to a user at a speed that is near instantaneous or has a short delay from when the event actually occurred
“slippage”	the difference between the expected price of a trade and the price at which the trade is actually executed
“SOA-QPS4”	Standing Offer Agreement for Quality Professional Services 4, which is part of the Hong Kong Government’s IT outsourcing strategy aiming to enlarge the delivery capacity for IT services, accelerate the delivery of IT solutions, and create a market of sufficient size to encourage the further development of IT industry locally
“sq. ft.”	square feet
“stock exchange-traded financial instruments”	the instruments which are traded on regulated exchanges which feature product standardisation, liquidity, and elimination of default risk. Stocks, futures and options are popular stock exchange-traded financial instruments

GLOSSARY OF TECHNICAL TERMS

“tier-3 data centre”

tier-3 of a four-tier system that provides a simple and effective means for identifying different data centre site infrastructure design topologies. A tier-3 data centre shall compose of multiple active power and cooling distribution paths, but only one path active, has redundant components, and is currently maintainable, providing 99.982% availability

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “project”, “propose”, “seek”, “should”, “target”, “will”, “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs; and
- our ability to identify and successfully take advantage of new business development opportunities.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialise or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in “Risk Factors” in this prospectus and the following:

- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in Hong Kong and Asia Pacific, including the sustainability of the economic growth in Hong Kong and Asia Pacific;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practices; and
- other factors beyond our control.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risk factors set out in “Risk Factors”.

In this prospectus, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND OUR GROUP

Substantially all of our revenue during the Track Record Period was derived from our financial trading solutions

For FY2017, FY2018 and 9M2019, revenue relating to the provision of financial trading solutions amounted to HK\$43.3 million, HK\$41.3 million and HK\$32.0 million, respectively, representing 97.7%, 94.9% and 98.5% of our total revenue for the same periods. As such, substantially all of our revenue was derived from our financial trading solutions and we expect that financial trading solutions will continue to generate a significant portion of our revenue in the near future.

If we fail to maintain customer engagement or sustain current levels of revenue from our financial trading solutions, or if we fail to successfully introduce updates to extend their commercial lifespan, compatibility with other systems and revenue generation, it would have a material and adverse effect on our business, financial condition and results of operations.

Our top five customers accounted for a significant portion of our total revenue. We have a concentration of customers during the Track Record Period

For FY2017, FY2018 and 9M2019, 18.5%, 13.7% and 19.0% of our total revenue was attributable to our largest customer, respectively, and 54.4%, 49.8% and 58.2% of our total revenue was attributable to our five largest customers, respectively. See “Business — Our Customers — Our top five customers” in this prospectus for details of their background.

Our top five customers during the Track Record Period have entered into service agreements with us in relation to the provision of licensing and maintenance services in respect of our financial trading solutions. The terms of some of these service agreements are of one year or less which may or may not be automatically renewed, while some of them do not have fixed terms and will be in force from the date of agreement unless terminated. Yet, our top five customers during the Track Record Period are not obligated in any way to continue to renew their service agreements with us or provide us with new businesses in the future at a level similar to that in the past or at all. During the Track Record Period and up to the Latest Practicable Date, our Group and an entity within Customer B and an entity within Customer F mutually terminated the relevant service agreements in respect of our financial trading solutions. For FY2017, FY2018 and 9M2019, the revenue from such entity within Customer B amounted to approximately HK\$1.9 million, HK\$0.8 million and nil, representing approximately 4.2%, 1.8% and nil of our total revenue, respectively. For FY2017, FY2018 and 9M2019, the revenue

RISK FACTORS

from such entity within Customer F amounted to approximately HK\$1.3 million, HK\$1.3 million and nil, representing approximately 3.0%, 3.0% and nil of our total revenue, respectively. To the best knowledge of our Directors, such entity within Customer B terminated the service agreement with us mutually as it underwent restructuring, whereas such entity within Customer F terminated the service agreement with us mutually as it no longer holds its gold trading licence and hence does not require our financial trading solutions. See “Business — Our Customers — Our top five customers” in this prospectus for details of our top five customers during the Track Record Period. We cannot assure you that we would be able to maintain business relationships with our existing major customers. In the event that the existing major customers reduce their subscription of our financial trading solutions, do not renew their service agreements with us or terminate the business relationship with our Group, and if we are unable to secure new business of a comparable size from other customers as replacement within a reasonable period of time or at all, our business and profitability may be adversely affected.

In addition, if any of our existing major customers experiences any liquidity problem, it may result in delay or default in settlement to us, which in turn may have an adverse impact on our cash flows and financial conditions. We cannot guarantee that we will be able to diversify our customer base by obtaining significant number of new engagements from our existing or new customers.

We may fail to continue the engagements with our existing customers, or secure new engagements from existing customers or new customers

For FY2017, FY2018 and 9M2019, 87.9%, 88.2% and 86.2% of our total revenue was generated from licensing and maintenance services, which is recurring in nature. Our ability to maintain our revenue stream depends on our capability to continue the existing engagements as well as secure new engagements from existing customers or new customers.

For engagement which is relatively straight-forward, our customer generally signs on our quotation which lists out the specification of the financial trading solutions to be provided by our Group and our standard terms and conditions. According to such standard terms and conditions, services which require payment on a monthly basis are for a term of at least one year, which may be renewed automatically if no termination notice has been served on us for three months in advance. For more complex engagements, we generally enter into service agreement with our customer. Some of the terms are of one year or less which may or may not be automatically renewed, while some service agreements do not have fixed terms and will be in force from the date of the agreement unless terminated.

There is no assurance that the existing customers will continue to subscribe our financial trading solutions for their business. If we fail to continue the engagements with our existing customers or secure new engagements from existing customers or new customers on comparable terms or at all, our financial condition and results of operations could be adversely affected.

RISK FACTORS

We rely on our senior management team and experienced technical staff, and we may not be able to retain them. Our business and growth prospects may be severely disrupted if we lose their services but we are unable to attract new employees to replace these key personnel in timely manner or at all, or if there is a significant increase in staff costs

Our success is, to a certain extent, attributable to the experience of our Directors and senior management. For instance, Mr. Chung, an executive Director and our Group's chief executive officer, is responsible for overseeing our business operation, business development, strategic planning and supervising the development of financial trading solutions of our Group. Mr. Chung has more than 19 years of experience in software engineering, system development and IT consulting, in particular, financial information systems and trading solution development. Mr. Wong Wing Hoi, an executive Director, and Mr. Ye Chiu Yeung, a senior manager of software development of our Group, have over 17 and 15 years of experience in software engineering, system development and IT support, respectively. See "Directors and Senior Management" in this prospectus for details of their biographies. Should any of our key members of senior management cease to serve us and we fail to recruit appropriate replacement in a timely manner, our Group's business and operation may be adversely affected.

In addition, our success depends considerably on other experienced technical staff members, including but not limited to, the staff members responsible for the development and enhancement of our financial trading solutions. As at the Latest Practicable Date, our development team had 13 members, all of which attained tertiary education with majors in relevant studies such as computer science, information technology or related disciplines, and two members have a master's degree or above. Approximately 80% of them have relevant experience in the financial technology industry for five years or above as at the Latest Practicable Date. Such staff members are much sought after in the labour market as the financial technology industry is highly competitive. Therefore, our future success depends on our ability to continue to retain and attract qualified technical and managerial staff with the appropriate technical expertise and domain knowledge of the financial technology industry. In the event that our competitors offer more attractive compensation packages, we may not be able to retain them to sustain our business growth, or we may need to substantially increase our staff costs to retain them. In such events, our business and financial condition could be materially and adversely affected.

Our employee benefit expenses may further increase due to factors beyond our control

Our staff costs were approximately HK\$12.6 million, HK\$12.7 million and HK\$9.1 million (which comprised of salaries and wages, retirement benefit costs and other benefits) for FY2017, FY2018 and 9M2019, respectively. We expect our staff costs will increase significantly in FY2020 in view of the expansion plans after the Listing and affect our profitability going forward. Our staff costs may also increase in the future due to factors beyond our control, including the rates of inflation, turnover rate, competition for IT staff in the financial technology industry and laws and regulations relating to employee salaries and benefits.

RISK FACTORS

According to the F&S Report, the average annual income of in-house IT staff in the financial technology industry in Hong Kong has increased with a CAGR of 7.0% from 2013 to 2017 and is expected to grow at a CAGR of 6.6% from 2018 to 2022. In addition, the increased competition for IT staff in financial trading solutions industry would continue to raise the turnover rate.

We may need to increase our employee benefit expenses to attract and retain our staff. We may not be able to increase the pricing of our financial trading solutions or non-financial IT solutions, or our service fees effectively to pass such increased employee benefit expenses onto our customers, or we may lose certain customers due to our increased prices, in which case our business, financial condition, results of operations and profitability would be materially and adversely affected.

Any material destruction or under-performance of our servers or unexpected disruption of the Internet or server connection at data centres could lead to material and adverse impact on our Group's business, reputation and results of operations

As at the Latest Practicable Date, we rented server racks space from two data centre service providers, both of which are located in Hong Kong, for certain customers which either subscribe for the cloud-based version of our trading system, or engage our hosting services. We do not have any physical control of data centres nor are we able to ensure the conditions of such data centres (such as safety, temperature, ventilation and humidity) are up to standard. Any material destruction or under-performance of our servers or unexpected disruption of the Internet or server connection at these data centres may render us unable to provide or maintain certain of our financial trading solutions or services. Furthermore, there is no assurance that we could timely relocate our servers to a new data centre. If any of the above occurs, there may be a material and adverse effect on our business, financial condition and results of operations.

We are reliant on our reputation and in particular, our "Global eSolutions" or "GES" brand. Our Group may risk our reputation and name recognition if we fail to provide quality solutions and services

Our success depends on the value of our "Global eSolutions" or "GES" brand and reputation for offering quality financial trading solutions to our customers. The reputation of our brand is dependent on our ability to provide quality financial trading solutions which appeal to customers' business needs and preferences. However, there is no guarantee that we can always respond to customers' needs and maintain the quality of our financial trading solutions and services. Inability to do so may adversely impact our reputation, deteriorate our competitiveness and adversely affect our business.

We are subject to research and development risks

The financial technology industry is characterised by rapidly-changing technology and customer demands. It is vital for us to keep abreast of the market and industry development. For FY2017, FY2018 and 9M2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$8.3 million, HK\$8.1 million and HK\$4.7 million, representing approximately 18.7%, 18.6% and 14.5% of our total revenue during the same periods, respectively. Out of the total research and development costs, HK\$4.1 million, HK\$4.8

RISK FACTORS

million and HK\$3.5 million, respectively, was capitalised as intangible assets. Such capitalised research and development costs represented approximately 9.2%, 11.0% and 10.7% of our total revenue during the same periods, respectively. The associated research and development risks include:

We may not be able to keep up with rapid changes in technology and customer demands

Our success depends on our technical know-how on prevailing technologies in the financial technology industry, our ability to respond and adapt quickly to changes in such technologies, as well as our ability to understand the changing needs, preferences and requirements of our customers. If we fail to keep up with changes in technology and customer demands effectively, our future development may be undermined and our business and financial condition may be adversely affected.

Our research and development plans may not be successful or marketable

We plan to (i) develop the cloud-based versions of **GES EX** and **GES IX**; (ii) enable the use of big data for **AUTON**; (iii) enhance **AUTON**'s algo-trading capability with artificial intelligence; (iv) develop HTML5 version of **AUTON**; and (v) unify and improve our financial trading solutions. See “Business — Our Strategies — Continue to commit in research and development of our financial trading solutions — A. Enhance and upgrade our financial trading solutions” in this prospectus for details.

There is no guarantee that our research and development plans can be successful or marketable. Should we fail to develop or market our financial trading solutions to our customers within the expected timeframe or at all, our investment costs incurred during the research and development stage may not be recouped, we may risk losing potential and existing customers, and hence our market share, business and prospects may be adversely affected.

We may fail to upgrade our financial trading solutions to accommodate any upgrades to third party financial trading solutions or trading platforms of stock exchanges

Our trading systems can be integrated with third party trading systems and back office settlement systems. For instance, **GES TX** can be connected to third party trading system and **GES EX** can be integrated with third party back office settlement system. See “Business — Our Financial Trading Solutions” in this prospectus for further details. There is no guarantee that we may be able to upgrade our financial trading solutions to accommodate any upgrades to third party trading solutions.

In addition, **GES EX** is certified with OCG, a market access system to support secured connections between the BSS of Exchange Participants and the Stock Exchange securities market. There is no assurance that we will always pass the periodic reassessment by the Stock Exchange or we will be able to upgrade our financial trading solutions to accommodate any upgrades to the trading platform of the Stock Exchange. In respect of **GES EX**, we rely on designated counterparty(ies) to enable orders to be routed to other stock exchanges. See “Business — Our Financial Trading Solutions — (3) **GES EX**” in this prospectus for further details. We cannot assure you that such designated counterparty(ies) can always ensure compatibility with other stock exchanges.

RISK FACTORS

If any of the above occurs, we may risk losing existing and potential customers and as a result, our business, results of operations and prospects could be adversely affected.

We relied on a limited number of suppliers during the Track Record Period

During the Track Record Period, our major suppliers consisted of (i) network protection service provider; (ii) data centre service providers; (iii) call centre support service provider; (iv) news feed providers; (v) financial market information providers; (vi) computer hardware and software vendor for onward sale to our customers; (vii) data line vendors; and (viii) computer network and data service provider. There was a concentration of suppliers in terms of the aggregate amount of our purchase from our top five suppliers during the Track Record Period. For FY2017, FY2018 and 9M2019, the purchases from our top five suppliers accounted for 71.3%, 69.3% and 70.9% of our total purchase, respectively, and the purchases from our largest supplier accounted for 20.7%, 20.0% and 24.5% of our total purchase, respectively. In case of the supply of services by our major suppliers (such as server and financial market information) is disrupted, and we are not be able to timely identify and engage replacement service providers, our business operation may be subject to disruptions or security risks.

In addition, save for data centre service provider and Internet service provider, we do not enter into long-term contracts with our suppliers. If any of our major suppliers substantially reduce the amount of services or goods (such as computer hardware and software) provided to us or terminate the business relationship with us entirely, there can be no assurance that we would be able to identify new suppliers in replacement in a timely manner or at all. In addition, there can be no assurance that the provision of services and goods from new suppliers in replacement, if any, would be on commercially comparable terms. As such, our operations and financial performance may be adversely affected.

We may experience operational and system failures

Our business operations are dependent on the reliability of the computer system, hosting environment, infrastructure and equipment, which include the network, communication equipment, data centres and servers where data is stored. The computer system and servers used by us for our business may be vulnerable to a number of disruptions, such as computer viruses, hackers or other disruptive actions by Internet users. Our data centres are susceptible to failure through human error, fire, floods, power outage, telecommunication failures, sabotage, physical or electronic security breaches, intentional acts of vandalism and other similar events. Such disruptions may cause data corruption and interruptions, delay or cessation in the provision of certain of our financial trading solutions and hosting services, which could have a material adverse effect on our business. Inappropriate use of the Internet by third parties may also jeopardise the security of confidential information (such as client data or trading records) stored in our computer systems and servers and cause losses to us. Any damage or interruptions in the operations of us caused by operational and system failures could have an adverse effect on our business, financial condition and results of operations.

RISK FACTORS

We may be subject to the risk of leakage or misappropriation of confidential information handled or stored by us, which could adversely affect our reputation and business operation

During the course of providing our financial trading solutions and/or services, we may have access to and be entrusted with information that is confidential in nature, including information which relates to our customers' systems, operations, raw data or affairs. We cannot guarantee that our measures to protect the confidentiality of our customers' information will successfully prevent any leakage or misappropriation of confidential information of our customers. Any leakage or misappropriation of confidential information of our customers could expose us to complaints and claims from our customers, which may have a material and adverse effect on our reputation and business operations.

Confidentiality agreements with employees and customers may not adequately prevent disclosures of customer information, copyrights, trade secrets and other proprietary information, nor may they be effectively enforced to fully recover the loss caused by any unauthorised disclosure

We have confidentiality agreements in place with our employees concerning our copyrights and trade secrets, and would customarily request our departing employees to declare the ownership of copyrights in relation to his/her employment belongs to our Group. We also include confidentiality clause in the agreements with our customers under which our customers shall take precautions to prevent unauthorised disclosure or use of confidential information. However, we cannot guarantee that our existing measures are sufficient to protect the leakage of our trade secrets and copyrights which, given the nature of source codes, are vulnerable to be redeveloped and rewritten. Any leakage or misappropriation of our trade secrets and copyrights could expose us to intense market competition and loss of business, both of which may have a material and adverse effect on our reputation and business operations.

There is no assurance that personal data accessed by us will be prevented from leakage or improper use

In respect of our customers which either subscribe cloud-based version of our trading system or engage our hosting services, we may have access to personal data of the clients of our customers.

We are subject to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and other applicable laws in relation to the proper collection, use and storage of the personal data we have access through the use of our financial trading solutions by our customers. See "Regulatory Overview - Hong Kong Laws and Regulations - Data privacy" in this prospectus for details.

There is no assurance that we will completely prevent the personal data accessed by us from leakage or being used for an improper purpose. Any breach of our confidentiality obligations towards our customers may expose us to potential liabilities, such as claims and legal proceedings, and may have a material adverse effect on our reputation, business, results of operations and financial condition.

RISK FACTORS

Any failure to protect our intellectual property rights could reduce the value of our financial trading solutions, services, and brand and we could be exposed to intellectual property disputes

Our copyrights, trademarks, trade secrets and other intellectual property rights are important assets to us. The efforts that we take to protect our intellectual property rights may not always be sufficient or effective. Protecting our intellectual property rights can become costly and time consuming and may not always be successful. Any significant impairment of our intellectual property rights could harm our business, brand name and competitiveness.

On the other hand, we may be subject to legal claims and proceedings relating to the intellectual property rights of others in the ordinary course of our business. We may become subject to legal proceedings and claims alleging infringement of copyrights, trademarks or patents, or other infringement of proprietary intellectual property rights. If any of our employees infringes any third party's intellectual property rights or violates his obligations of confidentiality to any third party during his work for us, the relevant employee may be held liable and we may also be held liable for the conduct of such employee. Any of such claims, regardless of merits, may involve us in time consuming and costly litigation or investigation, divert significant management and staff resources, require us to enter into royalty or licensing arrangements or develop alternatives, prevent us from using important technologies, business methods, content or other intellectual property, result in monetary liability, or other legal means, or otherwise disrupt our sales of products or operations.

We may face piracy of our intellectual property rights

We are subject to the risks of software piracy. It may be possible for a third party to copy or otherwise obtain and use our financial trading solutions without authorisation, or develop technology similar to ours. Preventing unauthorised use of our proprietary technology may be difficult and we cannot assure you that the measures taken by us will prevent any misappropriation or infringement of our intellectual property.

We are exposed to programme source code storage risk

Our source codes and master copies of financial trading solutions are currently stored at our premises and data centres. Nonetheless, there is no assurance that the measures we take to back up and safeguard our source codes and master copies of financial trading solutions are adequate for protection of them. They are still vulnerable to damage and loss due to acts of nature, power failures, telecommunication failures and other unexpected events. There can be no assurance that we can respond to such contingencies in a timely manner or at all. Any damage or interruptions in our operations could have a material and adverse effect on our business, financial condition and results of operations.

RISK FACTORS

Delay in the settlement of payments by our customers may result in untimely and significant cash flow shortcomings and may adversely impact our cash position and results of operations

Our total trade receivables as at 31 March 2017 and 2018 and 31 December 2018 amounted to approximately HK\$1.6 million, HK\$1.4 million and HK\$1.4 million, respectively. Our trade receivables included debtors with aggregate carrying amount of HK\$1.6 million, HK\$1.4 million and HK\$1.4 million which were past due as at 31 March 2017 and 2018 and 31 December 2018, respectively, for which we have not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. We have recognised provision for doubtful receivables of HK\$0.4 million during FY2017, which were individually impaired trade receivables as debtors subsequently went bankrupt. No provision for doubtful receivables was recognised during FY2018 and 9M2019.

Any default or delay in payment by our customers or our failure to collect trade receivables from them may cause allowance for impairment of trade receivables to be made in the future. All of these may result in untimely and significant cash flow shortcomings in the future and adversely affect our cash position and results of operations.

If our Group's development costs fail to meet the criteria as set out in Hong Kong Accounting Standard ("HKAS") 38 "Intangible Assets", they cannot be capitalised as intangible assets and have to be recognised as an expense

Research costs are recognised as an expense in the period in which it is incurred. Development costs that are directly attributable to the design and testing of identifiable systems and satisfied the criteria as set in the HKFRS are capitalised and will be amortised over the estimated useful life of the new systems once they are available for use. Our Group has applied HKAS 38 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which allows internally-generated intangible assets to be capitalised only if it meets the criteria as set out in HKAS 38. Certain development costs in relation to the development of various financial trading solutions as incurred by our Group during the Track Record Period have been capitalised as intangible assets. Details of the criteria under HKAS 38 and the capitalisation of our Group's development costs are set out in "Financial Information — Description of Selected Items of Combined Statements of Financial Position — Intangible assets" in this prospectus.

Nevertheless, development costs that do not fulfil the criteria are recognised as expenses in the period in which it is incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The current status and total estimated costs of the financial trading solutions under development are set out in "Business — Research and Development" in this prospectus. If any future development costs do not meet the criteria as set out in HKAS 38 and thus cannot be capitalised as intangible assets and are recognised as an expense, our Group's financial results would be adversely affected.

RISK FACTORS

We are subject to product liability claims. Any such claims could result in significant direct or indirect costs. We may not have purchased sufficient insurance coverage which could harm our business and operating results

Our financial trading solutions are designed to be used with our customers' computer systems and hardware. Any bugs, defects or errors in our financial trading solutions may cause damage to our customers' computer system and hardware, and adversely affect our customers' operations or the performance of such financial trading solutions. We cannot guarantee that we have discovered and corrected all bugs, defects or errors in our financial trading solutions. As a result, we may incur additional costs in rectifying the defects or defending any potential claims from our customers.

Given our mode of operations, we have limited insurance coverage and do not maintain any product liability insurance for our financial trading solutions provided. Details of our insurance policies are set out in "Business — Insurance" in this prospectus.

In addition, defects or errors that may be contained in our financial trading solutions may also affect our relationship with our customers and result in negative publicity, hence adversely affect our reputation. There can be no assurance that there will not be any product liability claims against our Group in the future. Moreover, there can be no assurance that the limited liability provisions incorporated in the service agreements of our Group are enforceable and serve to limit the liability of us effectively. If any of our customers makes a claim against us on any material losses, damage or liabilities in relation to our financial trading solutions for which we are held liable, our reputation, business, financial condition and results of operations may be materially and adversely affected.

We may be subject to a change in regulatory framework, whether in Hong Kong or other jurisdictions which our Group has business presence, over the business of provision of financial trading solutions. We may not be able to meet the update of law or obtain any new licence required by any new regulatory regime

We cannot predict the implementation of government policy and regulatory framework in places where our financial trading solutions are used, for example, Hong Kong, Indonesia, Malaysia, Australia, Japan and Cyprus. We may face risks and uncertainties posed by local, political, regulatory environments and failure to comply with country-specific regulatory restrictions may expose us to fines, penalties and liabilities. There is no assurance that our financial trading solutions will not be deemed as illegal or inappropriate in any of our target markets. Similarly, there is no assurance that our business will not be challenged or subject to any regulatory actions in any of our existing or future markets. If we are unable to offer any of our existing or new financial trading solutions in any of our target markets due to regulatory restrictions, our business, expansion strategies and growth prospects may be significantly undermined.

RISK FACTORS

Our Group may experience delay in delivery to customers, cost overrun and delayed revenue generation

The procedures and timetable for delivery of our Group's financial trading solutions to our customers depend on factors such as the complexity of customer requirements and modifications. See "Business — Our Operation Flow" in this prospectus for details.

However, our Group may fail to fully comprehend the complexity of the customers' requirement when agreeing on the expected delivery time with the customers. Our Group's delivery schedule may also be hindered by other factors beyond our control if third parties are involved in the project, such as late delivery by third party vendors, variation or additions of modifications and compatibility issues. Accordingly, there is no guarantee that our Group will be able to deliver our financial trading solutions and services within the agreed timeframe or at all. If our Group fails to install, deliver, and/or tailor and develop our financial trading solutions in accordance with the service agreements, our Group's reputation within the industry may suffer. The delay could also result in overrun of employee costs arising from the delayed completion of the project, loss of revenue arising from the delayed commencement of maintenance revenue, and would hence adversely affect our Group's profitability.

In addition, any delay in delivery of our Group's financial trading solutions to customers may subject our Group to claims and compensation for breach of contract. Our Group may need to devote a significant amount of time and resources to defend such potential claims and ultimately be required to provide compensation. Our Group's business and financial condition could therefore be materially and adversely affected.

Our financial performance during the Track Record Period is not indicative of our future financial performance and our operating results may fluctuate significantly

For FY2017 and FY2018, our revenue amounted to HK\$44.3 million and HK\$43.5 million, respectively, and were HK\$33.8 million and HK\$32.5 million in 9M2018 and 9M2019, respectively. Our profit for the year decreased from HK\$13.4 million in FY2017 to HK\$6.4 million in FY2018, and decreased from HK\$11.4 million in 9M2018 to HK\$6.6 million in 9M2019. Excluding the non-recurring Listing expenses of HK\$6.8 million charged to our combined statements of comprehensive income in FY2018, our profit for the year amounted to HK\$13.2 million, being rather stable compared to HK\$13.4 million in FY2017. Excluding the non-recurring Listing expenses of HK\$2.4 million and HK\$6.8 million charged to our combined statements of comprehensive income in 9M2018 and 9M2019, respectively, our profit for the period were relatively stable at HK\$13.8 million and HK\$13.4 million, respectively, in 9M2018 and 9M2019. The financial results during the Track Record Period are not indicative of our future financial performance. If we exclude the non-recurring Listing expenses and the fair value adjustment to an investment property, our Directors expect that (a) the net profit and the net profit margin of our Group for FY2019 will be lower than that for FY2018, mainly due to (i) the increase in amortisation of intangible assets; (ii) increase in bonus paid for staff retention; and (iii) increase in auditor's remuneration; and (b) the net profit and net profit margin of our Group for FY2020 will be lower than that for FY2018, mainly due to (i) the expected increase in

RISK FACTORS

(1) the employee benefit expenses as a result of expanding our development team by recruiting additional staff; and (2) license and subscription costs of information package, both for the implementation of our future business plans; and (ii) the expected increase in depreciation expenses mainly due to (1) the acquisition of computer hardware for the implementation of our future business plans; and (2) the reclassification of the self-owned property from investment property to property and equipment during FY2019. Our growth depends on a number of factors, including but not limited to the market trend and demand of our financial trading solutions, our business relationship with our customers, the implementation of our business strategies, the competitive landscape of the industry where we operate as well as the general economic conditions in Hong Kong as well as the regions where our customers are located in, such as Indonesia, Malaysia, Australia, Japan and Cyprus. Historical figures or past results should not be relied on as indicators of our performance. We cannot assure you that our growth will continue in the near future or at all.

We may incur impairment losses for intangible assets, which may adversely affect our results of operations.

Our intangible assets comprised of goodwill, computer software systems, capitalised development costs and a customer contract, which amounted to HK\$9.9 million, HK\$12.5 million and HK\$14.1 million as at 31 March 2017 and 2018 and 31 December 2018, respectively.

Goodwill and intangible assets, that have an indefinite useful life, or intangible assets, which are not ready to use, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The process of assessment is uncertain and complex and requires judgments in relation to such events or changes in circumstances.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The impairment losses for intangible assets recorded may have material adverse effect on our business, financial condition and results of operations.

We are exposed to interest rate risk

As at 31 December 2018, we had aggregate banking facilities of HK\$20.2 million for a revolving loan and a term loan, of which HK\$8.0 million was unutilised. Such banking facilities bore interest rates ranging from one- to six-month at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.5% per annum. Our Group has not hedged against interest rate risks. As the interest rates of our banking facilities are benchmarked to the HIBOR, should there be an increase in interest rate, our financing costs may increase and our cash flows and profitability may be adversely affected.

RISK FACTORS

We may not be able to implement our future plans successfully

Our future business plans are based on our Directors' existing intentions. These business plans and intentions are based on assumptions as to the occurrence of certain future events, which may or may not materialise, and the real situation might differ materially. Furthermore, our future business plans may be hindered by other factors beyond our control, such as competition within the financial technology industry and from other financial trading solution providers. Therefore, there is no assurance that any of our future business plans will materialise, or result in the conclusion or execution of any agreement within the planned timeframe, or that our objectives will be fully or partially accomplished. For details of our future plans, see "Business — Our Strategies" in this prospectus.

Intended acquisition of IT solution vendor may contain risks and/or does not contribute to our as planned

After the Listing, we intend to pursue selective acquisition by acquiring an IT solution vendor to contribute to the scale of operations and further development of our business. There is no guarantee that the legal and financial due diligence to be conducted on the potential target by us will be adequate to reveal all potential risks. In addition, there is no guarantee that the acquisition will contribute in the manner as envisioned by us, if at all, to our business and operations. If any potential acquisition by us contains hidden or unforeseen risks and/or does not contribute to our business according to expectations, our financial condition and results of operations may be adversely affected.

Our Group's business development may be hindered if our Group is unable to obtain additional funding to expand our business

Save for the mortgage loan in relation to the acquisition of property during FY2018 and the unutilised banking facilities of HK\$8.0 million, our Group did not have other bank borrowings as at the Latest Practicable Date. Our Group may need to raise funds in addition to our currently available cash resources and the net proceeds of the Share Offer, or through public or private financing, strategic relationships or other arrangements, in order to support more rapid expansion of our Group's business. Our Group cannot assure investors that additional funds will be available when needed on terms favourable to our Group, if at all. If adequate funds are unavailable to our Group on acceptable terms, our Group may be unable to develop or enhance our financial trading solutions, take advantage of future opportunities or respond to competitive pressures or unanticipated events, any of which could have a material adverse effect on our Group's business development.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE IN

The market in which we operate are competitive

The financial technology industry in Hong Kong and Asia Pacific is competitive and fragmented. With the rise of electronic trading in recent years, the industry has attracted the presence of both Hong Kong-based and international companies. There were approximately 500 financial trading solution

RISK FACTORS

providers in Asia Pacific in 2017 and the top five financial trading solution providers contributed to 18.1% of the total revenue generated by Asia Pacific financial trading solution providers.

The market for financial trading solutions are still at a developing stage, and our Directors believe that they will continue to grow in the coming years. The prospect and potential of this market will attract entry by companies with substantial capital and resources. Mergers and acquisitions of enterprises and consolidation of the industries may become a trend in the market. The environment in which we operate will become more competitive as a result. Our competitors may offer similar financial trading solutions and services at a price lower than those of us. There is no guarantee that the projects undertaken by us in the future will allow us to maintain our present profit margins, and a competitive environment may adversely affect our profitability.

Our Group is dependent on the financial and brokerage industry and its market participants. Any market consolidation may adversely affect our business development and financial performance

We provide our financial trading solutions primarily to market participants in the financial and brokerage industry. The financial and brokerage industry is characterised by intensive competition, especially with the lifting of the minimum commission fee restrictions. Intensive competition in the financial and brokerage industry will inevitably affect the profit margins of market participants and may consequently affect such participants' willingness to invest in new technologies or to expand their current usage of existing technologies. This may adversely affect our Group's business development. Traditional small to medium sized brokerage firms, including our Group's major customers, may face competition from larger brokers that have more capital, resources or experience. The possible emergence of consolidation of the global brokerage industry may lead to reduction in the number of the players in the industry. Should the number of our Group's potential and existing customers or their size of operations decrease, our Group's existing business and future growth potential may be adversely affected.

We operate in dynamic industries, which make it difficult to evaluate our future prospects

In general, the financial technology industry is dynamic. The industries in which we operate and intend to enter, including the provision and maintenance of financial trading solutions, algo-trading incorporated trading terminal and artificial intelligence related solutions, are all relatively new and highly dynamic, and may not develop as expected. Our customers may not fully understand the value of our solutions and potential new customers may have difficulty distinguishing our solutions from those of our competitors. If we fail to convince our customers of the value of our solutions, the markets for our solutions do not continue to develop as we expect or we fail to address the needs of these dynamic, evolving industries, our business may be materially and adversely affected.

Our financial performance and business outlook are significantly affected by the volatility of the financial markets in which our Group have no control

Our Group's target customers are financial institutions mainly located in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus, whose demand for

RISK FACTORS

our Group's financial trading solutions is dependent upon their business operation and expansion needs, which, to a large extent, are dependent upon the performance of the global financial markets as a whole. The global financial markets are directly affected by, among others, the global and local political and economic environments.

Any sudden downturn in the global economic and political environments, which are beyond the control of our Group, may adversely affect the financial market sentiment in general. Severe fluctuation in market and economic sentiments may also result in a prolonged period of sluggish market activities which would in turn have adverse impact on the business and operating performance of our Group's target customers, hence their demand for our Group's financial trading solutions. As such, the revenue and profitability of our Group may fluctuate and there is no assurance that our Group will be able to maintain our historical results in times of difficult or unstable economic conditions. Historical profit levels of our Group should not be relied solely on as an indication of our future financial performance.

RISKS RELATING TO THE SHARE OFFER

The market price and trading volume for our Shares may be volatile

The price and trading volume of our Shares may be highly volatile. Factors such as global and local economic conditions, variations in our operating results, earnings and cash flows and announcements of new investments and strategic alliances and/or acquisitions, could cause the market price of our Shares to change substantially. Any of such factors may result in large and sudden changes in the volume and price at which our Shares will be traded. We cannot assure that these factors will not occur in the future. In addition, shares of other companies listed on the Stock Exchange had experienced substantial price volatility in the past, and it is possible that our Shares will be subject to changes in price that may not be directly related to our financial or business performance. As a result, prospective investors may experience volatility in the market price of our Shares and a decrease in the value of our Shares regardless of our operating performance or prospects.

Since there will be a gap of several days between pricing and trading of our Offer Shares, holders of our Offer Shares are subject to the risk that the price of our Offer Shares could fall when the trading of our Offer Shares begins

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to take place about six business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price or value of our Shares could fall when trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time when trading begins.

RISK FACTORS

There is no prior public market for our Shares and an active trading market may not develop or be sustained after the Listing and market price and trading volume of the Shares may fluctuate significantly

Prior to the Listing, there has been no public market for the Shares. The indicative range of the Offer Price was determined as a result of negotiations between our Company and the Sole Bookrunner. The Offer Price may differ significantly from the market price of our Shares following the Share Offer. We have applied for the Listing of and permission to deal in our Shares on GEM. However, even if approved, being listed on GEM does not guarantee that an active trading market for our Shares will develop following the Share Offer or that our Shares will always be listed and traded on GEM. We cannot assure you that an active trading market will develop or be maintained following the completion of the Share Offer, nor that the market price of our Shares will not decline below the Offer Price.

The market price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our financial trading solutions and services or fluctuations in market prices for comparable companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade.

In addition, shares of other comparable companies listed on GEM have experienced substantial price volatility in the past, and it is likely that from time to time, our Shares will be subject to changes in price that may not be directly related to our financial or business performance.

Investors of our Offer Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

One of the benefits to our Company upon Listing is the access to the capital market and our Group may raise additional funds to finance future expansion of our business, operations or acquisitions. Our Company will comply with Rule 17.29 of the GEM Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the Listing Date. Upon expiry of such six-month period, our Group may raise additional funds by issuing new equity or equity-linked securities of our Company and such fund-raising exercises may not be conducted on a pro rata basis to our then existing Shareholders. As such, the shareholding of our then Shareholders may be reduced or diluted and subject to the terms of the issue of the new securities, the new securities may confer rights and privileges that have priority over those conferred by the issued Shares.

In addition, we may consider offering and issuing additional Shares in the future for expansion of our business or to the extent that our ordinary shares are issued upon the exercise of share options under the Share Option Scheme. In this regard, you may experience further dilution in the net tangible asset book value per Share if we issue additional Shares in the future at a price which is lower than the net tangible book value per Share.

RISK FACTORS

The interests of our Controlling Shareholders may not always coincide with the interests of our Group and those of our other Shareholders

Upon completion of the Share Offer (but not taking into account the allotment and issue of Shares upon exercise of the Offer Size Adjustment Option and any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), our Controlling Shareholders will own, in aggregate, approximately 52.5% of our Shares. Our Controlling Shareholders will therefore have significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group's business to pursue strategic objectives that conflict with the interests of other Shareholders, the interests of our Group or of those other Shareholders may be adversely affected as a result.

You may face difficulties in protecting your interests under Cayman Islands law

Our corporate affairs are governed by our Memorandum of Association and Articles of Association and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to protection of interests of minority shareholders, in some respects, may differ from those established under statutes or judicial precedent in existence in Hong Kong. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of Hong Kong. The rights of shareholders to take action against the Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. A summary of Cayman Islands company law is set out in Appendix V to this prospectus.

Dividends paid in the past should not be treated as indicative of future dividend payments

For FY2017, FY2018 and 9M2019, no dividend has been paid or declared by the Group. Future dividends on our Shares will be declared by, and are subject to the sole and absolute discretion of, our Board in accordance with our Articles. The payment and the amount of any dividends will depend on our earnings, financial conditions, results of operations, cash flows, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that our Directors may consider relevant. We cannot assure that future dividends will be declared or paid in an amount equivalent to or exceeding historical dividends. Therefore, prospective investors should be aware that historical dividends are not indicative of the amount of future dividends or the frequency of our future dividend payment. For details, see "Financial Information — Dividends" in this prospectus.

We cannot assure you that we will declare and distribute any amount of dividends in the future

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. The declaration, payment and amount of

RISK FACTORS

any future dividends are subject to the discretion of our Directors depending on, among other considerations, our operations, earnings, financial condition, cash requirements and availability, our constitutional documents and applicable law and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed in any year.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Prospective investors should not place undue reliance on industry and market overview and statistics derived from official government publications, third party market research reports or news sources contained in the prospectus

Statistics, projected industry data and information relating to the economy and the industry contained in this prospectus are derived from various publications and information provided by Frost & Sullivan. We cannot assure, or make any representation, as to the accuracy, completeness, quality or reliability of such information. Neither our Group nor any of our respective affiliates or advisers, nor the Sole Sponsor, the Sole Bookrunner and Sole Lead Manager or any of their respective directors, officers, employees, advisers or agents, has prepared or independently verified the accuracy or completeness of such information directly or indirectly derived from the third party market research reports. Due to possible flawed collection methods, discrepancies on published information, different market practices or other problems, the statistics, projected industry data and other information relating to the economy and the industry derived from the third party market research reports may be inaccurate or may not be comparable to or consistent with information available from other sources and should not be unduly relied upon. In all cases, prospective investors should give careful consideration as to how much weight or importance they should attach or place on such statistics, projected industry data and other information relating to the economy and the industry.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are “forward-looking” and uses forward looking terminology such as “anticipate”, “estimate”, “believe”, “expect”, “may”, “plan”, “consider”, “ought to”, “should”, “would” and “will”. Those statements include, among others, the discussion of our growth strategy and the expectations of our future operation, liquidity and capital resources.

Prospective investors should be cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the GEM Listing Rules or other requirements of the Stock Exchange. Prospective investors should not place undue reliance on such forward-looking information. For more details, see “Forward-Looking Statements” in this prospectus.

RISK FACTORS

Our Group's future results could differ materially from those expressed in or implied by the forward-looking statements

This prospectus includes various forward-looking statements that are based on various assumptions. Our Group's future results could differ materially from those expressed in or implied by such forward-looking statements. For details of these statements and the associated risks, see "Forward-Looking Statements" in this prospectus.

Prospective investors should read this prospectus in detail

There may have been coverage in the media regarding the Listing and our operations. We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.

**WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

In preparation for the Listing, we have sought the following waiver and exemption from strict compliance with the relevant provisions of the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**WAIVER FROM STRICT COMPLIANCE WITH RULES 7.03(1) AND 11.10 OF THE GEM
LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION
342(1) IN RELATION TO PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE
COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

According to Rule 7.03(1) and 11.10 of the GEM Listing Rules, in the case of a new applicant and an offer of securities to the public for subscription or purchase, the accountants' report in a listing document must include the consolidated results of the issuer and its subsidiaries covering at least the two financial years immediately preceding the issue of the listing document, or such shorter period as may be acceptable to the Stock Exchange.

According to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company, as a company incorporated outside Hong Kong and proposing to offer its shares for subscription, must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of that schedule in this prospectus.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires, among other matters, that our Company includes in this prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this prospectus including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities to be specified in this prospectus.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires, among other matters, that our Company includes in this prospectus a report by the auditors of our Company with respect to the profits and losses in respect of each of the three financial years immediately preceding the issue of this prospectus and assets and liabilities as at the last date to which the financial statements of our Company were prepared.

According to section 5(3) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong), all references to "3 preceding years", "3 financial years" and "3 years" in Paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance are substituted by references to "2 preceding years", "2 financial years" and "2 years" respectively, for a prospectus issued in relation to an application for the listing of securities on GEM.

**WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

The Accountant's Report for the two financial years ended 31 March 2018 and the nine months ended 31 December 2018 is set out in Appendix I to this prospectus. However, strict compliance with section 342(1) in relation to Paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as modified by section 5(3) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong)) and Rules 7.03(1) and 11.10 of the GEM Listing Rules would be unduly burdensome for our Company and the exemption would not prejudice the interest of the investing public given the following:

- (i) the reporting accountant of our Group would have to undertake a considerable amount of work to prepare, update and finalise the Accountant's Report to cover an additional three-month period from 1 January 2019 to 31 March 2019, there would not be sufficient time for our Company and the reporting accountant to finalise the audited financial statements for the year ended 31 March 2019 for the inclusion in this prospectus, when the proposed listing date of our Company is by 2 May 2019;
- (ii) our Directors and the Sole Sponsor confirmed that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has not been material adverse change in the financial and trading positions or prospect of our Group since 31 December 2018 and there is no event since 31 December 2018 which would materially affect the information as contained in the Accountant's Report, the profit estimate of our Group for the financial year ended 31 March 2019 and other parts of this prospectus; and
- (iii) our Directors and the Sole Sponsor considered that all information that is reasonably necessary for the potential investors to make an informed assessment of the activities, assets and liabilities, financial position, management or profitability of our Group has been included in this prospectus.

In such circumstances, an application has been made to the Stock Exchange for a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules in relation to the inclusion of the Accountant's Report for the full financial year ended 31 March 2019 in this prospectus, and such waiver has been granted by the Stock Exchange on the conditions that:

- (i) this prospectus shall be issued and the Shares will be listed on GEM on or before 31 May 2019;
- (ii) our Company shall have obtained a certificate of exemption from the SFC on compliance with the requirements under section 342(1) in relation to Paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

**WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES
AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (iii) the inclusion of a profit estimate for the financial year ended 31 March 2019, which complies with Rules 14.29 to 14.31 of the GEM Listing Rules and a statement from our Directors that there is no material adverse change to the financial and trading positions or prospect of our Group with specific reference to the results of our Group from 31 December 2018 to 31 March 2019.

An application was also made to the SFC for a certificate of exemption from strict compliance with section 342(1) in respect of the requirements under Paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the inclusion of the Accountant's Report for the full year ended 31 March 2019 in this prospectus. A certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (i) the particulars of the exemption shall be set out in this prospectus; and
- (ii) this prospectus shall be issued on or before 15 April 2019 and the Shares shall be listed on GEM on or before 31 May 2019 (i.e. within two months after the latest financial year end).

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our 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 in this prospectus misleading.

THIS PUBLIC OFFER AND THE PROSPECTUS

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer. See “How to Apply for Public Offer Shares” in this prospectus and the Application Forms for further details of the procedures for applying for the Public Offer Shares.

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

STRUCTURE OF THE SHARE OFFER AND UNDERWRITING

See “Structure and Conditions of the Share Offer” in this prospectus for further details of the structure of the Share Offer, including its conditions and the arrangements relating to the Offer Size Adjustment Option.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Sole Bookrunner (for itself

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

and on behalf of the Underwriters) and us. The Share Offer is managed by the Sole Bookrunner. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. See “Underwriting” in this prospectus for further details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to confirm, and is deemed by his acquisition of Public Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Division of the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Share Offer (including any additional Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option) and Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme. Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 2 May 2019.

Save as disclosed in this prospectus, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Public Offer will be registered on our register of members to be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Share Offer.

Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. CHUNG Chau Kan (鍾就根)	Flat A, 30/F Tower 6B, Lions Rise 8 Muk Lun Street Wong Tai Sin, Kowloon Hong Kong	Chinese
Mr. WONG Wing Hoi (王永凱)	Flat 2202, 22/F, Block I Amoy Garden 77 Ngau Tau Kok Road Ngau Tau Kok Kowloon Hong Kong	Chinese
<i>Non-executive Director</i>		
Mr. WEI Ming (衛明)	Flat D, 25/F., Tower 1 Chatham Gate, No. 388 Chatham Road North, Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. MOO Kai Pong (巫啟邦)	Flat H, 7/F, Block 2 Marina Habitat Ap Lei Chau Hong Kong	Chinese
Mr. LO Chi Wang (羅智弘)	Flat H, 18/F, Block 3 Saddle Ridge Garden Ma On Shan, New Territories Hong Kong	Chinese
Mr. WU Kin San Alfred (胡健生)	Flat A, 3rd Floor Block 34, Laguna City Kwun Tong, Kowloon Hong Kong	British

See “Directors and Senior Management” in this prospectus for more information on our Directors and members of senior management.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Dongxing Securities (Hong Kong) Company Limited
A corporation licensed under the SFO and permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
6805-6806A, 68/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Sole Bookrunner and Sole Lead Manager

Dongxing Securities (Hong Kong) Company Limited
A corporation licensed under the SFO and permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
6805-6806A, 68/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Legal Advisers to the Company

As to Hong Kong Law
ONC Lawyers
Solicitors, Hong Kong
19th Floor, Three Exchange Square
8 Connaught Place
Central, Hong Kong

Mr. Chan Chung
Barrister-at-law, Hong Kong
10/F, Grand Building
15-18 Connaught Road Central
Central
Hong Kong

As to Cayman Islands Law
Conyers Dill & Pearman
Cayman Islands attorneys-at-law
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to Indonesian Law

ALI BUDIARDJO, NUGROHO, REKSODIPUTRO

Qualified lawyers in Indonesia

Graha CIMB Niaga, 24th Floor

Jl. Jend. Sudirman Kav. 58

Jakarta 12190

Indonesia

As to Malaysian Law

Ben & Partners

Qualified lawyers in Malaysia

7-2, Level 2, Block D2

Dataran Prima, Jalan PJU 1/39

47301 Petaling Jaya, Selangor

Malaysia

As to Australian Law

K&L Gates

Qualified lawyers in Australia

Level 32, 44 St Georges Terrace

Perth WA 6000

Australia

As to Japanese Law

Soga Law Office

Qualified lawyers in Japan

4F, Kojimachi MK Bldg.

4-3-30 Kojimachi

Chiyoda-ku

Tokyo 102-0083

Japan

As to Cypriot Law

Harris Kyriakides LLC

Qualified lawyers in Cyprus

115 Faneromenis Avenue

Antouanettas Building

6031 Larnaca

P.O. Box: 40089

6300 Larnaca

Cyprus

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal Advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong law</i> Deacons <i>Solicitors, Hong Kong</i> 5th Floor, Alexandra House 18 Chater Road Central Hong Kong
Auditor and Reporting Accountant	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22/F, Prince's Building Central, Hong Kong
Industry Consultant	Frost & Sullivan Limited 1706 One Exchange Square 8 Connaught Place Central, Hong Kong
Property Valuer	AVISTA Valuation Advisory Limited 23rd Floor, Siu On Centre No. 188 Lockhart Road Wanchai, Hong Kong
Receiving bank	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Office E, 17 th Floor EGL Tower No. 83 Hung To Road Kwun Tong, Kowloon Hong Kong
Company's website	www.novacontechgroup.com <i>(Note: the information contained in this website does not form part of this prospectus)</i>
Company secretary	Ms. CHAN Lok Yee (<i>ACIS, ACS</i>) Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. CHUNG Chau Kan Flat A, 30/F Tower 6B, Lions Rise 8 Muk Lun Street Wong Tai Sin, Kowloon Hong Kong Ms. CHAN Lok Yee Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Compliance officer	Mr. CHUNG Chau Kan Flat A, 30/F, Tower 6B, Lions Rise 8 Muk Lun Street Wong Tai Sin, Kowloon Hong Kong
Audit Committee	Mr. LO Chi Wang (<i>Chairman</i>) Mr. WU Kin San Alfred Mr. MOO Kai Pong

CORPORATE INFORMATION

Remuneration Committee	Mr. MOO Kai Pong (<i>Chairman</i>) Mr. CHUNG Chau Kan Mr. WU Kin San Alfred
Nomination Committee	Mr. WEI Ming (<i>Chairman</i>) Mr. WU Kin San Alfred Mr. MOO Kai Pong
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	Dongxing Securities (Hong Kong) Company Limited 6805-6806A, 68/F, International Commence Centre 1 Austin Road West Kowloon, Hong Kong
Principal bankers	China Construction Bank (Asia) Corporation Limited 28/F, CCB Tower 3 Connaught Road Central Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriter, or any of our or their respective directors, officers or representatives or any other person neither involved in the Share Offer (which, for the purpose of this paragraph, excludes Frost & Sullivan) nor is any representation given as to its accuracy or completeness.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the Asia Pacific trading solutions market. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the F&S Report. We paid Frost & Sullivan a fee of HK\$380,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the F&S Report in this prospectus because we believe this information facilitates an understanding of the Asia Pacific trading solutions market for the prospective investors. The F&S Report includes information on the Asia Pacific trading solutions market as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the Asia Pacific trading solutions market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the Asia Pacific trading solutions market.

Our Directors confirm that, after making reasonable investigation, there has been no material adverse change in the market information since the date of the F&S Report and up to the Latest Practicable Date, which may qualify, contradict or have an impact in any material respect on the information in this section.

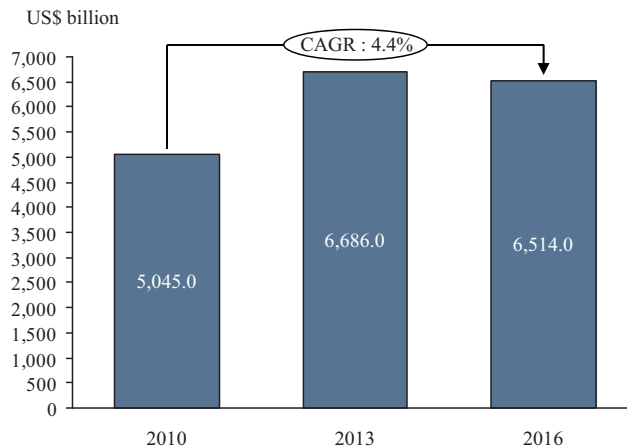
INDUSTRY OVERVIEW

OVERVIEW OF MAJOR CONCERNED MARKETS AND EXCHANGES

Forex market

From 2010 to 2016, notional daily average turnover of OTC foreign exchange instruments increased from US\$5,045.0 billion in 2010 to US\$6,514.0 billion in 2016.

Notional daily average turnover of OTC foreign exchange instruments (2010-2016)



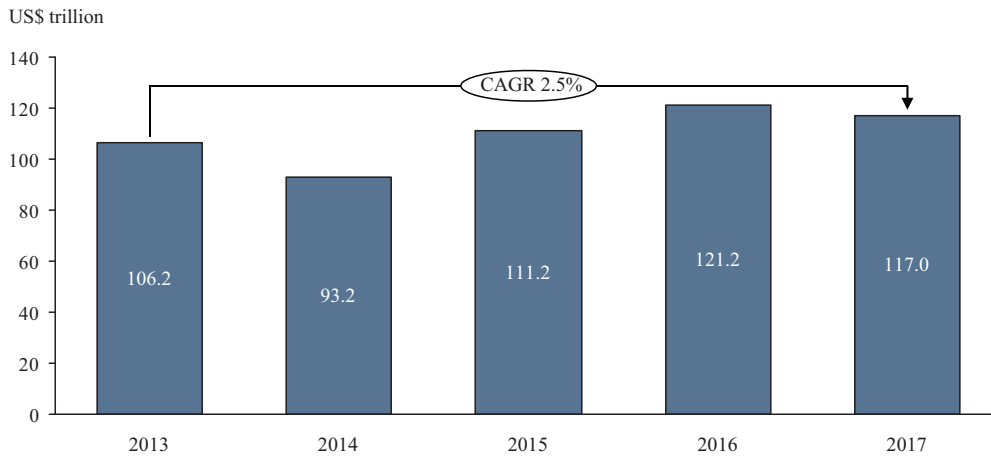
Source: Bank for International Settlements, Frost & Sullivan

Major instruments of Forex include (i) FX spot; (ii) outright forwards; (iii) FX swaps; (iv) currency swaps; and (v) currency options. Retail Forex is mostly conducted in a leveraged approach. Forex agreements are negotiated and entered into between brokers and retail customers directly. Banks and financial institutions are the major participants in the Forex market in terms of transaction volume. The large banks act as market-makers to their customers and other interbank counterparties. The interbank market consists of all the large banks that deal with each other and are largely responsible for the exchange rates which all other traders follow on their quote systems and trading platforms. Other Forex market participants include Forex brokers, commercial enterprises, governments, central banks and retail investors.

The global trading volume of retail Forex market has increased from US\$106.2 trillion in 2013 to US\$117.0 trillion in 2017, at a CAGR of 2.5% driven by the rising electronic trading activity particularly in Asia in recent years which has been catching up with the developed markets such as New York and London and widening the product offering and client coverage. The regional regulatory environment has also played a vital role in the growth of retail Forex trading market which has been driven both by the global post-financial crisis agenda and efforts to protect local economies while ensuring stability.

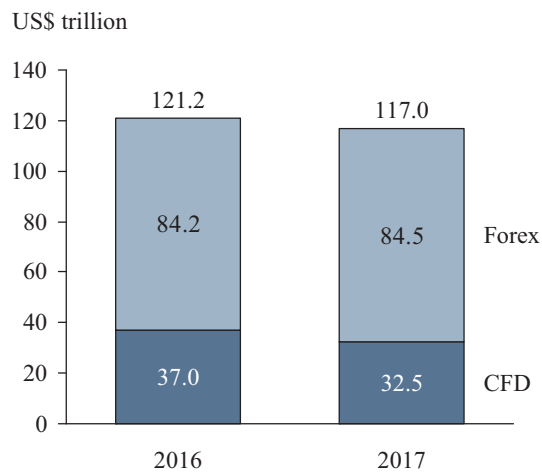
INDUSTRY OVERVIEW

Trading volume of retail Forex market (Global), 2013-2017



Source: Frost & Sullivan

Trading volume and market share of Forex/CFD (Global), 2016-2017



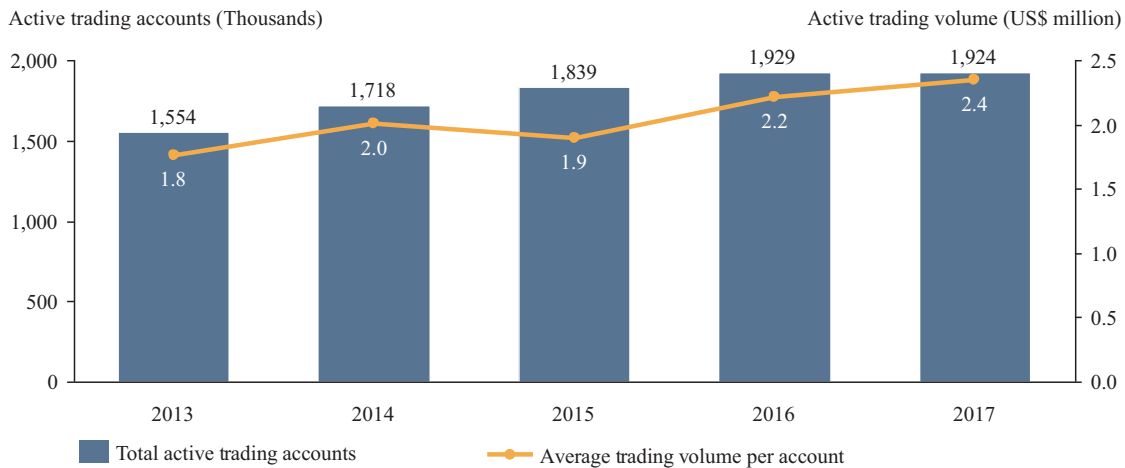
Source: Frost & Sullivan

Active trading accounts of retail Forex market

The total active trading accounts of global retail Forex market (exclude Japan) has increased from 1,554,000 in 2013 to 1,924,000 in 2017, at CAGR of 5.5%. The average trading volume per account has risen from US\$1.8 million in 2013 to US\$2.4 million in 2017 at a CAGR of 7.5%. The growing number of active trading accounts and average trading volume provide a strong growth impetus for the demand for OTC trading platform.

INDUSTRY OVERVIEW

Active trading accounts and volume of retail Forex market (Global exclude Japan), 2013-2017



Source: Frost & Sullivan

Bullion market

The global OTC market for precious metals is characterised by bilateral trades allowing for transactions that can precisely meet a client's requirements. Bullion markets exist in New York, Zurich and Tokyo with London serving as the location for the largest global bullion market. Bullion market trading is known to have a high turnover rate with transactions conducted electronically or by phone.

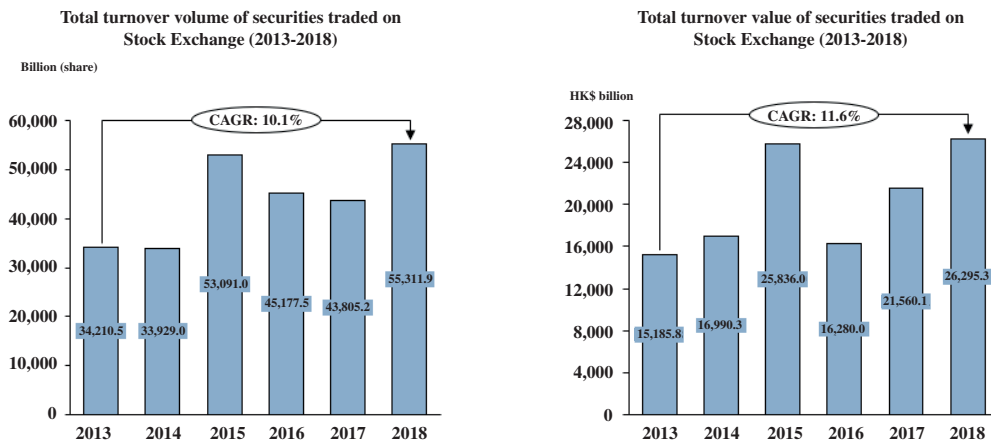
CFD market

CFD allows the investors to speculate on the price movement of a whole host of financial markets such as indices, shares, currencies, commodities and bonds, regardless of whether prices are rising or falling.

Hong Kong Stock Exchange

From 2013 to 2018, total turnover volume of the Stock Exchange increased at a CAGR of 10.1%. Meanwhile, total turnover value of the Stock Exchange increased from HK\$15,185.8 billion in 2013 to HK\$26,295.3 billion in 2018, representing a CAGR of 11.6%. Launched in 2014, Shanghai-Hong Kong Stock Connect allows international and Mainland Chinese investors to trade securities in each other's markets through the trading and clearing facilities of their home exchange. The stock connect further stimulated the market and led to the rise in both turnover volume and value of the Stock Exchange in 2015. With the uncertainty over the monetary policies in US after the presidential election, the global stock market took a prudent approach in terms of selection of stocks and exchange traded derivative products, which had in turn led to a decreasing trend in the volume and value of securities on Stock Exchange in 2016.

INDUSTRY OVERVIEW



Source: Stock Exchange, Frost & Sullivan

OVERVIEW OF TRADING INFRASTRUCTURE

Key features of market architectures

Usually, trades are executed in either exchanges or OTC markets. Centralised exchange markets such as, Stock Exchange and Singapore Exchange Limited, are order-driven with centralised order books. Market participants interact multilaterally and there is no negotiation within the system. In decentralised OTC markets such as fixed income and derivatives markets, they markets are quote-driven and segmented into an inter-dealer and a dealer to customer market. Market participants interact bilaterally, and the price of large orders is negotiated.

(i) *Forex, Bullion and CFD*

A centralised trading infrastructure is not available for Forex, bullion and CFD market since they conducted OTC. Deals are negotiated directly between buyers and sellers and no centralised exchanges are involved for trade matching. Unlike the stock market, there is no official openings or closings. Sometimes, a central counterparty (“CCP”) would provide clearing and settlement services for OTC derivative transactions.

(ii) *Securities market in Hong Kong*

Stock Exchange provides investors with an integrated trading platform delivering market data, automatic matching, clearing and settlement for for all asset classes traded on Stock Exchange markets, including stocks, futures, CBBC and options.

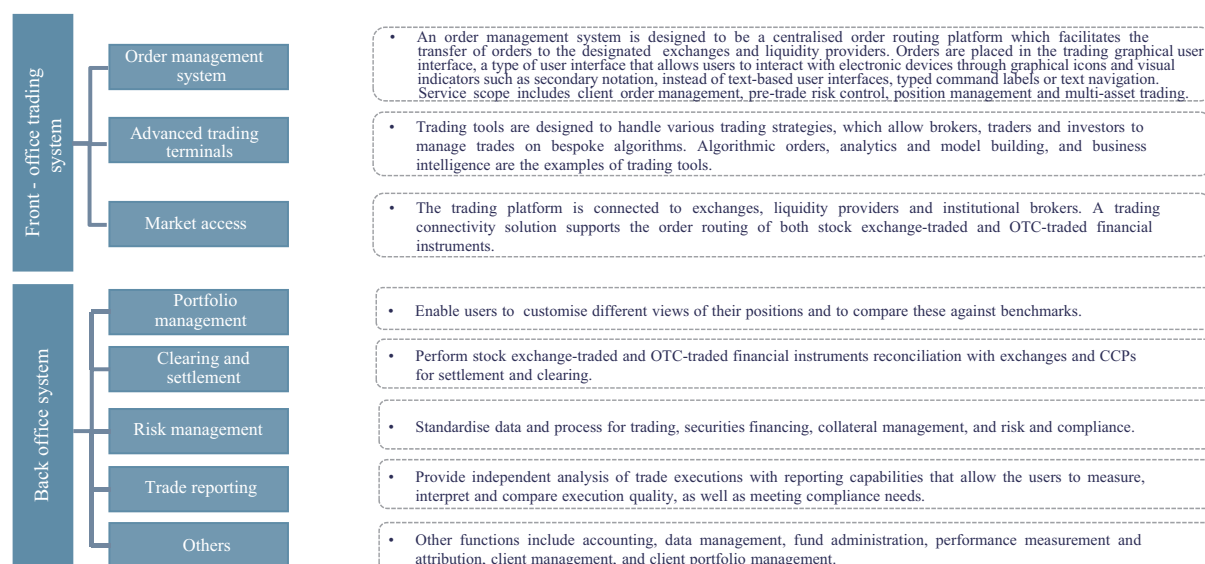
The trading infrastructure of Hong Kong securities market mainly consists of OCG, AMS, Orion Market Data Platform (“OMD”) and CCASS/3. Exchange Participants are required to subscribe to OCG session(s) and connect their BSS or New Securities Trading Device through OCG session(s) to OTP-C, which enables them to transmit and receive orders/transactions electronically. AMS supports simultaneous operation of multi-markets with its designated trading timetable, trading methods and stock counters. The OMD provides a suite of market data product feeds with content, market depth and bandwidth requirements tailored to suit the needs of different types of clients. CCASS/3 is a new generation of the CCASS implemented by Stock Exchange to provide (1) clearing and settlement services; (2) depository and nominee services; (3) security management services; and (4) collateral management services to the market intermediaries.

INDUSTRY OVERVIEW

OVERVIEW OF ASIA PACIFIC FINANCIAL TRADING SOLUTIONS MARKET

Definition of financial trading solutions

Financial trading solutions refer to computer programme that facilitates the operations of trading financial instruments such as stock exchange-traded financial instruments and OTC-traded financial instruments. The computer programme enables financial institutes to trade financial instruments and manage their client accounts. It offers a straight-through processing platform which covers the whole trade life cycle, including trading, settlement and clearing process of trading financial instruments. The financial trading solutions could be classified as front-office trading platform, back office system. Financial trading solutions are usually tailor-made for financial institutions, namely brokers, investors and wealth management companies, according to their individual requirements. Besides the provision of software licensing, financial trading solutions also involve technology consultancy services such as system customisation, initial set up (including testing and training), real time technical support and system maintenance services, as well as hosting services and other support in relation to the trading infrastructure.



Source: Frost & Sullivan

Introduction of electronic trading

An electronic trading platform is a facility which provides some or all of the following services: (i) order routing; (ii) order execution; (iii) credit risk management; (iv) automated trade settlement; and (v) dissemination of pre-trade and post-trade information. Orders are matched to pair buyers and sellers as a computer ranks orders by price levels and timing of inputs, which further facilitates trading between multiple parties. The execution of a trade can either require a manual intervention or be automatic.

The rise of electronic trading over the past decade has had a profound effect on the market structure of securities trading. Automation has transformed the market from one where a great deal of human intermediation was required into one where computers largely do the work in executing and processing trades. Electronic trading improves market liquidity by allowing greater volumes of trades. In addition, it increases speed of executions while reducing cost of transactions. With the use of algorithms, the price, timing and quantity of an order could be determined by the computer based on preset rules. Slicing large blocks into smaller pieces reduces the market impact of trades and limits adverse costs of trading large positions.

INDUSTRY OVERVIEW

Through the use of electronic trading and automated trading process, a further economy of scale is achieved and transaction costs are minimised as the platform enables one trader to monitor several markets simultaneously. Combined with straight-through processing, settlement costs are lower as well. Meanwhile, it facilitates the transfer of information by putting in place a cheaper communication network and allows a market-wide integration of real time information. The multi-dealer and cross-matching models have a centralising effect leading to larger pools of liquidity, which in turn stimulate the trading volumes, thereby creating growth opportunities for the financial trading solutions providers.

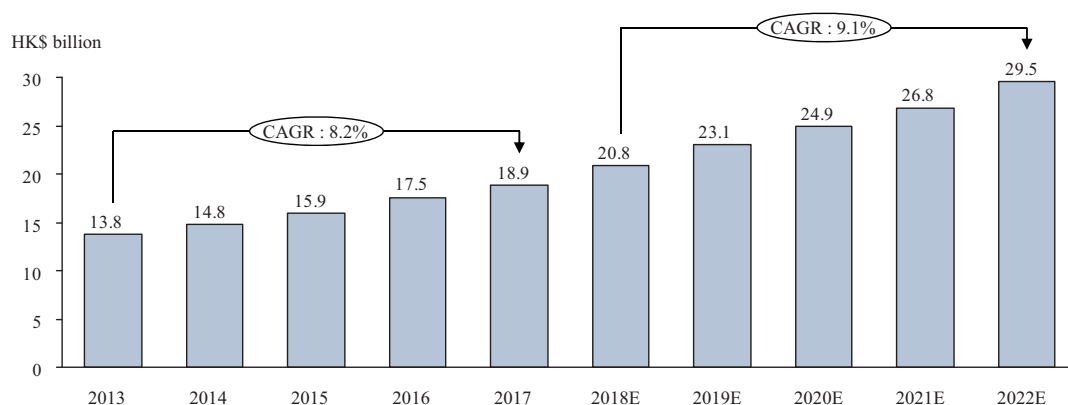
In the last decade, the Asian Pacific market had a strong growth of electronic trading and algo-trading in the financial trading solutions industry. Asia Pacific is now the new frontier for developments in technology and innovations. Markets in Singapore, Japan and the rest of Asia are anticipating transformation in cross-border trading, together with the increasing popularity of algo-trading. It is expected that technology would continue to drive the electronic trading and impact the market structure.

Market size of financial trading solutions

The estimated total revenue generated in financial trading solutions in Asia Pacific increased from HK\$13.8 billion in 2013 to HK\$18.9 billion in 2017, representing a CAGR of 8.2%, driven by the growth of sophisticated retail investors, continued regulatory reforms and further innovation of electronic trading.

Apart from the development of market structure and the strengthened systems functionalities, the rising accessibility of the derivatives product and growing popularity of cross-border trading would serve as the driver to the stock exchange-traded and OTC-traded financial instruments market, which in turn leads to an increase in demand for financial trading solutions. It is expected that the estimated total revenue generated in financial trading solutions in Asia Pacific would reach HK\$29.5 billion in 2022, growing at the CAGR of 9.1% from 2018 to 2022 primarily attributable to (i) the overall growth in global capital markets and in trading volumes derived from the diversified product offering and investor base; (ii) the significant technological advances including the use of big data in analytics, algo-trading capability with artificial intelligence, and the increased charges as a result of the enhanced functionality; (iii) the introduction and growth of cross-harbour trading platforms which not only further diversifies the product offering and service scope of securities trading but also creates higher demand for financial trading solutions that enable trading in exchanges across the world; and (iv) the evolution of revenue models of financial trading solutions as system enhancement and technical support play an increasingly important role in revenue generation.

Total revenue generated in financial trading solutions in Asia Pacific (2013-2022E)



Note:

- (i) Total revenue generated in OTC financial trading solutions include license fees, after-sales IT technical support and maintenance services, initial set up and customisation services, sale of hardware and software and hosting services provided as a result of the provision of financial trading solutions.

Source: Frost & Sullivan

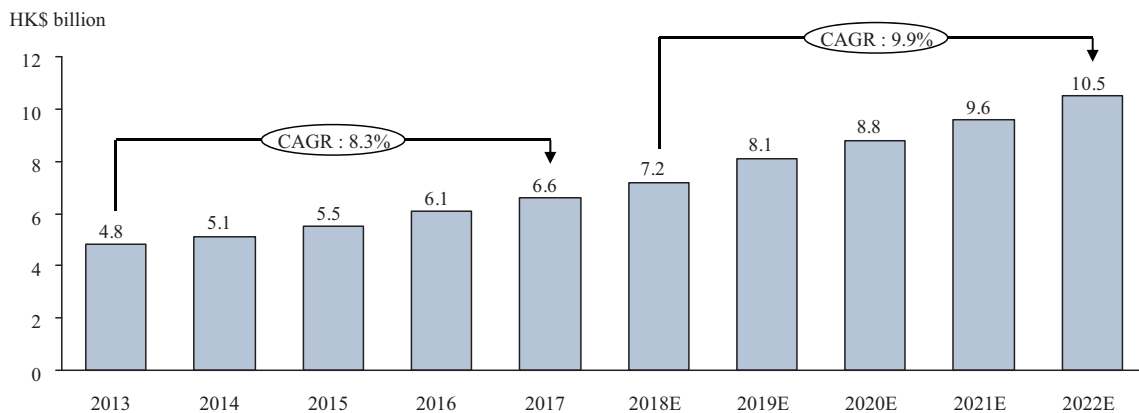
INDUSTRY OVERVIEW

Market size of financial trading solutions for OTC-traded financial instruments

The estimated total revenue generated in OTC financial trading solutions in Asia Pacific experienced an increase from HK\$4.8 billion in 2013 to HK\$6.6 billion in 2017, representing a CAGR of 8.3%, primarily due to the integration of global derivatives execution platforms that widens the market breath, thus raising the price transparency and market liquidity. As a result, the trading volume of OTC-traded financial instruments and demand for financial trading solutions increases accordingly.

The rising volatility of the global capital market drives the active trading in OTC market whereby increasing number of investors hedge their exposure to risks. It is forecasted that the estimated total revenue generated in OTC financial trading solutions in Asia Pacific would reach HK\$10.5 billion in 2022 at a CAGR of 9.9% from 2018 to 2022.

Total revenue generated in OTC financial trading solutions in Asia Pacific (2013-2022E)



Notes:

1. Australia is included in the market size.
2. Total revenue generated in financial trading solutions include license fees, after-sales IT technical support and maintenance services, initial set up and customisation services, sale of hardware and software and hosting services provided as a result of the provision of financial trading solutions.

Source: Frost & Sullivan

Market drivers and trends

Rising demand from regulatory reforms — Driven by the heightened scrutiny and new regulatory requirements of the post-crisis financial environment in Asia, financial institutions have been upgrading trading platforms with improved efficiency and reduced the operational cost, and more importantly to comply with latest regulatory requirements. The reform measures adopted by the international regulatory community include requiring all OTC-traded financial instruments transactions be reported to trade repositories and all standardised OTC-traded financial instruments transactions be cleared at CCP clearing facilities. This trade reporting requirements apply across all OTC asset classes, including rates, credit, equity and commodity contracts. OTC derivatives markets in Asia have also seen a number of significant rule implementations in recent years. The example includes the setting up of SGX Derivatives Clearing and Japan Securities Clearing Corporation, and designation of four CCPs for mandatory clearing of all OTC-traded financial instruments transactions in Hong Kong. The reforms and new rule implementations are going to gain global recognition and strengthen the Asia OTC-traded financial instruments market which provides growth potential for financial trading solution market in particular for financial trading solution providers with regulatory technology capacity.

INDUSTRY OVERVIEW

Technology advancement in financial services industry — In recent years, financial services market practitioners are incorporating prevailing technologies such as algo-trading, big data, machine learning and cloud computing etc., into the finance industry. Major banks, hedge funds, brokerage and other financial institutions in Asia Pacific are adopting such technological advancement trends into actual financial trading situations. Advancements in robotics, analytics, and artificial intelligence have profound improvement in technical capabilities of financial trading solutions. The use of big data furthers the capture and analysis of data for backtesting, which is hugely dependent on quality of data. The deployment of cloud infrastructure environment represents the enhanced computing capability for algo-trading and promotes the use of algo-trading among investors. Such movement encourages the collaboration between financial trading service providers and the financial institutions and thus it is crucial for the financial trading solution providers to be able to keep abreast of the ever-advancing technology and combine financial trading solutions with the technical advancements that suit the needs of the financial institutions.

Retail trading underpinned by mobile applications — Internet trading services refer to trading whereby clients access a licensed or registered person's trading services over the Internet, as is commonly available to investors in Hong Kong and Asia. The faster and more reliable Internet continue to reshape the landscape of financial trading solutions market. Increasing number of mobile trading platforms are offered to support the most commonly used mobile operating systems, giving traders the convenience of placing orders, accessing real-time quote and the latest market news. With the provision of internet trading services, investors are able to trade on mobile devices, thereby enjoying personalised user experience. Increasing competition in financial trading solutions market also contributes to the continuous enhancements on the mobile trading platforms to include the full support for the trading functions and broad analytical capabilities with technical analysis indicators. As a result, the trading of OTC and exchange-traded products are further promoted among the retail investors.

The rise of cross-border trading platform — The integration of global execution platforms widens the market breadth whereby the exchanges and liquidity providers match orders across the globe, thus raising market liquidity, which would further boost the trading volume. The diversified product portfolio, including equities, CFD, bullion, options and futures, also allows the execution of various trading strategies, hedging, arbitrage, reversion and momentum trading. The extensive trading suite, covering exchanges and liquidity providers in Asia and Hong Kong, would certainly be the growing engine for the financial trading solutions market in the future.

Market opportunities and challenges

Increasing accelerators and incubators in Asia — Financial technology has been the key industry growth over the last few years. It has seen that there is a robust growth in venture capital and private equity participations and merger and acquisition activities across Asia which propelled the research and development of the Asia financial trading solutions market. Active participation and emerging venture scene by accelerators and incubators in Asia provide a strong driving momentum to technology innovation in financial services industry.

Proliferation of algo-sharing marketplace for algo-trading — Algo-sharing marketplace is estimated to see rapid growth in the near future. Along with the rise of electronic trading, algo-sharing marketplace is also a global trend to enable the smarter application of algo in trading. The marketplace enables the all kinds of individuals to distribute, share and sell the algo in an integrated environment. In particular, the clean data sets assists the users in benchmarking the algos across different trading platforms and brokers. Going forward, functionalities, including backtesting, sentiment analysis and exchange of algo, are forecasted to be built in the algo-sharing marketplace, thus transforming the trading analytics and broader financial trading solutions market in the process.

INDUSTRY OVERVIEW

Competition from in-house IT departments — With the vigorous technology development in financial trading solutions in recent years, investment banks are paying attention to digital technologies and financial technology more than ever. This development has prompted the financial institutions to take steps to improve their digital capability and reform into a more information technology business. Thus, major investment banks have been strengthening their in-house IT department which is likely to pose as a challenge to financial trading solution providers.

Rising volatility of the global capital market — The overall macro economy in Asia has been growing healthily in recently years which is driving the entire supply chain in the financial services industry. However, the cyclical fluctuation of macro economy may raise the market uncertainty and instability in the financial market. This market uncertainty might lead to loss of confidence and investment capability of the institutional and retail investors. In the short term, uncertain financial market may reduce the demand for financial trading platform and other related services which poses as a potential challenge to the financial trading solutions market practitioners.

Entry barriers

Market know-how — With strong global market know-how, the financial trading solution providers can establish a more extensive geographic coverage which allow the financial trading solutions providers to expand externally quickly and capture market share. As regulations in financial trading solutions market may differ in various jurisdictions, the financial trading solutions providers are required to have a strong management team with sophisticated compliance knowledge and market understanding to establish their presence in different countries. The new market entrants without such market expertise would not be able to easily access to foreign markets. It requires specific know-how and practical experience to maintain stability and scalability of the financial trading solutions.

Reputation and track record — Existing financial trading solution providers have usually demonstrated the track record of successful project delivery and established sound reputation. Such track record and reputation pose as an entry barrier for new market entrants as they do not have successful precedents to encourage the client to choose them over the established financial trading solution providers. Proven track record is recognition of extensive technical skills and experience in provision of financial trading solutions as well as a demonstration of competitive edge in engaging complex and large scale projects. Moreover, the leading financial trading solution providers have already built a strong relationship with their clients and it would incur high costs for the clients to switch to a new financial trading solution provider.

High operating cost — Strong financial trading solution providers usually have high operating cost to stay competitive in the market. The high operating cost is often incurred by the increasing labour cost for hiring industry elites and investment in research and development (R&D). The increased competition for talent has given a rise to the costs of employees in the financial technology in Hong Kong. Driven by the reshaping regulatory requirements and innovations on financial trading solutions, investments in R&D continues to increase in Hong Kong and Asia, satisfying various customer demands in the fast-changing industry. As salaries and investment in R&D rise, cost of operations increases correspondingly. Thus, the new market entrants are usually hindered by the high set up cost.

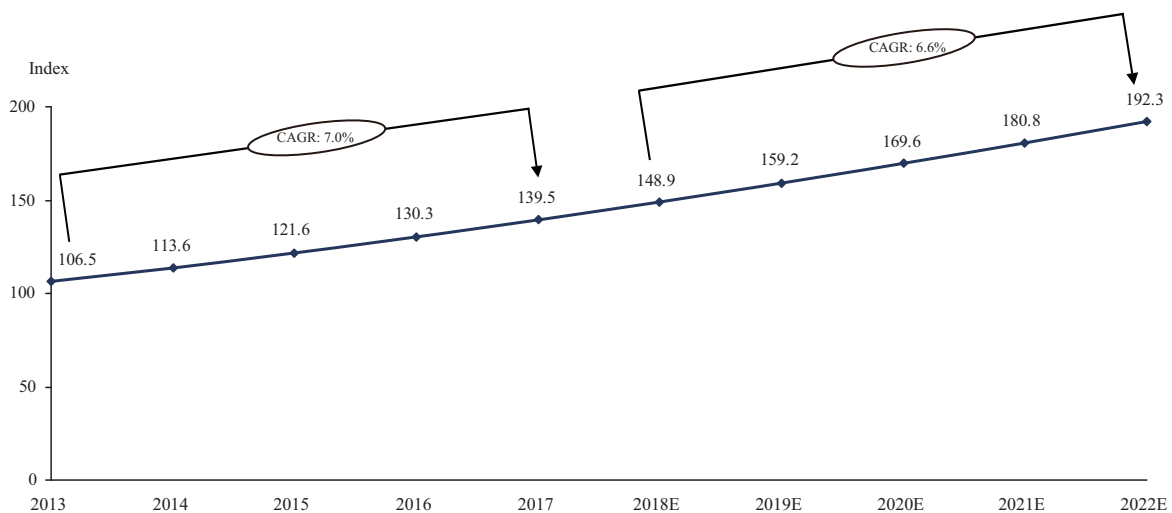
Stable relationship with customers — The leading players in financial trading solutions industry are remarked by the established long-term relationship with customers, which facilitates requirements gathering and execution in project delivery. By leveraging the good working relationship built on collaboration with customers, time and cost could be greatly saved in the day-to-day operation. In particular, having established long standing relationships with major customers, the leading players are able to understand its major customers' specific needs. New entrants are usually lack of deep and thorough understanding about target markets, and are also in short of experiences. Experienced trading solutions providers are preferred by the customers, which forms a major barrier for entry.

INDUSTRY OVERVIEW

Cost structure analysis

Labour wages are the major cost items in product development and maintenance of financial trading solutions. The average cost of human resource has been rising in recent years. During 2013 to 2017, the index of average annual income of in-house IT staff in financial trading solutions industry in Hong Kong has increased from 106.5 to 139.5, with a CAGR of 7.0%. With the strong outlook of Hong Kong economy and financial trading solutions industry, it is expected the average annual income of IT staff will continue growing at a CAGR of 6.6% from 2018 to 2022. In addition, the increased competition for IT staff in financial trading solutions industry would continue to raise the turnover rate.

Index of average annual income of IT staff in financial trading solutions industry in Hong Kong, 2013-2022E



Source: Frost & Sullivan

COMPETITIVE LANDSCAPE OF FINANCIAL TRADING SOLUTIONS MARKET IN ASIA PACIFIC

Competition overview

The financial technology industry in Hong Kong and Asia Pacific is competitive and fragmented. With the rise of electronic trading in recent years, the industry has attracted the presence of both Hong Kong-based and international companies. There were approximately 500 financial trading solution providers in Asia Pacific in 2017.

With the successful project delivery and sound reputation, some international financial trading solutions providers have applied its proven expertise to different exchanges and jurisdictions while the local financial trading solutions providers leverage the established relationship with customers. Strong local partnership allows the access to local networks and information that provides the local financial trading solution providers with a competitive edge. The financial trading solutions providers usually serve the investment banks, hedge funds, brokers and asset management firms for the provision of financial trading solutions.

INDUSTRY OVERVIEW

The local financial trading solution providers generally engage in the provision of online trading, front-end trading and back-office systems, including clearing and settlement of trading orders, portfolio risk reporting, for stock exchange-traded financial instruments. The Group is one of the few local financial trading solution providers which have comprehensive service offerings, covering the trade life cycle, such as order placing, risk management, settlement and fund management and the number of such local financial trading solution providers is estimated to be less than ten. In particular, the Group delivers a suite of multi-asset trading solutions for both stock exchange-traded and OTC-traded financial instruments, and support algo-trading.

Ranking and market concentration

The financial trading solutions market is considered fragmented. The top five Asia Pacific financial trading solution providers contributed to 18.1% of the total revenue generated by Asia Pacific financial trading solution providers. The Group recorded the revenue of HK\$41.3 million for the provision of financial trading solutions in FY2018, accounting for 0.2% of the market share in Asia Pacific.

Ranking and market share of leading financial trading solutions providers by revenue (Asia Pacific), 2017

Rank	Company	Estimated revenue in 2017 (HK\$ million)	Approximate market share (%)
1	Company A	830	4.4%
2	Company B	800	4.2%
3	Company C	650	3.4%
4	Company D	600	3.2%
5	Company E	550	2.9%
	Top five subtotal	3,430	18.1%
	The Group	41	0.2%
	Others	15,429	81.7%
	Total revenue to financial trading solutions industry in Asia Pacific	18,900	100%

Notes:

1. Company A is a British-headquartered company which provides software and services, such as trading and investment management systems, analytics and market data, to buy side and sell side clients in the financial services sector.
2. Company B is a China-based company, principally engaged in the provision of software products and services and financial data for financial institutions.
3. Company C provides financial and securities software, and related services in China. The company offers its products and services in the securities, funds, banks, futures, insurance, trust, finance, regulatory agencies, and other fields.
4. Company D provides connectivity management, trading and order management, multiple source data display, and pre-trade risk management solutions.
5. Company E offers solutions for asset finance, asset management software, collateral management, compliance and tax, corporate liquidity, energy trading and operations, fund administration, hedge fund, insurance, market data, post-trade processing, private equity, reconciliation, retail and corporate banking, risk management and analytics, securities finance, trading and connectivity, and wealth and retirement administration.
6. The revenues are calculated for FY2018.
7. The Group's revenue is based on its actual financial figure for FY2018.

Source: Frost & Sullivan

REGULATORY OVERVIEW

We are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. Our customers are mainly financial institutions, including brokerage firms and wealth management companies, and mainly located in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus.

We set out below a summary of certain aspects of the laws and regulations of Hong Kong, Indonesia, Malaysia, Australia, Japan and Cyprus which are relevant to our Group's operations and business and a summary of regulations relating to the provision of services in relation to the trading of securities and futures in the Stock Exchange:

HONG KONG LAWS AND REGULATIONS

Supply of services

The Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) aims to consolidate and amend the laws with respect to the terms to be implied in contract for the supply of services (including a contract for the supply of a service whether or not goods are also transferred or to be transferred, or bailed or to be bailed by way of hire). It provides that:

- (a) under section 5, where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill; and
- (b) under section 6, where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service within a reasonable time if the time for the service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties.

Where a supplier is dealing with a party to a contract for the supply of a service who deals as a consumer, the supplier cannot, by reference to any contract term, exclude or restrict any liability of his arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Otherwise, where any right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance) be negated or varied by express agreement, or by the course of dealing between the parties, or by such usage as binds both parties to the contract.

Supply of goods

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) aims to codify the laws relating to the sale of goods. It provides that:

- (a) under section 15, there is an implied condition that the goods shall correspond with the description where there is a contract for the sale of goods by description;

REGULATORY OVERVIEW

- (b) under section 16, there is an implied condition that the goods supplied under the contract are of merchantable quality where a seller sells goods in the course of a business, except that there is no such condition (i) as regards defects specifically drawn to the buyer's attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which that examination ought to reveal; or (iii) if the contract is a contract by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and
- (c) under section 17, where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Any right, duty or liability which arises under a contract of sale of goods by implication of law may be negated or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract, subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong).

Data privacy

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the “**PDPO**”) covers any data relating directly or indirectly to a person namely, the data subject, from which it is practicable to ascertain the identity of the individual and which are in a form in which access to or processing of the data is practicable. It applies to a data user, namely any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

In respect of our customers which either subscribe for the cloud-based version of our trading system or engage our hosting services, we may (i) have access to personal data of the clients of our customers. We may also have access to personal data of members of the public in the future when offering a web portal as part of our strategies. Such web portal provides (i) financial market information licensed by the Stock Exchange to us; (ii) investment portfolio tracking services; and (iii) an algo-sharing marketplace. See “Business — Our Strategies — Continue to commit in research and development of our financial trading solutions - B. Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems” in this prospectus for details of such web portal. In doing so, we must comply with the PDPO and its six principles of the PDPO, which are as follows:

Principle 1 — Purpose and manner of collection of personal data. This provides for the lawful and fair collection of personal data and sets out the information a data user must give to a data subject when collecting personal data from that subject.

Principle 2 — Accuracy and duration of retention of personal data. This provides that personal data should be accurate, up-to-date and kept no longer than necessary.

REGULATORY OVERVIEW

Principle 3 — Use of personal data. This provides that unless the data subject gives consent otherwise personal data should be used for the purposes for which they were collected or a directly related purpose.

Principle 4 — Security of personal data. This requires appropriate security measures to be applied to personal data.

Principle 5 — Information to be generally available. This provides for openness by data users about the kinds of personal data they hold and the main purposes for which personal data are used.

Principle 6 — Access to personal data. This provides for data subjects to have rights of access to and correction of their personal data.

Non-compliance with the data protection principles may lead to a complaint being lodged to the Privacy Commissioner for Personal Data (the “**Privacy Commissioner**”) and the Privacy Commissioner may serve an enforcement notice to direct the data user to take steps to remedy the contravention. Contravention of an enforcement notice is an offence under the PDPO which could result in a fine and imprisonment. A claim for compensation may also be made by a data subject who suffers damage by reason of a contravention of a requirement under the PDPO.

Taxation

Profits Tax

Pursuant to the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), profits tax shall be charged for each year of assessment at the standard rate on every person carrying on a trade, profession or business in Hong Kong in respect of his assessable profits arising in or derived from Hong Kong for that year from such trade, profession or business. The standard rate of profits tax for the years of assessment of 2016/2017 and 2017/2018 is 16.5%. For the year of assessment 2018/19 onwards, the following two-tiered rates of profits tax shall apply: 8.25% on assessable profits up to HK\$2,000,000; and 16.5% on any part of assessable profits over HK\$2,000,000.

Regulations relating to intellectual property

Copyright Law

Under the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), the copyright in a work gives the copyright owner the exclusive right to, among other things, reproduce or issue copies of the work to the public. It is an infringement for a third party to do those acts without the consent of or a licence from the copyright owner. If an infringement occurs, the copyright owner can bring an action seeking damages or an injunction to restrain the unauthorised copying. A copyright tribunal comprising members from different sectors of the community has been established to handle copyright licensing disputes and ensure a balancing of interests. The copyright tribunal is established pursuant to section 169 of the Copyright Ordinance and its scope includes deciding disputes relating to licences offered by, or licensing schemes operated by licensing bodies in the copyright and related area.

REGULATORY OVERVIEW

Pursuant to the Copyright Ordinance, provision is made to protect copyright works of computer programmes. Our Group has not registered the copyright of its software systems in Hong Kong as there is no formal procedure to register copyrights of computer software system in Hong Kong. Should there be any formal procedure to register copyright of computer software system in Hong Kong in the future, our Group may consider to register the copyright of its software systems in Hong Kong.

As confirmed by the Directors, during the Track Record Period and up to the Latest Practicable Date, we did not receive any material claim for copyrights infringement.

Trade mark Law

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) is a statute enacted to make provision in respect of the registration of trade marks and for connected matters.

The Trade Marks Ordinance provides, among others, that a person infringes a registered trade mark if the person uses in the course of trade or business a sign which is:

- (1) identical to the trade mark in relation to goods or services which are identical to those for which it is registered;
- (2) identical to the trade mark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;
- (3) similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or
- (4) identical or similar mark in relation to goods or services which are not identical or similar to those for which the trade mark is registered, where the trade mark is entitled to protection under the Paris Convention as a well-known trade mark, and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Under the Trade Marks Ordinance, the owner of a trade mark is entitled to bring infringement proceedings against a person infringing his or her or its trade mark for damages, injunctions, accounts and any other relief available in law.

As at the Latest Practicable Date, we registered certain trade marks in Hong Kong relating to our business. As confirmed by our Directors, we did not receive any claim for trade mark infringement during the Track Record Period. For further details of our material intellectual property rights in Hong Kong, see “Statutory and General Information — B. Further Information about the Business of our Group — 2. Intellectual property rights — (a) Trademarks” in Appendix VI to this prospectus.

REGULATORY OVERVIEW

Regulations relating to employment

The main piece of legislation governing conditions of employment in Hong Kong is the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). It provides for various employment-related benefits and entitlements to employees. Pursuant to the Employment Ordinance, all employees covered, irrespective of their hours of work, are entitled to basic protection including payment of wages, restrictions on wages deductions and the granting of statutory holidays, etc. Employees who are employed under a continuous contract are further entitled to benefits such as rest days, paid annual leave, sickness allowance, severance payment and long service payment, etc.

A no-fault, non-contributory employee compensation system for work injuries is established under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). The Employees' Compensation Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees, employed in Hong Kong by local employers, are also covered if they are injured while working outside Hong Kong. An employer is liable to pay compensation in respect of occupational diseases specified in the Employees' Compensation Ordinance suffered by the employees; or in respect of injuries sustained by his employees as a result of an accident arising out of and in the course of employment.

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) provides an employment-based retirement protection system, the Mandatory Provident Fund scheme ("MPF"), a defined contribution retirement scheme administered by independent trustees. Except for exempt persons, both regular or casual employees and self-employed persons who are at least 18 but under 65 years of age and is normally residing and working in Hong Kong are required to join the MPF scheme. Mandatory contributions made by both the employer and employee are fully and immediately vested in the employee once they are paid to the trustee. Under the MPF scheme, the employer and, where the monthly income is HK\$7,100 or more, the employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contributions for and in respect of the employee, subject to a statutory maximum cap of HK\$1,500 per month.

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) establishes a statutory minimum wage regime. The statutory minimum wage requirements came into force on 1 May 2011 with the initial statutory minimum wage rate of HK\$28 per hour. From 1 May 2013 up to 30 April 2015, the statutory minimum wage increased to HK\$30 per hour and further increased to HK\$32.5 per hour with effect from 1 May 2015. The statutory minimum wage was further increased to HK\$34.5 with effect from 1 May 2017. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Regulations relating to the provision of IT services to the Hong Kong Government as a contractor

The Office of the Government Chief Information Officer (the "OGCIO") advises and assists bureaux and departments of the Hong Kong Government in the procurement of IT products and services. The OGCIO also arranges and manages two schemes of approved contractors, namely the

REGULATORY OVERVIEW

SOA-QPS4 and the Standing Offer Agreement for Data Centre Services 2, for the procurement of IT services in the Hong Kong Government. Since 2005, the Hong Kong Government has adopted the standing offer agreement for quality professional services scheme to streamline the process for acquiring IT professional services by awarding standing offer agreements to contractors.

The SOA-QPS4 commenced on 31 July 2017. Under the SOA-QPS4, 94 standing offer agreements have been awarded to 49 contractors, one of which is GES. The contract period of the SOA-QPS4 is 48 months and will expire on 30 July 2021. Should any bureaux and departments of the Hong Kong Government require certain IT services, separate work order will be awarded to the contractor for that particular project. The contractors which were awarded the standing offer agreements under the SOA-QPS4 are eligible to provide to the Hong Kong Government the following categories of services:

Category 1	Pre-implementation and independent programme or project management services
Category 2	On-going services
Category 3	Implementation and combined system development services
Category 4	Information security and independent testing services

For Categories 2 and 3, IT projects are classified into minor group and major group. IT projects in the minor group cover those with work assignment value not exceeding HK\$3 million, while IT projects in the major group cover those with work assignment value over HK\$3 million but not exceeding HK\$15 million. For Categories 1 and 4, there will be no subdivision into groups and the work assignment value shall not exceed HK\$15 million. Contractors can only provide services within the scope of the awarded category(ies) and group(s).

When the bureaux and departments of the Hong Kong Government require certain IT services, the contractors in the SOA-QPS4 will be invited to make technical and price proposals for the intended project. The bureau or department of the Hong Kong Government will evaluate the proposal according to the standard marking schemes prescribed by SOA-QPS4. The assessment criteria for standard marking schemes are based on factors including the past performance of the contractor with reference to the contractor performance score, the contractors experience in the area, experience of key project staff and the proposed technical solution.

According to the relevant tender documents, the respective major criteria for obtaining each of the four service categories of SOA-QPS4 include the following: (a) experience: all service categories require a minimum of either one year or three years (for major service group for categories 2 and 3) of experience in providing relevant service types in the relevant category during the last five years; (b) volume: all service categories require a minimum aggregate contract value of either HK\$2 million or HK\$15 million (for major service group for categories 2 and 3) in providing relevant service types during the last three years; (c) insurance policies: all service categories require suitable professional indemnity insurance to be effected, kept in force and renewed, and all such policies of insurance as required under the laws of Hong Kong to be effected and maintained; and (d) staff requirement: for each category, staff is classified into certain categories, each with function/specialty and qualification requirements ranging from one to 15 years of relevant experience.

REGULATORY OVERVIEW

Our Group is also subject to the performance assessment based on the delivery of work, quality of work and management of resources by the relevant bureaux or departments every six months during the execution and upon completion of the contract. Failing to attain a required standard may cause a suspension in tendering for further contracts.

Regulations relating to the provision of services in relation to the trading of securities and futures in the Stock Exchange

BSS vendor

Currently, the Stock Exchange operates a market access platform, namely the OTP-C, to support secured connections between the BSS of the Exchange Participants and the securities market trading systems of the Stock Exchange. The BSS is a system developed and operated by the Exchange Participants for securities market trading purposes and includes any server, terminal and other device connected to the trading systems. BSS is an in-house developed system or third-party software package developed by commercial vendors for the use of Exchange Participants to carry on trading in the Stock Exchange. In order to develop, maintain and operate a BSS for the Exchange Participants, our Group must be a BSS vendor certified by the Stock Exchange. In order to be on the BSS vendor list of the Stock Exchange, our Group has to pass the OCG end-to-end certification test and perform a market rehearsal with the Exchange Participants to verify the system readiness. To maintain as a BSS vendor, our Group has to satisfy all the requests made by the Stock Exchange in relation to the operation of BSS from time to time and maintain at least one Exchange Participant using our Group's BSS.

Independent Software Vendor (ISV)

Our Group is an ISV listed on HKEX Information Services Limited (“**HKEX-IS**”), an affiliate company of the Stock Exchange which engages in the development and maintenance of the trading systems of the Stock Exchange. In order to be qualified as an ISV, the software operated by the applicant has to pass the conformance test to verify the capability of the software of handling data on market data platforms. In April 2013, HKEX-IS launched the test service to allow ISVs to conduct securities and derivatives market data transmission testing of their in-house developed software on the trading systems and the market data platforms, namely OMD-C and Orion Market Data Platform — Derivatives Market, of the Stock Exchange during trading days by providing a connection to the test environment and the right to use the related technical documents and the testing facilities during the term of test service. The ISVs also have to follow the relevant guides and other instructions prescribed by HKEX-IS when conducting the test service. Upon completion of the conformance test, for an ISV to become listed on the HKEX-IS, the applicant is required to submit an application to HKEX-IS for approval. ISV applicants should (i) make relevant upfront payment to HKEX-IS; (ii) make connection arrangement following relevant instructions which may be amended from time to time with network carriers, where all connection charges shall be borne by the applicant; and (iii) provide HKEX-IS with proof of the effective date it starts to connect to the test environment. In order to maintain as an ISV, our Group has to satisfy all the requests made by HKEX-IS in relation to the test service from time to time.

REGULATORY OVERVIEW

Market Data Vendor

Market Datafeed System (“MDF”) is the information system Stock Exchange uses to transmit real-time securities market data to the market. Market data vendors (“MDV(s)”) are parties who transmit and redistributes MDF data, including the last traded price of securities, shares traded and turnover, market depth, all trade tickers and order book, to the market data end-users. In order to qualify as a MDV, the applicant must satisfy (i) the business requirement by satisfying the minimum paid-up capital requirement and payment of certain amount of deposit to HKEX-IS; (ii) technical requirement as to the system of the MDV; and (iii) market transparency requirement. As at the Latest Practicable Date, an applicant (which is not an Exchange Participant) must satisfy the minimum paid-up capital requirement of at least HK\$7.5 million, and pay HK\$200,000 per datafeed for real-time securities market data and HK\$100,000 per datafeed for real-time derivatives market data to HKEX-IS as deposit. Upon approval of its application, the MDV is required to enter into a licence agreement with HKEX-IS in order to become a MDV.

LAWS AND REGULATIONS IN INDONESIA

Below sets out a summary of certain aspects of the Indonesian laws and regulations which are relevant to our Group’s operations and business:

Granting licence to Indonesian customers

Our Group has entered into several service agreements (“**Service Agreements**”) with its Indonesian customers governed by Hong Kong laws. From the Service Agreements, our Group grants its customers license to use certain of our financial trading solutions for customers’ own use. The services provided by our Group also cover the maintenance (including analysis, coding, testing, and release of error corrections) which is performed through the Internet without on-site training or technical consulting. Our Group’s operation in Indonesia is limited to the granting of licence to use the financial trading solutions pursuant to the Service Agreement without conducting actual financial/trading activities based on the financial trading solutions and our Group will not place or send any of its personnel in or to Indonesia for providing its services, including the initial set up and maintenance services of the financial trading solutions. We do not have current intention to place or send any of our personnel in or to Indonesia going forward for providing our services, including the initial set up and maintenance services of our financial trading solutions.

Indonesian laws and regulations on financial trading are silent on the requirements applicable for non-Indonesian parties, such as our Group, supplying and/or granting license for the use of the financial trading solutions to Indonesian companies engaged in financial trading activities in Indonesia. Therefore, as advised by Ali Budiardjo, Nugroho, Reksodiputro, our legal advisers as to Indonesian law, our Group, solely by reason of the granting non-exclusive, non-transferable, and non-sublicenseable licence to use the financial trading solutions and the other transactions contemplated by the relevant Service Agreements or the execution and performance by the parties to the Service Agreements (including the provision of initial set up and maintenance services through the Internet without placing or sending any of its personnel in or to Indonesia for providing its services),

REGULATORY OVERVIEW

will not be required under the applicable Indonesian laws and regulations relating to the financial trading activities of Indonesia (i) to qualify to do business in Indonesia or to comply with the requirements of any foreign investment or qualification law of Indonesia, or (ii) to obtain any licence, consent, approval, permit, authorisation, certificate, filing, registration or order in Indonesia, unless our Group has an independent operation or has a branch or subsidiary in Indonesia and it is granting a non-exclusive, non-transferable, and non-sublicenseable licence under the Service Agreements through its Indonesian operation, branch or subsidiary or (iii) preceding enforcement of the Service Agreements, to make any filing with any court or other judicial or administrative body in or of Indonesia.

Personal Data Protection

Under Law No. 11 of 2008 on Electronic Information and Transaction, as amended by Law 19 of 2016 (“**EIT Law**”), personal data protection is part of the privacy rights, which among others, include the right to supervise access to information with respect to personal life or data. The privacy rights also cover the right to declare whether a personal data is confidential. Personal data is defined as information on certain person (“**personal data owner**”) that is stored, maintained and kept in confidentiality and protected. Considering the broad definition, any data or electronic documents related to personal data owner in Indonesia may be considered as personal data when submitted to an electronic system operator, who provides, manages, and/or operates electronic system for its own purpose or for others’. Personal data protection also applies to personal data kept by the users of the electronic system operators.

When receiving personal data, an electronic system operator is required to (i) keep the confidentiality, integrity and availability of any personal data they manage; (ii) ensure that the collection, use, and application of the personal data are made based on the consent from the personal data owner, unless provided otherwise by the relevant laws and regulations; and (iii) ensure that the use or disclosure (including displaying, announcing, transmitting, and disseminating) of the personal data is based on the consent of the personal data owner and consistent with the purpose when the data is collected.

In case the personal data is collected directly from the personal data owner, such personal data must be verified by the personal data owner. Personal data that is not collected directly from the personal data owner must undergo verification through various data sources processing. Electronic system operators can only process, analyse, and store verified personal data.

In case of a failure in protecting the personal data they manage, the electronic system operator must provide a written notification to the personal data owner to that effect. If a failure so occurs, the personal data owner may file a complaint to the Ministry of Communication and Informatics for settlement (whether amicably or through alternative dispute settlement). The Minister of Communications and Informatics Regulation No. 20 of 2016 on Personal Data Protection in Electronic System (“**MCI Regulation No. 20/2016**”) also provides administrative sanctions (in the form of warning (verbally or in writing), suspension of activities, and/or announcement of violation in

REGULATORY OVERVIEW

websites) for any person obtaining, collecting, processing, analysing, storing, displaying, announcing, transmitting, and/or disseminating personal data without consents. Personal data owners can also take remedy in civil claim if they suffer damage from the unauthorised use of their personal data.

LAWS AND REGULATIONS IN MALAYSIA

Below sets out a summary of certain aspects of the Malaysian laws and regulations which are relevant to our Group's operations and business:

Personal Data Protection

The Personal Data Protection Act 2010 (the "PDPA") regulates the processing of personal data in commercial transactions. As such, the PDPA is only applicable when personal data of an individual, i.e. the data subject, is involved in a commercial transaction.

Under the PDPA, the person who processes any personal data or has control over or authorises the processing of any personal data is referred to as 'data user', and the person whose personal data is processed by the data user is known as 'data subject'. The 'data processor' on the other hand is defined as the person who processes the personal data solely on behalf of the data user, and does not process the personal data for any of its own purpose. The term "processing" is defined in the PDPA to include collection, recording, holding, organising and disclosing personal data.

The scope of personal data is very wide and non-exhaustive. Generally, any information may be considered as personal data within the ambit of the PDPA if a specific individual is identifiable from that information itself or identifiable from that information coupled with other information in the possession of the data user.

A data processor may be liable under the PDPA if, without the consent of the data user, such personal data held by the data user is collected by the data processor or disclosed by the data processor to a third party. The data processor will only be liable if such unauthorised collection or disclosure occurs within its knowledge or is caused by its recklessness.

Any person who commits such offences shall, upon conviction, be liable to a fine not exceeding Ringgit Malaysia Five Hundred Thousand (RM500,000) or to imprisonment for a term not exceeding three years or to both.

Under the PDPA, a director or any other person who is concerned with the management of a company's affair or assisting with such management shall also be deemed to have committed an offence if a company is convicted of such offences under the PDPA unless he can prove that such offence was committed without his knowledge and he has taken reasonable precautions and exercised due diligence to prevent the commission of the offence.

REGULATORY OVERVIEW

Financial Services Secrecy

The Labuan Financial Services and Securities Act 2010 (the “**LFSSA**”) which is administered by the Labuan Financial Services Authority provides for the licensing and regulation of financial services and securities in Labuan, the establishment of an exchange and for other incidental matters.

The secrecy provision under the LFSSA imposes restriction which prohibits any person who for any reason has access to any record, book, register, correspondence or other document, material or information (collectively, “**Confidential Information**”) whatsoever relating to the affairs or account of a licensed entity under the LFSSA from disclosing to another person such Confidential Information.

The Group’s customers in Labuan are licensed and registered to carry on activity under the LFSSA and thus are considered licensed entity within the meaning of LFSSA. As GES has been granted access to such network and all servers on which the back-end of the financial trading solutions are hosted and therefore access to Confidential Information, our Group is required to comply with the secrecy provision under the LFSSA.

Any person who contravenes the aforesaid secrecy provisions commits an offence and shall, on conviction, be liable to a fine not exceeding Ringgit Malaysia One Million (RM1,000,000) or to imprisonment for a term not exceeding three years or to both.

LAWS AND REGULATIONS IN AUSTRALIA

Below sets out a summary of certain aspects of the Australian laws and regulations which are relevant to our Group’s operations and business:

Australian Consumer Law

Under the Australian Consumer Law (the “**ACL**”), a consumer is generally considered to be a person who has acquired goods or services (not as a reseller) up to the value of AU\$40,000 or where the goods or services are of a kind ordinarily acquired for personal, domestic or household use or consumption.

The ACL sets out detailed provisions that govern a business’ dealings with or representations made to consumers including, misleading or deceptive conduct, unconscionable conduct, unfair contract terms, consumer guarantees, product safety and recall and pricing. This overview will focus on the consumer guarantee, unfair contract terms and misleading or deceptive conduct provisions of the ACL.

Consumer guarantees

The ACL provides for a number of non-excludable “consumer guarantees” in relation to the supply of goods and services to consumers.

REGULATORY OVERVIEW

The consumer guarantees include that goods must be of an acceptable quality and be reasonably fit for purpose, and that services must be provided with due care and skill and be fit for any specified purpose. Importantly:

- the consumer guarantees apply even in business to business transactions, where the business is a “consumer” as defined under the ACL; and
- the AU\$40,000 is not necessarily calculated on the total contract spend, but can be triggered by individual items being less than AU\$40,000, even if the total contract value is greater than AU\$40,000.

Unfair contract terms

The ACL also regulates “unfair contract terms” in standard form contracts with consumers and with small businesses. A small business for this purpose is one where the customer employs less than 20 people and the upfront price payable under the contract is no more than AU\$300,000 (or AU\$1 million if the contract is for more than 12 months). All standard form contracts that a business enters into with a consumer or a small business must not contain unfair terms.

A clause will be an unfair contract term if it causes significant imbalance between the parties’ rights and obligations, is not necessary to protect the legitimate interest of the party seeking to rely on it, and would cause detriment (financial or otherwise) if applied or relied upon.

If a clause is found to be an unfair contract term, it will be unenforceable in that relevant consumer contract or small business contract. A business could in some circumstances also be required to pay compensation or refunds to affected customers.

Misleading or deceptive conduct

Businesses must not engage in conduct that is misleading or deceptive or is likely to mislead or deceive. All marketing material and any other information provided to consumers about goods or services must be true and accurate and conveyed in a manner that is not confusing or likely to lead consumers into error.

Penalties

Failure to comply with consumer protections laws in Australia may result in pecuniary penalties, administrative orders (including injunctive relief) or the avoidance of contract terms.

Australian Privacy Laws

Australia has a number of laws dealing with the collection, use, disclosure and storage of personal information. The principal piece of legislation governing the collection and handling of personal information in Australia by private sector organisations and Federal Government agencies is

REGULATORY OVERVIEW

the *Privacy Act 1988 (Cth)* (“**Privacy Act**”). Small businesses with an annual turnover of less than AU\$3 million are not bound to comply with the Privacy Act, unless an exception applies. Further, private sector organisations do not need to comply with the Privacy Act when dealing with personal information that forms part of an employee record. However this exception is narrow and only applies to actions within the scope of the employment relationship. It does not apply to individuals who are not strictly employees, or when personal information is collected or used by other entities within the corporate group.

Under the Privacy Act, “personal information” is defined as information or an opinion about an identified individual or an individual who is reasonably identifiable. The definition of personal information is broad and will cover the personal information about an entity’s customers, as well as information about an entity’s business contacts such as its suppliers and job applicants.

The Privacy Act includes a set of 13 principles, known as the Australian Privacy Principles (“**APPs**”). The obligations in the APPs apply to personal information “collected” in Australia - including where information is entered into a website by a person on a computer in Australia and the server for the website is located overseas.

Among the key requirements of the APPs are the requirements to:

- have a publicly accessible Australian-compliant Privacy Policy setting out prescribed information describing an entity’s privacy practices;
- take reasonable steps to provide individuals with a notification of the collection of personal information (the “**Collection Statement**”) at or before the time their personal information is collected that sets out certain prescribed information (as described below);
- where personal information is transferred or disclosed to an overseas recipient, to take reasonable steps to ensure that the overseas recipient will comply with the APPs in respect of the personal information transferred or disclosed. This generally requires entities to have privacy related clauses in their contracts with the relevant service provider before making personal information collected in Australia available to that party;
- take reasonable steps to protect the personal information held by an entity from misuse, interference or loss, and from unauthorised access, modification or disclosure; and
- only use the personal information collected for the purpose that it was collected, subject to some limited exceptions.

A Collection Statement must generally include the details of the entity, the circumstances and purpose of collection, the consequences of not providing the information, who the entity discloses information of that kind to as well as if the recipient of the information are located overseas and the individual’s right of access to the information, and right to complain.

REGULATORY OVERVIEW

When personal information is collected about an individual, reasonable steps must be taken to protect that information from misuse and loss and from unauthorised access, modification and disclosure. Reasonable steps may include limiting the people who can access personal information and having security systems in place to protect personal information.

Due to the federal nature of Australian government, different laws operate at the Australian federal “Commonwealth” level, as well as at the various State and Territory levels. Similar privacy laws exist in some Australian States and Territories that relate to the collection and handling of health information, as well as to collection and handling of personal information by public sector organisations and government contracted service providers.

The Privacy Act also sets out a notifiable data breaches scheme that requires the mandatory reporting of “eligible data breaches” by entities that are required to comply with the Privacy Act. An entity must notify the relevant Australian regulator, the Office of the Australian Information Commissioner (the “**OAIC**”) and affected individuals of an “eligible data breach”. An “eligible data breach” will arise where a reasonable person would conclude that there is a likely risk of serious harm to any affected individuals as a result of loss, unauthorised access or unauthorised disclosure of personal information.

The Privacy Act includes a number of civil penalty provisions. Under the civil penalty provisions, the Australian Information Commissioner (the “**Commissioner**”) may apply to the Federal Court or Federal Court for an order that an entity pay the Commonwealth of Australia a penalty.

Each civil penalty provision specifies a maximum penalty unit that applies for the contravention of that particular provision. The value of a penalty unit is contained in the Crimes Act 1914 (Cth). Most relevantly, under the Privacy Act a serious or repeated interference with a person’s privacy attracts a maximum of 2,000 penalty units (currently AU\$2.1 million for corporations and AU\$420,000 for individuals).

The Commissioner also has a range of other enforcement powers. The key power used most effectively by the Commissioner is the ability to seek written enforceable undertakings from entities that they will take specific actions. Previous enforceable undertakings have included requiring entities to implement detailed privacy compliance regimes and to have compliance against those audited by independent third parties - the costs of which are likely to be significant. An enforceable undertaking may be enforced by the Commissioner in court.

LAWS AND REGULATIONS IN JAPAN

Below sets out a summary of certain aspects of the Japanese laws and regulations which are relevant to our Group’s operations and business:

Civil Code (Act No. 89 of 1896, as amended)

Contracts under Japanese laws are formed by the manifestation of intention by way of offer and acceptance. Any parties may generally enjoy freedom to agree on the terms and conditions of any

REGULATORY OVERVIEW

contract which will supersede most provisions of the Civil Code. However, some contracts may be subject to the mandatory requirements under the Consumer Contract Act (Act No. 61 of May 12, 2000, as amended), which is not applicable to the contracts between business operators, and other applicable laws and regulations. The formation of contracts does not require documentation unless otherwise required under special laws and regulations. Contrary to common law jurisdictions, consideration is not necessary for a contract to be enforceable. Also, there are no rules directly equivalent to the parol evidence rule in interpreting the terms and conditions of the contract. Pursuant to Article 415 of Civil Code, if an obligor fails to perform its obligation or it becomes impossible for obligor to perform its obligation due to reasons attributable to the obligor, the obligee shall be entitled to demand damages arising from such failure, etc.

Copyright Act (Act No. 48 of 1970, as amended)

In Japan, copyrights are protected by the Copyright Act. Computer programme, including those licensed by our Group or otherwise used in the services provided by our Group to our customers in Japan, is protected under this act. We must comply with this act, in addition to various international treaties Japan has entered into, to maintain our intellectual property rights.

Foreign Exchange and Foreign Trade Act (No.228 of December 1, 1949, as amended)

The Foreign Exchange and Foreign Trade Act aims to promote and control foreign exchange and foreign trade activities. No specific restriction under Japanese laws applies to the payment and remittance to our Group by its current customers located in Japan of the fee for the services provided by our Group to these customers.

LAWS AND REGULATIONS IN CYPRUS

Below sets out a summary of certain aspects of the Cypriot laws and regulations which are relevant to our Group's operations and business:

Commercial Contracts

Cypriot law is well known as a common law jurisdiction and the Cyprus Contracts Law (Chapter 149) (the "CCL") is essentially based on that of the English legal system. The Courts in the Republic of Cyprus adhere to English common law and equitable principles save in so far as other provision has been or shall be made by any law and so long as not inconsistent with the Constitution of the Republic of Cyprus.

The various requirements which have to be satisfied before an agreement will be regarded as a legally binding contract under the CCL are the following: (i) the agreement must intend and be capable of creating legal relations; (ii) the parties in a contract must be persons of contractual capacity; (iii) in those instances in which special formalities are required by Cypriot law to accompany the agreement, these formalities must be complied with; (iv) the contract must have "consideration"; and (v) the objects of the agreement must not be unlawful (e.g. disclose confidential information, infringe anti-trust and competition law, promote fraudulent behaviour).

REGULATORY OVERVIEW

Copyrights Law

Copyrights in Cyprus are regulated by the Right of Intellectual Property Law 59/76 (the “**IP Law**”) as amended from time to time. Rights are recognised under the IP Law for every protected object, including a software, whose beneficiary or any of its beneficiaries is at the time of the creation of the right (i) a legal person, established in accordance with the laws of the Republic of Cyprus; or (ii) a citizen of another member state of the European Union.

In relation to the duration of registration and protection, there is no system of copyright registration in Cyprus. Copyright is conferred on works once created, as of right. Copyright law protects Cyprus nationals for their works which are published anywhere in the world, and foreign nationals for their works published in Cyprus. Copyright exists in scientific works, including computer software, for a period of 70 years, commencing from the death of the author. The 2002 amendment of the IP Law has harmonised the domestic legislation with the EU Copyright Directive 93/98 which itself harmonised the term of protection of copyright and certain related rights. At the same time it has implemented other European Union directives on the legal protection of software, rental and lending rights, copyright and rights related to copyright applicable in relation to the legal protection of databases.

Cyprus Data Protection and Privacy Laws

The law which governs the collection and processing of data concerning identified or identifiable individuals (“personal data”) has changed in the Republic of Cyprus since 25 May 2018. The General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016) (the “**GDPR**”) has become applicable throughout the European Union. The Data Protection legislation in Cyprus includes the following legislation: (i) the Law 125(I)/2018 regarding the processing of personal data and on the free movement of such data; (ii) the GDPR; (iii) the Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications); and (iv) the Regulation of Electronic Communications and Postal Services Law of 2004 (112(I)/2004).

The Data Privacy legislation regulates and protects the processing of personal information, sets the principles relating to processing and the privacy rights granted to individuals. In general, the above legislation obliges companies to be transparent about the personal data they handle and have a legitimate purpose for using it. The e-Privacy directive and Law 112(I)/2004 mainly address the requirements of new digital technologies and ease the advance of electronic communications services and processing of personal data.

The GDPR, which has only recently entered into force, places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability. Compliance with the main areas of GDPR, such as informing data subjects, obtaining consent, individual’s rights, data subjects’ access request, children’s data, data breach, requires organisations to review their approach to governance and how they manage data protection as a corporate issue. The GDPR strengthens the data subject’s position. For example, with GDPR the data subjects have the right to be forgotten, the right to access its personal data and the right to data portability.

HISTORY, DEVELOPMENT AND REORGANISATION

OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 February 2018. Pursuant to the Reorganisation as more particularly described in “Reorganisation” in this section, our Company has become the holding company of our Group for the purpose of the Listing and holds the entire interest in our operating subsidiaries, namely GES and RLT, and our property holding subsidiary, namely WIL, through our investment holding company, Motion Cast.

OUR BUSINESS HISTORY AND DEVELOPMENT

Established in 2006, we are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. Our customers are mainly financial institutions, including brokerage firms and wealth management companies, and mainly located in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus. Our business history can be traced back to July 2006 when GES commenced business as a software application service provider and consultant. Over the years, we continued to develop and upgrade our financial trading solutions. In 2006, we launched a trading system, *iTrading System* (currently known as **GES TX**), for trading OTC-traded financial instruments and a fund management system, **FMS** (currently known as **GES IX**), for wealth management companies to administer their funds and manage their clients’ investment portfolios. In 2015, we launched a trading system, **GES EX**, for trading stock exchange-traded financial instruments. Our executive Director, Mr. Chung, who has over 19 years of experience in software engineering, system development and information technology consulting, joined our Group in 2006 and is responsible for the day-to-day management, overseeing the business operations, business development, strategic planning and supervising the development of financial trading solutions of our Group. See “Directors and Senior Management” in this prospectus for details of the background and relevant experience of Mr. Chung.

Due to the growth in the securities markets worldwide with the increasing use of information technology in trading, there is a significant growth in global demand for trading platforms which allows users to monitor the ever-changing markets and carry out trading orders efficiently. The business of our Group benefited from the booming financial industry. Over the years, our business has grown and we have business exposure in various countries and region in Asia Pacific, including Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus.

HISTORY, DEVELOPMENT AND REORGANISATION

The key milestones in our Group's development to date are set out below:

Year	Event
2006	<p>GES was incorporated in Hong Kong under the name of MAY POWER LIMITED (美權有限公司).</p> <p>GES commenced business as a software application service provider and information technology consultant.</p> <p>We launched our first trading system, <i>iTrading System</i> (currently known as <i>GES TX</i>), to allow users to trade certain OTC-traded financial instruments, such as Forex, bullion and CFD in OTC markets. We also launched a fund management system, <i>FMS</i> (currently known as <i>GES IX</i>), to allow wealth management companies to administer their funds and manage their clients' investment portfolios.</p> <p>We expanded our customer base to Japan, Indonesia, United Kingdom and Malaysia.</p>
2007	<p>We expanded our customer base to Hong Kong.</p>
2011	<p>We upgraded the features of <i>iTrading System</i> to support mobile devices.</p>
2012	<p>We upgraded the feature of <i>GES IX</i> to support mobile devices.</p>
2015	<p>We launched a trading system, <i>GES EX</i>, to allow users to trade various types of stock exchange-traded financial instruments.</p> <p>We were approved by the Stock Exchange as a BSS vendor to provide OCG solutions to Exchange Participants.</p> <p>We were approved by the Stock Exchange as an ISV.</p>
2016	<p>We launched a trading terminal, <i>AUTON</i>, for trading both OTC-traded and stock exchange-traded financial instruments.</p>
2017	<p>We jointly organised the first computational finance competition with the IEEE (Hong Kong) Computational Intelligence Chapter for the universities in Hong Kong.</p> <p>We were awarded the SOA-QPS4 and qualified to provide ongoing services to the Hong Kong Government's bureaux and departments.</p>
2018	<p>We launched a back office settlement system, <i>Xentrix</i>, which facilitates the automation of back office operations for financial institutions, including settlement, clearing and reporting for stock exchange-traded financial instruments.</p>

HISTORY, DEVELOPMENT AND REORGANISATION

OUR CORPORATE DEVELOPMENT

The following is a brief corporate history of the establishment and major changes in the shareholdings of each of our Company's subsidiaries.

GES

On 25 January 2006, GES was incorporated in Hong Kong with limited liability under the name of MAY POWER LIMITED (美權有限公司). GES is the principal operating subsidiary of our Group, and principally engages in software development system application and IT consulting. As at the date of its incorporation, GES had an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each.

On 7 April 2006, Global eSolution Limited, a company incorporated in Hong Kong with limited liability on 12 December 2003 and de-registered on 5 February 2016, acquired one share with a par value of HK\$1.00, representing the entire issued share capital of GES, from the nominee subscriber of GES and became the then sole shareholder of GES. Global eSolution Limited was then owned as to (i) 99.5% by Easthill Capital International Limited, a company incorporated in Hong Kong with limited liability on 18 July 2003 and an Independent Third Party then owned by (a) Mr. Tang Hin Keung, Alfred and (b) Mr. Pun Yuen Sang, who were also Independent Third Parties, and (ii) 0.5% by Mr. Tang Hin Keung, Alfred.

On 4 May 2006, GES changed its name from MAY POWER LIMITED (美權有限公司) to GLOBAL ESOLUTIONS (HK) LIMITED.

As at 31 March 2011, GES recorded accumulated losses. The then shareholders of GES were considering whether to continue to invest in GES. Mr. Chung and Mr. Kwok Yuk Hei (“**Mr. Kwok**”), an Independent Third Party, expressed interests in continuing to operate GES, as they believed GES would have the potential to grow. By way of background, Mr. Chung joined GES in August 2006 as development manager, while Mr. Kwok joined GES in January 2009 as business director. Mr. Chung was promoted to general manager of GES in July 2010.

On 19 September 2011, one share in GES with a par value of HK\$1.00 was allotted and issued as fully paid to Mr. Chung at the consideration of HK\$1.00. The consideration was determined based on negotiation between Global eSolution Limited and Mr. Chung with reference to the negative net asset value of GES as at the preceding financial year end, being 31 March 2011, and the business prospects of GES. Upon completion of the above allotment, GES was owned as to 50% by each of Global eSolution Limited and Mr. Chung. On the same day, Mr. Chung and Mr. Kwok became directors of GES.

On 22 September 2011, Global eSolution Limited transferred the one share it held in GES to Mr. Kwok at a consideration of HK\$1.00. The consideration was determined based on negotiation between Global eSolution Limited and Mr. Kwok with reference to the negative net asset value of GES as at

HISTORY, DEVELOPMENT AND REORGANISATION

the preceding financial year end, being 31 March 2011, and the business prospects of GES. Upon completion of the transfer, GES was owned as to 50% by each of Mr. Chung and Mr. Kwok, and Global eSolution Limited ceased to be a shareholder of GES.

On 15 March 2016, 49 shares in GES were allotted and issued as fully paid at HK\$1.00 per share to each of Mr. Chung and Mr. Kwok. Upon completion of the above allotments, GES continued to be owned as to 50% by each of Mr. Chung and Mr. Kwok.

On 22 March 2016, Mr. Kwok transferred 50 shares in GES to Essential Strategy, representing his entire interest in GES, at a consideration of HK\$12,500,000, to realise his investment in GES for his personal needs. Essential Strategy is a company incorporated in BVI with limited liability on 4 January 2016. As at 22 March 2016, being the date on which Essential Strategy first became a shareholder of GES, it was controlled by Mr. Wei who held 550 shares of Essential Strategy with a par value of US\$1.00 each, representing 55% of the interest in Essential Strategy. On the same day, Mr. Leung Tsz Fung David Ferreira (“**Mr. Leung**”), an Independent Third Party, held 450 shares of Essential Strategy with a par value of US\$1.00 each, representing 45% of the interest in Essential Strategy. On 21 December 2016, (i) Mr. Leung transferred his 45% interest in Essential Strategy to Mr. Wei at par, i.e. US\$450; and (ii) Mr. Leung as assignor executed an assignment of debt. Pursuant to such assignment of debt, Mr. Leung as beneficial owner assigned to Mr. Wei the debt owed by Essential Strategy to Mr. Leung in the sum of HK\$8,036,090. To assign such debt to Mr. Wei, Mr. Leung has received the amount of HK\$8,036,090 from Mr. Wei. Since 21 December 2016, Essential Strategy has been wholly owned by Mr. Wei.

On 22 March 2016, Mr. Chung also transferred 20 shares in GES to Essential Strategy at a consideration of HK\$5,000,000, to partially realise his investment in GES for his personal needs. The consideration of the said transfers was determined based on negotiation among the parties, with reference to the net asset value of GES set out in its management account as at the date of the share transfers. Upon completion of the above transfers, GES was owned as to 70% and 30% by Essential Strategy and Mr. Chung, respectively, and Mr. Kwok ceased to be a shareholder of GES. Mr. Chung remains as a director of GES, while Mr. Kwok ceased to be a director of GES on 30 November 2015.

Mr. Wei, the sole shareholder of Essential Strategy, has extensive experience in financial trading including bullion trading and Forex trading. Mr. Wei came to know GES in around 2010 as it was the financial trading solution provider of Jin Ku Precious Metal Trading Ltd (currently known as Far East Precious Metal (HK) Limited), a company which he held directorship from January 2010 to January 2012. In addition, his son, Mr. Wei Chun Pong Benjamin, joined GES as an application support in September 2014. Through his son, he gained an understanding of the business of GES. Mr. Kwok approached Mr. Wei to invest in GES as both Mr. Kwok and Mr. Chung were considering to realise their investments for their personal needs. As Mr. Wei believed that the demand for financial trading solutions would increase and was optimistic about the prospects of GES, he decided to acquire the shares in GES from Mr. Kwok and Mr. Chung in March 2016. As at the Latest Practicable Date, Mr. Wei’s investment mainly focused on our Group.

HISTORY, DEVELOPMENT AND REORGANISATION

On 29 December 2017, in order to qualify as a market data vendor (“MDV”), GES increased its share capital from HK\$100 to HK\$7,500,000 by way of capitalisation of retained earnings. Market Datafeed System (“MDF”) is the information system Stock Exchange uses to transmit real-time securities market data to the market. MDVs are parties who transmit and redistributes MDF data, including the last traded price of securities, shares traded and turnover, market depth, all trade tickers and order book, to the market data end-users.

RLT

RLT became a wholly-owned subsidiary of GES on 27 October 2016.

RLT was incorporated in Hong Kong with limited liability on 2 October 2003. It principally engages in the development and supply of resource allocation, planning, scheduling and management software and services. As at the date of its incorporation, RLT had an authorised share capital of HK\$100,000 divided into 100,000 ordinary shares of HK\$1.00 each, and Mr. Chung, Ms. Yip (who is the spouse of Mr. Chung) and Dr. Kwan Chi Ming (“Dr. Kwan”) (an Independent Third Party who was a consultant of our Group in relation to desktop timetabling tool) subscribed for 51,000 shares, 48,999 shares and one share in RLT, respectively.

On 11 January 2005, Dr. Kwan transferred the one share he held in RLT to Ms. Yip at par due to personal reasons. Upon completion of the transfer, RLT was owned as to 51% and 49% by Mr. Chung and Ms. Yip, respectively, and Dr. Kwan ceased to be a shareholder of RLT.

On 11 September 2011, shortly before Mr. Chung first became a shareholder and a director of GES, Mr. Chung transferred 51,000 shares in RLT, representing his entire interest in RLT, to Ms. Yip at par as he intended to focus on the business and management of GES. Upon completion of the transfer, Mr. Chung ceased to be a shareholder of RLT and Ms. Yip became the sole shareholder of RLT.

On 27 October 2016, with the intention of focusing on family matters, Ms. Yip transferred 100,000 shares in RLT, representing the entire issued share capital of RLT, to GES at a consideration of HK\$650,000. The consideration for the transfer was determined after arm’s length negotiation between the parties with reference to the fair value of identifiable net assets of RLT as at the date of transfer and the business prospects of RLT. Upon completion of the transfer, Ms. Yip ceased to be the sole shareholder of RLT and RLT became a wholly-owned subsidiary of GES.

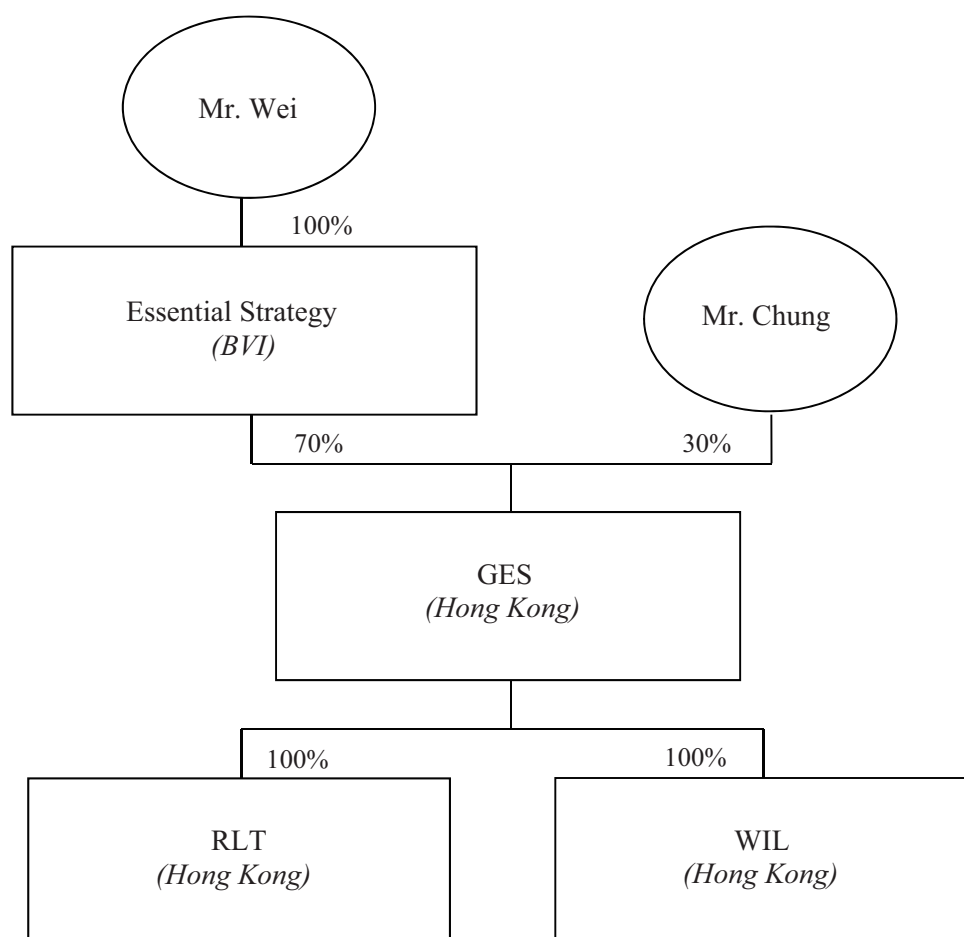
WIL

On 25 October 2017, WIL was incorporated in Hong Kong with limited liability. Its principal business is investment holding. It is currently the property holding subsidiary of our Group. On the same day, one share and 99 shares in WIL were allotted and issued to a representative of the incorporation agent of WIL (an Independent Third Party) and GES, respectively, at HK\$1.00 per share. On 27 October 2017, the representative transferred one share in WIL to GES at HK\$1.00 per share. Upon completion of the above transfer, GES owned 100 shares in WIL, representing the entire interest in WIL, and WIL became a wholly-owned subsidiary of GES.

HISTORY, DEVELOPMENT AND REORGANISATION

REORGANISATION

Our Group underwent the Reorganisation in preparation for the Listing. The following chart sets forth our Group's shareholding and corporate structure immediately before the Reorganisation:



The Reorganisation involved the following steps:

Incorporation of Expert Wisdom

On 21 December 2017, Expert Wisdom was incorporated in BVI with limited liability. Expert Wisdom is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each.

On 8 January 2018, one share of Expert Wisdom with a par value of US\$1.00 was allotted and issued, fully paid, to Mr. Chung, and Expert Wisdom became wholly-owned by Mr. Chung. Expert Wisdom is an investment holding company of Mr. Chung.

HISTORY, DEVELOPMENT AND REORGANISATION

Incorporation of our Company

On 7 February 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the same day, one subscriber Share with a par value of HK\$0.01 was allotted and issued, fully paid, to the initial subscriber who was an Independent Third Party. On the same day, (i) such Share held by the initial subscriber was transferred to Essential Strategy at par value of HK\$0.01; (ii) six Shares were allotted and issued, fully paid, to Essential Strategy; and (iii) three Shares were allotted and issued, fully paid, to Expert Wisdom. Upon completion of the above transfer and allotment and issue of the Shares, our Company was owned as to 70% by Essential Strategy and as to 30% by Expert Wisdom.

Incorporation of Motion Cast

On 21 February 2018, Motion Cast was incorporated in BVI with limited liability. It is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each. It is an investment holding company of our Group. On the same day, one share of Motion Cast with a par value of US\$1.00 was allotted and issued, fully paid, to our Company, representing the entire issued share capital of Motion Cast. Upon completion of the above allotment, Motion Cast became a wholly-owned subsidiary of our Company.

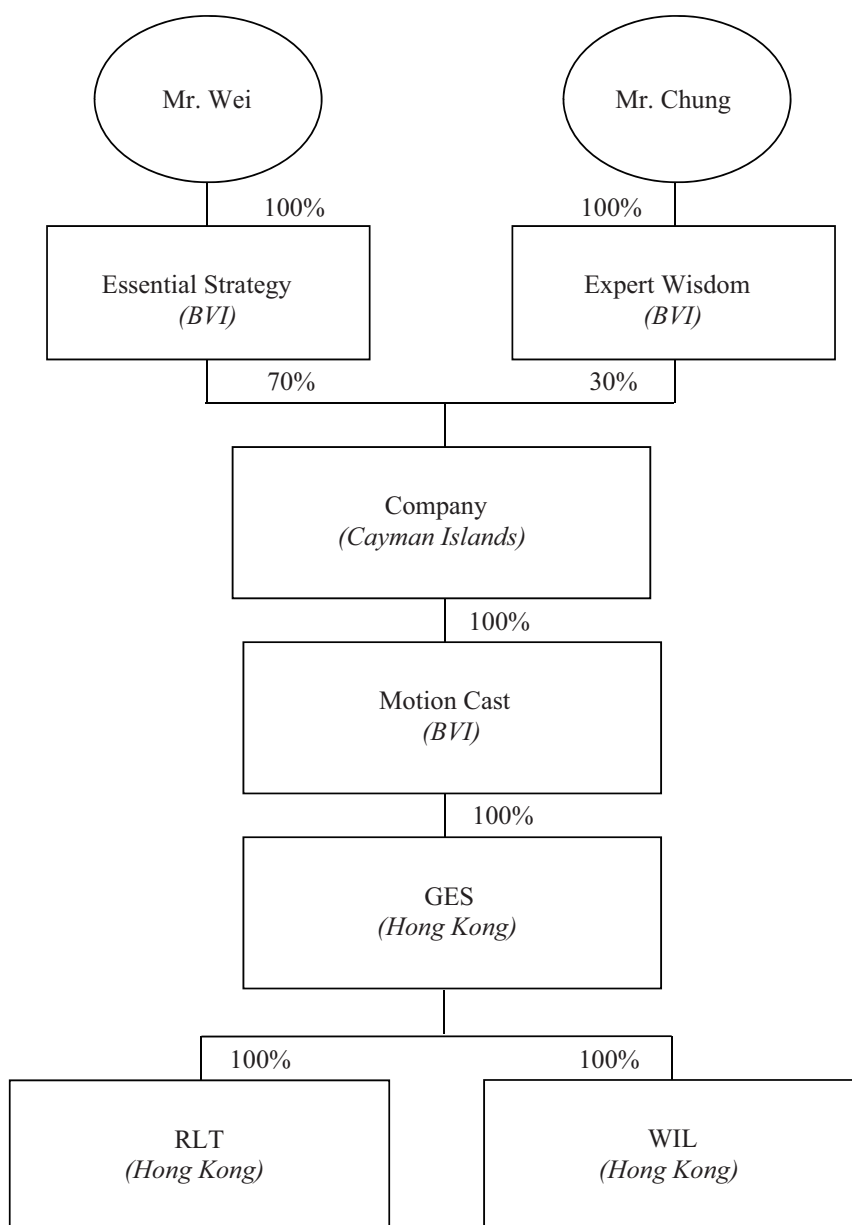
Acquisition of GES by Motion Cast from Essential Strategy and Mr. Chung

On 21 March 2019, Essential Strategy and Mr. Chung (as transferors), Motion Cast (as transferee), Expert Wisdom, our Company and GES entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Motion Cast acquired (i) 70 ordinary shares in GES from Essential Strategy; and (ii) 30 ordinary shares in GES from Mr. Chung, representing, in aggregate, the entire issued share capital of GES. In consideration of the acquisition, our Company allotted and issued 63 Shares and 27 Shares, credited as fully paid, to Essential Strategy and Expert Wisdom, respectively.

Upon completion of the above transfers, (i) GES became an indirect wholly-owned subsidiary of our Company; and (ii) Essential Strategy and Expert Wisdom held 70 Shares and 30 Shares, representing 70% and 30% of the issued share capital of our Company, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets forth our Group's shareholding and corporate structure immediately after the Reorganisation but before the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme):



INCREASE OF AUTHORISED SHARE CAPITAL OF OUR COMPANY

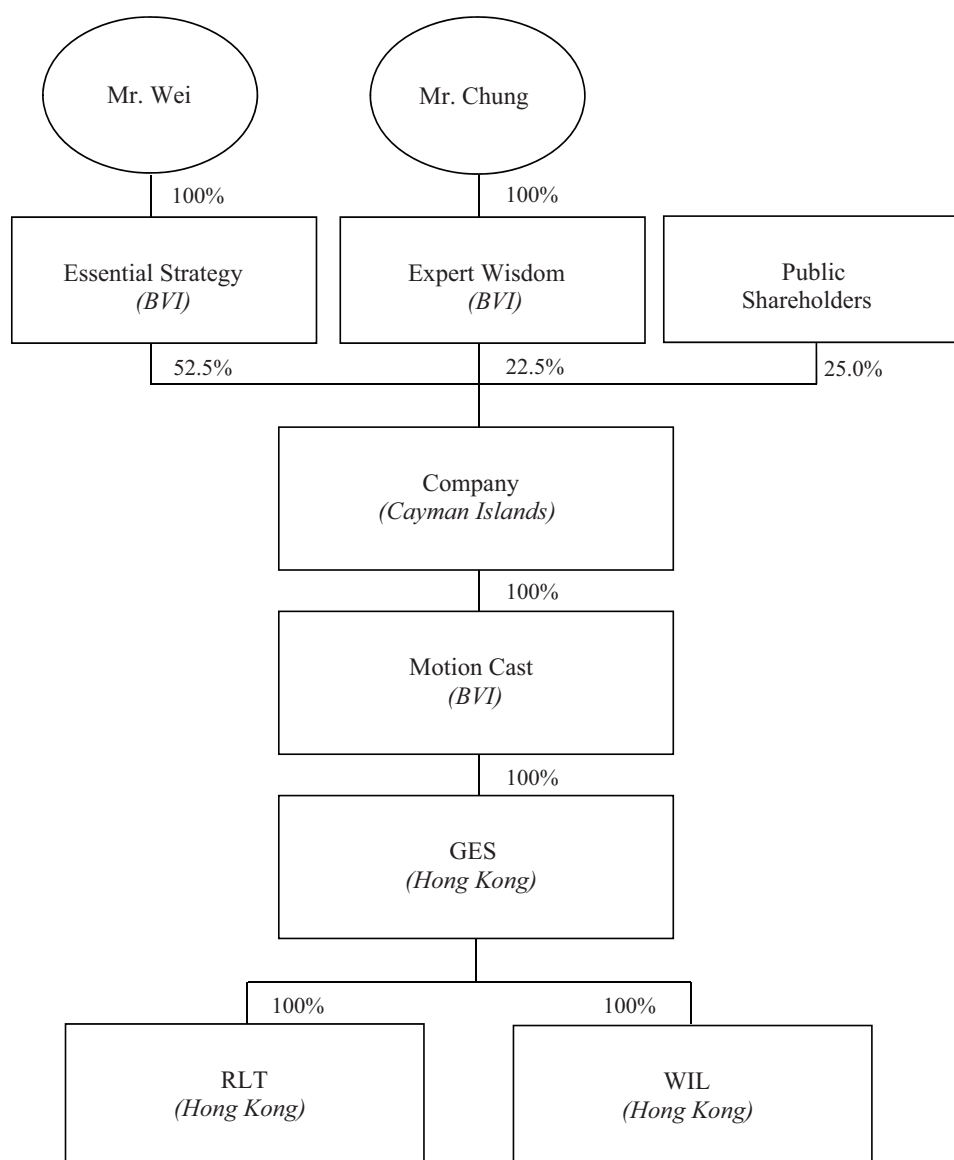
On 29 March 2019, our Company increased our authorised share capital from HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of 9,962,000,000 new Shares.

HISTORY, DEVELOPMENT AND REORGANISATION

CAPITALISATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Listing, our Directors are authorised to capitalise an amount of HK\$2,999,999.00 standing to the credit of the share premium account of our Company by applying such sum towards to pay up in full at par a total of 209,999,930 Shares and 89,999,970 Shares for allotment and issue, immediately prior to the Listing, to Essential Strategy and Expert Wisdom, respectively.

The following chart sets forth our Group's shareholding and corporate structure immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

Established in 2006, we are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. Our customers are mainly financial institutions, including brokerage firms and wealth management companies, and mainly located in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus. We primarily focus on financial trading solutions targeting the trading of OTC-traded financial instruments, stock exchange-traded financial instruments and fund management for wealth management companies.

During the Track Record Period, our core financial trading solutions comprised the following:

						Examples of financial instruments supported during the Track Record Period	Number of customers as at 31 December 2018^(Note)
Type of solution	Office operation	Name of our financial trading solution	Target users	Key functions	Trading market		
(1) Trading terminal	N/A	<i>AUTON</i>	Retail investors	<ul style="list-style-type: none"> • Placing of orders • Viewing of positions, investment portfolio and trading history • Access to quote, charts and market news • Integrates with our trading systems, <i>GES TX</i>, for trading OTC-traded financial instruments and <i>GES EX</i>, for trading stock exchange-traded financial instruments 	<ul style="list-style-type: none"> • OTC market • Stock exchanges 	<ul style="list-style-type: none"> • OTC-traded financial instruments such as Forex, bullion, CFD and options • Financial instruments such as equities, warrants and CBBC listed on the Stock Exchange 	14

BUSINESS

			Name of our financial trading solution	Target users	Key functions	Trading market	Examples of financial instruments supported during the Track Record Period	Number of customers as at 31 December 2018 ^(Note)
(2)	Trading system	Front and back office	GES TX	Brokers, dealers, back office operators and accounting staff	<ul style="list-style-type: none"> • Supports trading of OTC-traded financial instruments • Streamlines the process of order matching between brokers and liquidity providers by way of order routing • Diversifies configurations enabling trade preferences and risk controls • Generates reports to comply with audit and compliance requirements 	OTC market	Forex, bullion, CFD and options	20
(3)	Trading system	Front office	GES EX	Brokers	<ul style="list-style-type: none"> • Supports trading of various types of instruments listed on stock exchanges • Multiple order types facilitating concurrent investment portfolio management • Extensive and efficient control on risk 	Stock exchanges	Equities, warrants and CBBC listed on the Stock Exchange	2
(4)	Fund management system	Back office	GES IX	Wealth management companies and their clients (such as fund subscribers)	A fund management system which allows wealth management companies to administer their funds and manage their clients' investment portfolios	Not applicable	Not applicable	7

Note: Certain of our customers may subscribe for one or more of our financial trading solutions.

BUSINESS

Our financial trading solutions are mostly developed by our in-house development team and are typically off-the-shelf packaged solutions. Certain of our financial trading solutions are highly configurable to enhance flexibility to suit the needs of different customers and facilitate our customers to execute their business functions. For instance, under our trading systems, our customers may tune the risk management settings for various parameters such as price fluctuation threshold, transaction limit and rates of orders. Our trading systems are also modular-designed, which provide flexibility for customers to expand their usage capacity by choosing our add-on modules in accordance with their business needs. In addition, during the initial set up of our financial trading solutions, we perform customisation works, such as change of reporting format, to allow our customers to comply with their relevant requirements.

Apart from financial trading solutions, we also offer value-added services such as customisation, system protection and hosting services to our customers in respect of our financial trading solutions, and procure computer hardware and software from third parties according to our customers needs.

Eyeing the strong growth of electronic trading and algo-trading in the Asia Pacific market, in 2016, we launched a trading terminal incorporating the use of algo-trading, *AUTON*, to, among other things, execute orders based on the rules set by the users (such as retail investors). It enables users to develop, simulate, backtest, optimise and execute trading strategy to conduct systematic trading. It can also be integrated with our trading systems, *GES TX*, to trade OTC-traded financial instruments, and *GES EX*, to trade stock exchange-traded financial instruments.

For FY2017, FY2018 and 9M2019, revenue relating to the provision of financial trading solutions amounted to HK\$43.3 million, HK\$41.3 million and HK\$32.0 million, respectively, representing 97.7%, 94.9% and 98.5% of our total revenue for the same periods. While we expect our trading terminal, trading systems and fund management system to continue to be our core types of financial trading solutions and major sources of revenue in the medium term, during the Track Record Period, we have been proactively exploring new business initiatives by diversifying our financial trading solutions with an aim to becoming a one-stop financial trading solution provider covering the whole life cycle of trading and settlement process from order placing, risk management, compliance to settlement. In April 2018, we launched, a back office settlement system, *Xentrix* which facilitates the automation of back office operations for financial institutions, including settlement, clearing and reporting for stock exchange-traded financial instruments. It can be integrated with our trading system, *GES EX*, and third party trading systems. As at 31 December 2018, 2 customers subscribed *Xentrix* as their back office settlement system. The compatibility of our existing and new financial trading solutions as mentioned above allows us to provide a fully integrated one-stop solution to our customers, which we believe could enhance their operational efficiency and reduce their costs.

During the Track Record Period, our revenue was generated from (i) licensing and maintenance services; (ii) initial set up and customisation services; and (iii) sales of computer hardware and software. For FY2017 and FY2018, our revenue amounted to HK\$44.3 million and HK\$43.5 million, respectively, and were HK\$33.8 million and HK\$32.5 million in 9M2018 and 9M2019, respectively. Our profit for the year/period decreased from HK\$13.4 million in FY2017 to HK\$6.4 million in FY2018; and decreased from HK\$11.4 million in 9M2018 to HK\$6.6 million in 9M2019. Excluding

BUSINESS

the non-recurring Listing expenses of HK\$6.8 million charged to our combined statements of comprehensive income in FY2018, our profit for the year amounted to HK\$13.2 million, being rather stable compared to HK\$13.4 million in FY2017. Excluding the non-recurring Listing expenses of HK\$2.4 million and HK\$6.8 million charged to our combined statements of comprehensive income in 9M2018 and 9M2019, respectively, our profit for the period were relatively stable at HK\$13.8 million and HK\$13.4 million, respectively, in 9M2018 and 9M2019.

The following table sets out the breakdown of our Group's revenue by different sources of revenue during the Track Record Period:

	FY2017		FY2018		9M2018		9M2019	
	<i>HK\$'000</i>	<i>% HK\$'000</i>	<i>HK\$'000</i>	<i>% HK\$'000</i>	<i>HK\$'000</i>	<i>% HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>							
Licensing and maintenance services	38,881	87.9	38,349	88.2	29,482	87.2	28,021	86.2
Initial set up and customisation services	5,209	11.8	3,964	9.1	3,376	10.0	3,221	9.9
Sales of computer hardware and software	165	0.3	1,161	2.7	937	2.8	1,260	3.9
Total	44,255	100.0	43,474	100.0	33,795	100.0	32,502	100.0

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths which enable us to further grow and differentiate ourselves from our competitors:

Comprehensive range of financial trading solutions with high flexibility and sophisticated risk and order management tools

In order to strengthen our position as a financial trading solution provider in Asia Pacific, we endeavour in innovating new financial trading solutions and enhancing our existing financial trading solutions to respond to the changing needs and requirements of our customers which are sophisticated market players in the financial industry. As at the Latest Practicable Date, we offered a comprehensive range of financial trading solutions covering the trade life cycle, such as order placing, risk management, compliance and settlement. In addition, we deliver a suite of multi-asset financial trading solutions for OTC-traded financial instruments and stock exchange-traded financial instruments.

Our trading systems are highly configurable due to the flexibility and scalability of modular designs which allow customers to capitalise on market opportunities by adding new modules into our trading systems. They also offer high compatibility as they can be integrated with third party financial trading solutions and connected with third party trading platforms and liquidity providers or stock exchanges.

BUSINESS

Our trading systems are also equipped with sophisticated risk and order management functions. A wide range of reporting and monitoring functions is available to aid our customers to discover suspicious trading pattern and monitor daily trading activities. Our trading systems offer our customers high control on trade execution. For example, the slippage control function in **GES TX** allows our customers to set maximum slippage and the trade will not be executed if the difference between the order price and the transaction price is greater than the maximum allowed slippage. Such risk management tools allow our customers to have control over the risk exposure in different market conditions.

Established reputation with proven track record

Our Group has an operating history of over 10 years in the financial technology industry since 2006. Since our establishment, we have expanded our customer base to various countries and region in Asia Pacific, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus. We had a high customer retention rate during the Track Record Period. For FY2017, FY2018 and 9M2019, we had 29, 28 and 30 customers (including customers for our non-financial IT solutions), of which 21, 24 and 25 of them were repeat customers, respectively.

Our Directors believe that our reputation together with our ability to understand the industry trends, our customers' needs and deliver financial trading solutions up to the standard, could strengthen our customers' confidence in us which in turn could seize future business opportunities and enhance our reputation in the industry.

Strong and innovative development capabilities

As the financial technology industry is a fast-evolving industry, it is crucial that we keep pace with the technological advancement and the market trend to develop new financial trading solutions and enhance our existing financial trading solutions. Our financial trading solutions are mostly developed by our in-house development team with high calibre solution engineers who possess in-depth knowledge and strong technical know-how. As at the Latest Practicable Date, our development team had 13 members, all of which attained tertiary education with majors in relevant studies such as computer science, information technology or related disciplines, and two members have a master's degree or above. Approximately 80% of them have relevant experience in the financial technology industry for five years or above as at the Latest Practicable Date. For FY2017, FY2018 and 9M2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$8.3 million, HK\$8.1 million and HK\$4.7 million, representing approximately 18.7%, 18.6% and 14.5% of our total revenue during the same periods, respectively. Out of the total research and development costs, HK\$4.1 million, HK\$4.8 million and HK\$3.5 million, respectively, was capitalised as intangible assets. Such capitalised research and development costs represented approximately 9.2%, 11.0% and 10.7% of our total revenue during the same periods, respectively.

BUSINESS

We have been successful in incorporating prevailing technologies and expand our offerings to capture market opportunities over the years. For example, we launched (i) a trading system, *GES EX*, for trading stock exchange-traded financial instruments, in 2015; (ii) the cloud-based version of our trading system, *GES TX*, in 2015; (iii) a trading terminal incorporating algo-trading, *AUTON*, in 2016; and (iv) a back office settlement system, *Xentrix*, in 2018.

To keep abreast of the latest development in the industry, our Group participates in the industry exhibitions such as the International Financial Exhibition in Asia (iFX EXPO). Our staff also attend relevant trainings and seminars organised by the market players to enhance technical know-how.

We believe that our research and development capabilities and technological innovation will enable us to capture new business opportunities and maintain our competitive edge.

Well-established business relationships with our major customers

Our Group has maintained collaborative relationship with our customers which are financial institutions, including brokerage firms and wealth management companies. As at 31 December 2018, the average business relationship with our five largest customers during the Track Record Period was approximately nine years. According to the F&S Report, the market entry barrier to the financial technology industry is high. It requires specific know-how and practical experience to maintain stability and scalability of the financial trading solutions. Track record and reputation pose an entry barrier for new market entrants which do not have successful precedents. Having established longstanding relationships with our major customers, we are able to understand customers' specific needs.

We believe that a long-term rapport with our major customers is important to the development of our business as it would increase our recognition and visibility in the industry and help us develop new business opportunities.

An experienced and dynamic senior management team

We have a highly committed and professional senior management team with strong credentials and extensive experience in the financial technology industry. Our experienced management team is led by Mr. Chung, an executive Director, who has more than 19 years of experience in software engineering, system development and IT consulting, in particular, financial information systems and trading solution development. Mr. Wong Wing Hoi, an executive Director, and Mr. Ye Chiu Yeung, a member of the senior management of our Group, are responsible for overseeing the software development operations and have over 17 and 15 years of experience in software engineering, system development and IT support, respectively. With an average age of about 38, our executive Directors and senior management team are energetic and adaptable to challenges and changing economic environment. The vision and entrepreneurial spirit of our senior management is integral to building our brand and developing our business, which have played a crucial role in shaping our industry recognition, market reputation and business success. Our senior management also possess extensive

BUSINESS

technical know-how and domain knowledge to respond to changing trends in the industry, formulate and implement the business strategies in the financial technology industry. See “Directors and Senior Management” in this prospectus for further details of their biographies.

With the extensive experience and market foresight of our management team and supported by a team of high calibre solution engineers, our Directors believe that our Group will be able to capitalise on the industry expertise, adapt to the changes of market conditions and formulate and execute business strategies effectively.

OUR STRATEGIES

Our objective is to expand our business, further strengthen our position as a financial trading solution provider, maintain our competitiveness and expand our market share by pursuing the following strategies:

Continue to commit in research and development of our financial trading solutions

A. Enhance and upgrade our financial trading solutions

As the financial technology industry is a fast-evolving industry, we believe that it is essential for our Group to keep pace with the technological advancement and equip ourselves with the latest and/or prevailing technologies to formulate new projects and ideas. According to the F&S Report, in recent years, financial service market practitioners are incorporating prevailing technologies such as big data and cloud computing into the finance industry. Major banks, wealth management companies, brokerage firms and other financial institutions in Asia Pacific are adopting such technological advancement trends into financial trading solutions.

In addition, industry competition is expected to continue to intensify in the near future. Financial technology is taking more and more important role in trading process, from pre-trade risk management to clearing and settlement, which creates opportunities and challenges to the market players. Market participants are actively exploring ways to perform system upgrades and service enhancements. In particular, cloud, algo-trading, big data and artificial intelligence applications are increasingly integrated in the areas of investment, trading, clearing and settlement, as well as regulation. According to the F&S Report, examples of the application of cloud, algo-trading, big data and artificial intelligence in the capital market and securities trading include:

- (i) cloud — managed cloud services offer the customers an integrated platform built on IT hardware and infrastructure components including servers, storage, network, monitoring services, as well as centralised management and control. The customers may save time in preparing the hardware required and installation of relevant software. It lowers the cost of operation for the customers;

BUSINESS

- (ii) algo-trading — algo-trading is well-established in Hong Kong and the SFC has developed a regulatory approach. The use of algo-trading in spot foreign exchange and electronic booking services is also gaining popularity with increasing share of algo-trading orders from approximately 50% in 2010 to over 70% in 2016;
- (iii) big data — data analytics involves taking raw, unstructured data and finding the pattern of it. Big data enables the traders to capture, manage, and process the data with low-latency, which improves the accuracy of prediction for parameters, such as price and volume; and
- (iv) investment research — application of artificial intelligence in robot investment research, which utilises machine learning and data analysis mining system to analyse massive historical data and natural language processing technologies to perform rapid real-time market analysis of specific events, and present the results in the form of knowledge graphs.

It is an increasing industry trend that the financial trading solution providers invest in cloud, algo-trading, big data and artificial intelligence applications in order to enhance the existing functionalities of their financial trading solutions and offer new service offerings to their customers, which allow the market players to stay competitive in this fast-evolving industry. For instance, according to the F&S Report, certain market players have launched managed cloud services to financial institutions in Hong Kong and expand their managed cloud services to local brokerage firm customers. They have also developed value-added software programmes including algo-trading systems and straight through processing solutions and services which enable their customers to link up with other trading systems.

Having considered that (i) it is vital for our Group to stay competitive in this fast-evolving financial technology industry and our business and financial conditions may be adversely affected if we fail to meet our customers' demands; (ii) we have received enquiries from existing and potential customers which show demand for prevailing technologies such as cloud-based versions of our financial trading solutions; (iii) we have entered into a memorandum of understanding with an existing customer, Customer F, in March 2019 for the joint development of a cloud-based module under our trading system, *GES EX*; (iv) our Directors believe that the new offerings could allow us to capture new business opportunities and hence enhance our market penetration, our Directors are of the view that there is a need to enhance and upgrade our financial trading solutions. Hence, by leveraging on our development capabilities and understanding with our customers' business and industry, we plan to (i) develop the cloud-based versions of *GES EX* and *GES IX*; (ii) enable the use of big data for

BUSINESS

AUTON; (iii) enhance *AUTON*'s algo-trading capability with artificial intelligence; (iv) develop HTML5 version of *AUTON*; and (v) unify and improve our financial trading solutions. The table below sets out details of the above research and development plans:

					Estimated net proceeds from the Share Offer to be applied (assuming that the Offer Size Adjustment Option is not exercised at all and based on the Offer Price of HK\$0.60 per Offer Share, being the mid-point of the indicative Offer Price Range)
Prevaling technology/upgrade	Description of the prevailing technology/upgrade	Application to our financial trading solutions	Advantages/market demand	Implementation steps	
(i) Cloud	An information technology paradigm that enables ubiquitous access to shared pools of configurable system resources and higher-level services that can be rapidly provisioned with minimal management effort	<i>GES EX</i> and <i>GES IX</i> . The cloud-based versions of <i>GES EX</i> and <i>GES IX</i> will be placed in cloud servers	Customers can save computer hardware and software acquisition costs. In addition, cloud-computing provides simplified IT management and centralised administration of resources and therefore lowers the management costs of customers	<ul style="list-style-type: none"> • Acquire third party software and computer hardware, such as servers and network devices for dividing a physical server into multiple virtualised servers. Each virtualised server can be leased to our customers • Apply to the Stock Exchange for connectivity to the HKEX Service Network which provides consolidated connection to the Stock Exchange's market data, securities trading and derivatives market system to (i) receive real-time market data; and (ii) send and receive trade orders on behalf of the Exchange Participants • Target launch date: third quarter of 2019 	16.9% or HK\$4.3 million
(ii) Big data	The use of big data enables the development of dynamic algorithms in trading and portfolio management, and the capture and analysis of data for backtesting	<i>AUTON</i> will be upgraded to allow users to extract information from our big data server for exploring the trading opportunities and backtesting their algo-trading strategies	Information maintained by a broker under a non-big data environment is typically limited in terms of duration. Without big data, it may not be possible for algo-trading to carry out backtesting on data over a long period. It saves time for users to identify any incorrect data in a big data environment.	<ul style="list-style-type: none"> • Acquire computer hardware and software to process the big data and additional server rack to host the big data server • Target launch date: fourth quarter of 2019 	7.7% or HK\$1.9 million

BUSINESS

	Prevailing technology/upgrade	Description of the prevailing technology/upgrade	Application to our financial trading solutions	Advantages/market demand	Implementation steps	Estimated net proceeds from the Share Offer to be applied (assuming that the Offer Size Adjustment Option is not exercised at all and based on the Offer Price of HK\$0.60 per Offer Share, being the mid-point of the indicative Offer Price Range)
(iii)	Artificial intelligence	A technology and methodology that aids trade analysis	Artificial intelligence will be implemented in <i>AUTON</i> for users to optimise trading strategy	There is an increasing demand for algo-trading using artificial intelligence. The users of <i>AUTON</i> can make use of artificial intelligence libraries to backtest and implement trading strategies that simulate human intelligence	<ul style="list-style-type: none"> Acquire computer hardware and software for conducting research and development Research and development by our development team Engage consultant to provide technical support for the research and development on artificial intelligence Target launch date: fourth quarter of 2019 	6.8% or HK\$1.7 million
(iv)	HTML5	HTML5 is the latest version of hyper text markup language which acts as the building block of the web and allows streaming of data.	It can be used together with the other web technologies to build an interactive web version of <i>AUTON</i>	HTML5 is increasingly adopted in financial trading solutions. It can speed up the deployment process of users because it does not require installation of any software and the real-time market data is built without full reload of the web page	<ul style="list-style-type: none"> Research and development by our development team Target launch date: third quarter of 2020 	6.3% or HK\$1.6 million

We intend to apply 37.7% or HK\$9.5 million of the net proceeds from the Share Offer for the prevailing technologies/upgrade of our financial trading solutions as mentioned in the table above, which is mainly for the capital outlay as the initial set up and subscription costs.

(v) *Unify and improve our financial trading solutions*

As at the Latest Practicable Date, we had separate teams for the development and maintenance of each of *GES TX*, *GES EX*, *GES IX* and *Xentrix*, each bearing different source code and know-how for such development and maintenance. With an aim to lower our operational costs and improve operational efficiency, we plan to unify and improve (i) *GES TX* and *GES EX* and (ii) *GES IX* and *Xentrix*, respectively, so that the relevant development and maintenance could be handled by two teams only.

BUSINESS

We believe that the unification and improvement of our financial trading solutions, which are targeted at larger financial institutions with different business units which might require financial trading solutions which are more sophisticated and with more functionality, could bring, among others, the following benefits to customers:

(a) **GES TX** and **GES EX**

This enables customers to conduct cross asset hedging, such as the hedging of OTC-traded financial instruments against stock exchange-traded financial instruments. We also intend to incorporate features in **GES TX** to **GES EX**, and vice versa, to enhance functionality. On the one hand, the improved **GES TX** will support more conditional order types, which is a current feature of **GES EX**, allowing our customers to manage their clients' portfolios by pre-defining their clients' investment preference and setting parameters. It will also provide market depth, which reflects the overall level and breadth of the market, to institutional or professional investors. On the other hand, the improved **GES EX** will feature pricing engine for pricing filter, which is a current feature of **GES TX**, allowing our customers to improve pricing quality.

(b) **GES IX** and **Xentrix**

This aims to improve customers' efficiency for wealth management. For example, the calculation engine for calculating dividend, interest and management fees in **Xentrix** will be incorporated in **GES IX** to allow more flexible configuration of fund operations. In addition, features of **GES IX**, such as providing news and factsheets of funds, will be incorporated in **Xentrix** to suit the needs of our customers who are brokers to run certain type of account for investment.

We target to commence the unification and improvement of our financial trading solutions in the second quarter of 2020, which are expected to complete by the fourth quarter of 2021.

We intend to apply 12.2% or HK\$3.0 million of the net proceeds from the Share Offer for the unification and improvement of our financial trading solutions, which is mainly for research and development by our development team.

B. Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems

According to Frost & Sullivan, in the last decade, the Asia Pacific market had a strong growth of electronic trading including algo-trading, which is a subset of electronic trading, in the financial technology industry. It can, among others, execute orders based on the rules set by the users (such as retail investors). In addition, algo-sharing marketplace is estimated to see rapid growth in the near future. With the predominance of electronic trading, the use of algo-trading will continue to increase. Algo-sharing marketplace enables algo authors to distribute, share and/or sell the algos developed by them in an integrated environment. Going forward, functionalities, including backtesting, sentiment analysis and exchange of algo, are forecasted to be built in the algo-sharing marketplace, thus transforming the trading analytics and broader financial trading solutions market in the process, according to the F&S Report. Along with the rise of electronic trading, algo-sharing marketplace is

BUSINESS

also a global trend to enable the smarter application of algo in trading. Incorporation of this prevailing technology is also growing in Asia Pacific. Financial trading solution providers who are able to advance the development, discovery and accessibility of algorithmic intelligence will receive the impetus, according to the F&S Report.

In light of the above, we intend to incorporate prevailing technologies to promote algo-trading by offering a terminal for simulation of algo-trading, which we believe could in turn promote awareness and the number of users of our trading terminal, *AUTON*, which in turn may drive the demand for our trading systems.

In conjunction with the terminal mentioned above, we also intend to offer a web portal which provides (i) financial market information licensed by the Stock Exchange to us; (ii) advanced investment portfolio tracking services; and (iii) an algo-sharing marketplace.

We believe that the financial market information and investment portfolio tracking services from the web portal mentioned above would facilitate the simulation of algo-trading on the terminal mentioned above by algo authors, whereas the algo-sharing marketplace from the web portal mentioned would allow algo authors to share, distribute and/or sell the algos developed by them to interested buyers through online payment gateway operated by third party. While the terminal and web portal mentioned above could be accessed by the public free of charge, depending on the popularity of such terminal and web portal, we may derive ancillary advertisement income from the web portal mentioned above.

Our Directors believe that the terminal and web portal mentioned above not only would promote algo-trading, they could also help promote the awareness of our trading terminal, *AUTON*, since algo authors who are interested in algo-trading after simulating the same through the terminal mentioned above could choose to engage financial institutions which subscribed *AUTON* as their clients' trading terminal, which in turn may drive the demand from financial institutions for our trading systems *GES TX* and *GES EX*.

We intend to apply 25.9% or HK\$6.5 million of the net proceeds from the Share Offer for incorporating prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems, which is mainly for (i) research and development by our development team; (ii) subscription of (a) a basic market information package from the Stock Exchange to obtain various trading information and update the portfolio value by using the latest price and (b) a corporate action information package from third party vendor to provide information on the latest corporate action and tracking and adjusting the investment portfolio; (iii) acquisition of computer hardware and software; and (iv) marketing expenses.

We intend to apply an aggregate of 75.8% or HK\$19.0 million of the net proceeds from the Share Offer for all of the above strategies stated in "Our Strategies - Continue to commit in research and development of our financial trading solutions" in this section, which is mainly for (i) (a) expanding our development team by recruiting six to eight additional staff with profound experience in the field of algo-trading, artificial intelligence and big data applications, mainly to engage in the research and

BUSINESS

development of the prevailing technologies mentioned above and unification and improvement of our financial trading solutions with the assistance from our existing development team; and (b) engaging consultant to provide technical support for the research and development on artificial intelligence; (ii) subscription of (1) a basic market information package from the Stock Exchange to obtain various trading information and update the portfolio value by using the latest price and (2) a corporate action information package from third party vendor to provide information on the latest corporate action and tracking and adjusting the investment portfolio; (iii) acquisition of computer hardware and software, such as servers and network devices; and (iv) marketing expenses.

While upon the completion of the unification and improvement of our financial trading solutions as mentioned in “Our Strategies — Continue to commit in research and development of our financial trading solutions — A. Enhance and upgrade our financial trading solutions — (v) Unify and improve our financial trading solutions” in this section above, the human resources of our development and maintenance team could be streamlined, given that (a) our existing manpower does not have sufficient capacity or efficiency for carrying out the enhancement and upgrade of our financial trading solutions within the expected timeframe of implementation of our business strategies in order to timely respond to technology trends; (b) we intend to recruit six to eight additional staff with profound experience in the field of algo-trading, artificial intelligence and big data applications; and (c) we target to launch financial trading solutions with, among others, cloud, big data and artificial intelligence applications from the third quarter of 2019 to the fourth quarter of 2019 in order to further enhance our competitiveness in view of the rapid technological changes in the financial technology industry, which is earlier than the expected commencement of the unification and improvement of our financial trading solutions as mentioned in “Our Strategies — Continue to commit in research and development of our financial trading solutions — A. Enhance and upgrade our financial trading solutions — (v) Unify and improve our financial trading solutions” in this section above, the expansion of our development team by the addition of six to eight staff would be crucial for us to achieve our business strategies mentioned above.

Establish a research and development centre

Our Directors consider that strong innovation capabilities are one of our core competences and we plan to expand our development team in order to maintain our competitiveness. According to the F&S Report, it is an industry norm for financial trading solution providers to continuously invest an appropriate level of resources to maintain, enhance and extend the functionality of their proprietary systems and existing software applications, to develop new and innovative software applications and systems to address emerging technology trends in response to the needs of customers and enhance their capabilities of IT infrastructure. As part of the research and development process, market participants evaluate current and emerging technology for compatibility with their existing and future software platforms. Some market participants strengthen their research and development capability through the establishment of research and development centres to maintain their competitiveness since research and development capability would be one of the major factors to differentiate their performance and market share in the financial technology industry. To this end, we plan to establish a research and development centre in Hong Kong with research focus on algo-trading, big data and artificial intelligence and house the staff responsible for the above research areas since we do not have

BUSINESS

sufficient office space for the additional headcounts. Some members of our existing development team will work with the newly recruited staff on the research and development of algo-trading, big data and artificial intelligence in the research and development centre. See “Our Strategies — Continue to commit in research and development of our financial trading solutions — A. Enhance and upgrade our financial trading solutions” in this section for details on how we intend to apply the above technologies/upgrades to our financial trading solutions.

In selecting the location for the research and development centre, we may consider factors such as suitability of infrastructure, whether companies of similar industries are grouped in clusters, including information and communications technology, to facilitate exchange of ideas, sharing of expertise and business collaborations, any subsidies available from the landlord and its proximity to our headquarters. As at the Latest Practicable Date, we were considering locations such as Kwun Tong and Hong Kong Science Park. The research and development centre is expected to be approximately 1,000 sq. ft. to 1,500 sq. ft. in size. We intend to rent the research and development centre in the third quarter of 2019 for renovation and initial set up and it is expected to be ready for use by the third quarter of 2019.

The expected capital expenditure for establishing the research and development centre is HK\$2.5 million. We intend to apply approximately 10.1% or HK\$2.5 million of the net proceeds from the Share Offer and any shortfall to be financed through internal resources or bank borrowings, as appropriate, for this strategy.

Pursue selective acquisition(s)

We intend to enhance our presence in existing markets through strategic acquisitions. In order to expand our business operations and customer base, we intend to acquire an IT solution vendor which specialise in financial and related IT systems. We plan to selectively acquire market player, such as financial trading solution, whose business, financial trading solutions, services, customer base and growth potential are complementary to ours.

Through such acquisition(s), we aim to attract new customers, expand our financial trading solutions offerings and services and capture additional market share in the future. As at the Latest Practicable Date, we had not identified any specific suitable target for acquisition.

We intend to apply approximately 8.0% or HK\$2.0 million of the net proceeds from the Share Offer and any shortfall to be financed through internal resources or bank borrowings, as appropriate, for this strategy.

Retain, attract and motivate high calibre and experienced staff

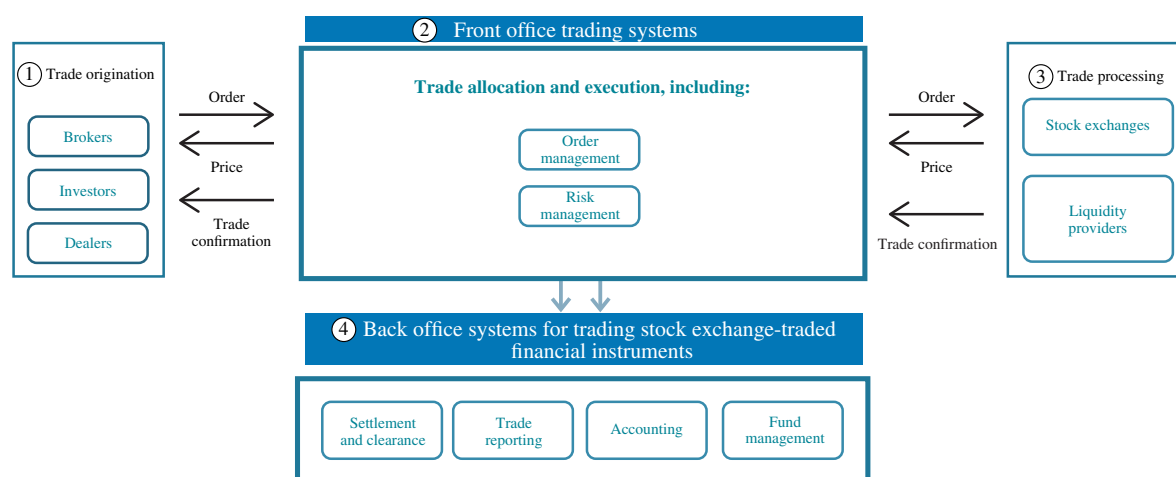
We believe that human resources is of paramount importance to our business operations and our success depends on our ability to hire new talents to deliver new features to our financial trading solutions and retain core employees to ensure stability of our financial trading resolutions. To this end, we plan to retain, attract, motivate high calibre and experienced staff to sustain our growth. We also

BUSINESS

encourage staff to study and apply for relevant professional qualifications through allowances and on-going training. We will also continue to maintain a people-oriented management culture and working environment that promote employees' personal and professional development.

TRADE FLOW AND OUR MARKET POSITION IN THE FINANCIAL TRADING INDUSTRY

The diagram below illustrates the trade flow of financial trading solutions:



Note: Our financial trading solutions as at the Latest Practicable Date covered trading terminal, front office trading system and back office system.

1. Trade origination

Investors, brokers or dealers place orders via the trading terminal. Comprehensive checks on validity of orders will be implemented when they are placed by retail investors or brokers and routed to other systems. This is the basic capability of any automatic trading system, including all relevant order attributes on market, instrument, order side, quantity, lot size, price conditions, tick size and algorithmic parameters. Checking is performed automatically, in case of exceptions, the trading system may choose to reject the order instantly or allow user intervention to rectify it and resubmit.

2. Front office trading systems

Real-time market data feed supports throughputs of data for automated and manual trading environments and retail investors. The market data infrastructure is deployed to provide full market access. The execution orders are checked against the latest market price within pre-defined risk limit range while complying with market or exchange specific price range checking before sending the relevant order to the market.

BUSINESS

With the order management system, orders are routed to stock exchanges or liquidity providers, based on the pre-set trading requirements. Retail investors and brokers manage trades and risk across stock exchange-traded financial instruments and OTC-traded financial instruments. The trading system also keeps position change records and supports backdated changes entry with automated recalculation of trading parameters.

3. Trade processing

Orders are placed in the central order book of stock exchanges or liquidity providers. In an electronic system, orders are automatically matched in real-time based on price/time priority. As soon as a trade is being executed, trade information will be reported to the Exchange Participant (in the case of instruments listed on the Stock Exchange) or counter party in trading OTC-traded financial instruments. At the same time, trade information is further transmitted for registration and clearing.

4. Back office systems

Trading of stock exchange-traded financial instruments is processed from front office trading systems to back office system for the clearing and settlement. Following the trade, clearing is the process of managing the actions between trade date and settlement date. Clearing is done through a clearing house or directly between buyer and seller. Settlement is the step in the post-trade process flow where the buyer receives the purchased financial instruments and the seller receives the corresponding cash for those financial instruments.

OUR BUSINESS MODEL

We are a Hong Kong-based financial trading solution provider principally engaged in the development and provision of financial trading solutions. Our customers are mainly financial institutions, including brokerage firms and wealth management companies, and located in Asia Pacific region. We provide comprehensive and integrated financial trading solutions to our customers to satisfy their various needs. During the Track Record Period, our Group's principal revenue were derived from the following sources:

Type of revenue source	Nature	Type of financial trading solutions
Licensing and maintenance services	Fixed recurring service fee on a monthly basis	All
	Monthly variable transaction fee on a pay-as-you-go basis	Trading systems, <i>GES TX</i> and <i>GES EX</i>
Initial set up and customisation services	On a one-off basis	All
Sales of computer hardware and software	As and when needed on a one-off basis	All

BUSINESS

(1) **Licensing and maintenance services**

Pursuant to the service agreements entered into between our Group and the customers, our Group (as the financial trading solution licensor) typically grants to our customers (as licensees) a non-exclusive, non-transferable and non-sub-licensable licence to use our financial trading solutions for the business of our customers. Upon the completion of the initial set up and customisation service and the passing of the user acceptance test, our customers as licensees shall pay a fixed licensing and maintenance fee on a monthly basis for the use of our financial trading solutions and for the maintenance services provided by our Group. The licensing and maintenance service fee is fixed and recurring in nature and payable in advance on a monthly basis. With respect to our trading systems, *GES TX* and *GES EX*, on top of the fixed recurring monthly service fee, when our trading systems are used to connect and facilitate various parties to transact orders, such as between our brokerage firm customers and their respective clients, we may also charge a monthly variable transaction fee from our customers based on the transaction volumes between the relevant parties on a pay-as-you-go basis. Ancillary to such services, our Group also provides hosting services of our financial trading solutions to our customers at a monthly fee. We rent server rack space which are located in at least tier-3 data centres, which are designed for high availability of operation and can support concurrent maintenance.

(2) **Initial set up and customisation services**

We provide installation services to our customers to ensure our financial trading solutions run smoothly on their systems and to facilitate our customers' understanding of the operations of our financial trading solutions. When the customers purchase our financial trading solutions, our Group charges an one-off initial set up and customisation fee which is determined with reference to the resources required, complexity of the configuration of our financial trading solutions and specifications of our customers. Such initial set up and customisation fee is quoted and charged separately from the licensing and maintenance service fee and shall be paid upfront before we provide the initial set up and customisation services. For our non-financial IT solutions, the initial set up and customisation fee is quoted and charged separately from the licensing and maintenance service fee and shall either be made upfront or due immediately when the installation services are provided to our customers.

(3) **Sales of computer hardware and software**

According to our customers' needs, we source computer hardware, which are mainly servers and network devices as well as third party software and re-sell them to our customers to run our financial trading solutions during the initial set up and going forward. The grading, specifications and pricing of the computer hardware and software are subject to negotiation with our customers on a case-by-case basis according to our customers' needs. Payment of the transaction is made upfront or due immediately when the sales transactions are completed.

BUSINESS

The following table sets forth the breakdown of revenue of our Group by source of revenue during the Track Record Period:

	FY2017		FY2018		9M2018		9M2019	
	<i>HK\$'000</i>	<i>% HK\$'000</i>	<i>HK\$'000</i>	<i>% HK\$'000</i>	<i>HK\$'000</i>	<i>% HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>							
Licensing and maintenance services	38,881	87.9	38,349	88.2	29,482	87.2	28,021	86.2
Initial set up and customisation services	5,209	11.8	3,964	9.1	3,376	10.0	3,221	9.9
Sales of computer hardware and software	165	0.3	1,161	2.7	937	2.8	1,260	3.9
Total	<u>44,255</u>	<u>100.0</u>	<u>43,474</u>	<u>100.0</u>	<u>33,795</u>	<u>100.0</u>	<u>32,502</u>	<u>100.0</u>

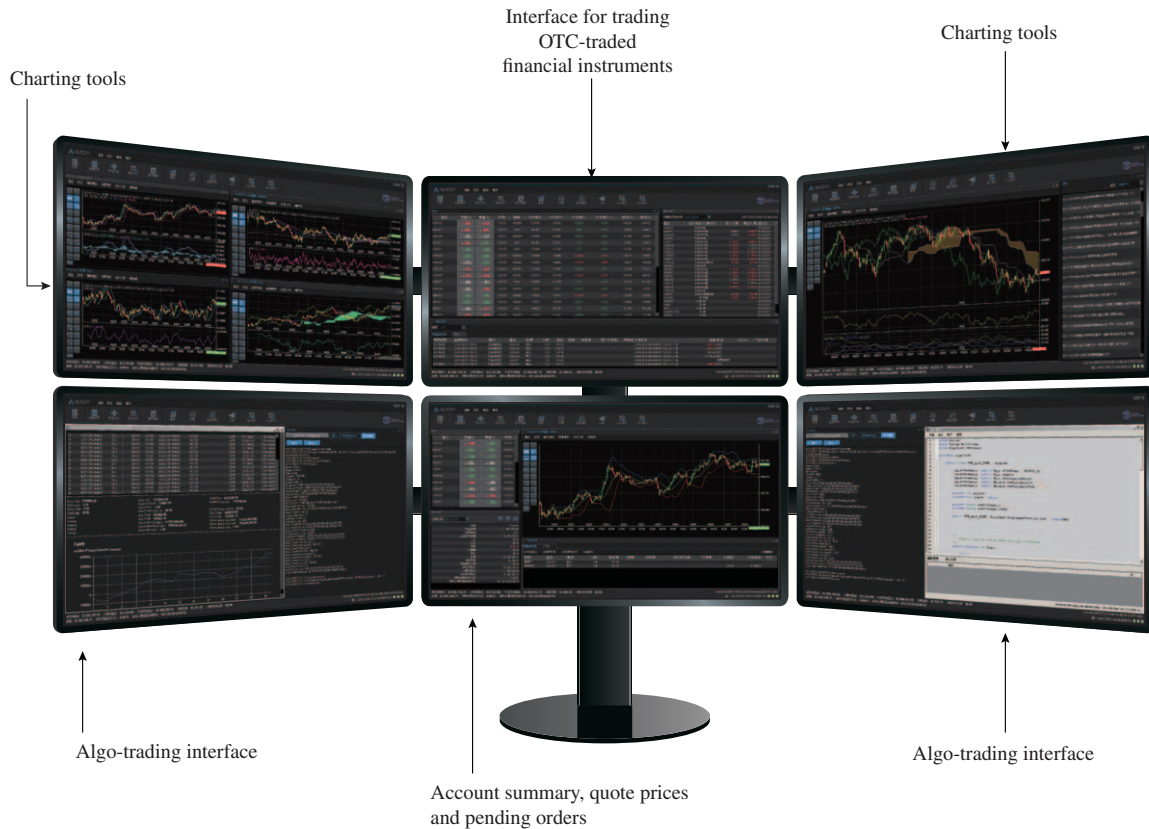
OUR FINANCIAL TRADING SOLUTIONS

We provide comprehensive and integrated financial trading solutions to our customers to satisfy their various needs. Our financial trading solutions are mostly developed by our in-house development team and are typically off-the-shelf packaged solutions. Certain of our financial trading solutions are highly configurable to enhance flexibility to suit the needs of different customers and facilitate our customers to execute their business functions. Our Group's core financial trading solutions are (1) **AUTON**, a trading terminal; (2) **GES TX**, a trading system for trading OTC-traded financial instruments; (3) **GES EX**, a trading system for trading stock exchange-traded financial instruments; and (4) **GES IX**, a fund management system.

BUSINESS

(1) *AUTON*

Launched in 2016, *AUTON* is a multi-asset trading terminal which allows users to trade OTC-traded financial instruments and stock exchange-traded financial instruments. As at 31 December 2018, 14 customers subscribed *AUTON* as their or their clients' trading terminal.



We believe *AUTON* has the following key features that can benefit its users:

- **Trading both OTC-traded and stock exchange-traded financial instruments.** *AUTON* is the trading terminal which can be integrated with (i) *GES TX* for trading of various OTC-traded financial instruments such as Forex, bullion, CFDs and options; and (ii) *GES EX* for trading financial instruments such as equities listed on stock exchanges. Users of *AUTON* can directly conduct trading for different kinds of financial instruments, which can assist them to save time, retain better control on their investment portfolio and monitor the risks involved.

BUSINESS

Set out below is selected screenshot of *AUTON* for trading OTC-traded financial instruments:

Quote for CFD

Quote for bullion

Quote for
Forex

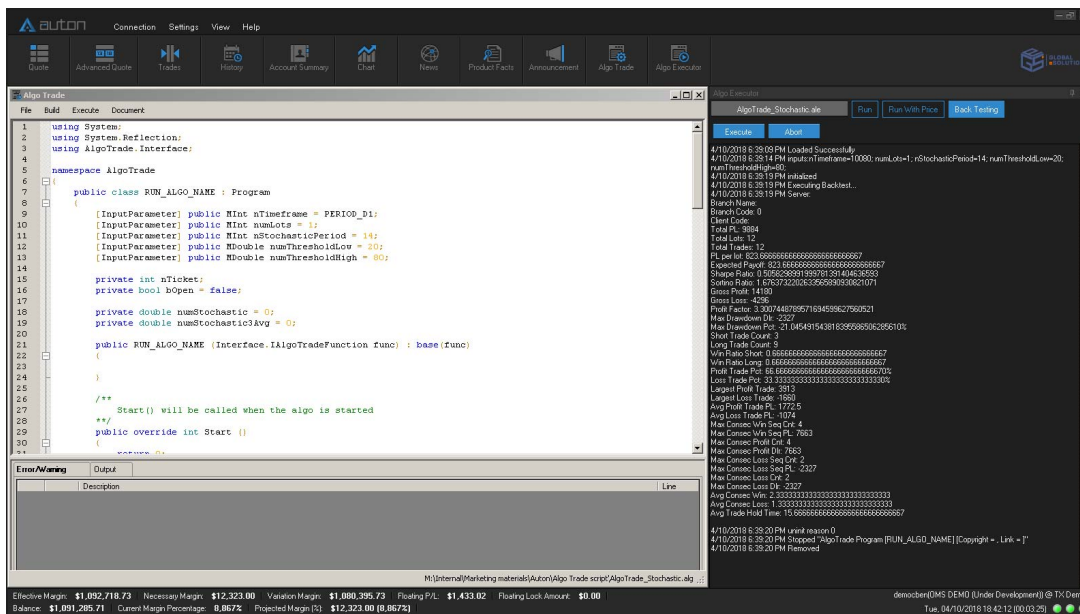
Quote for Forex

Account summary

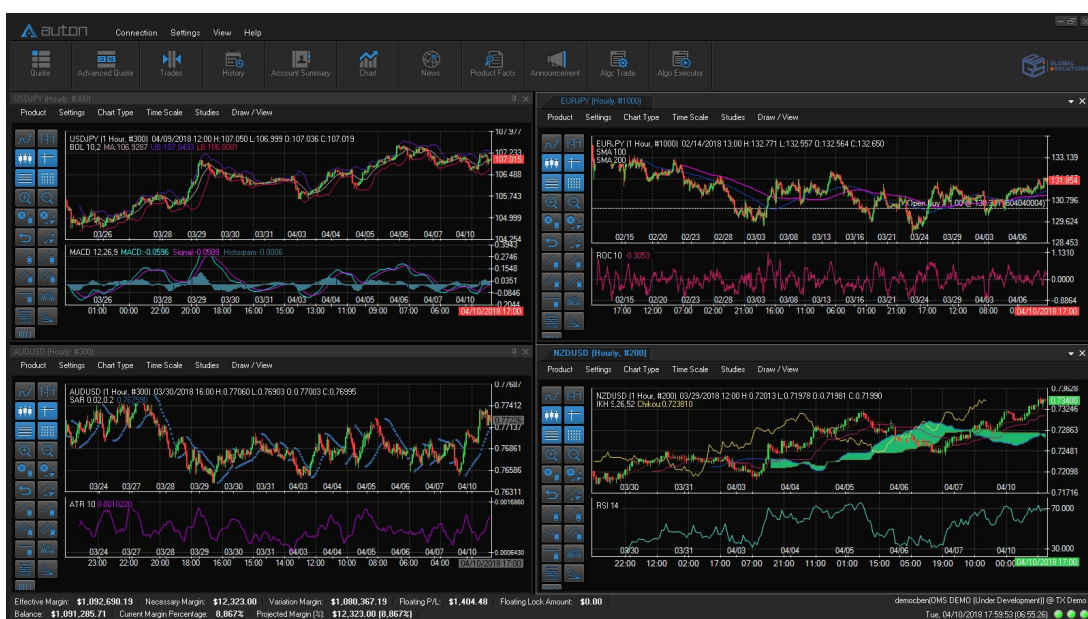
Set out below is selected screenshot of *AUTON* for trading financial instruments listed on the Stock Exchange:

BUSINESS

- **Algo-trading.** Given the rising popularity of algo-trading according to the F&S Report, we have enabled algo-trading on *AUTON*, which enables the users to simulate and execute the algorithm for their algo-trading.



- **Advanced charting and technical analysis tools.** *AUTON* is built with advanced charting and technical analysis tools which enable users to analyse the historical price data of the financial instruments for forecasting the direction of prices for trading decision. Besides, *AUTON* also provides real-time market quotes and market news on a 24-hour basis which we source from international independent third party market news feed vendors to assist users to make their investment decision.



BUSINESS

- **Easy access from various device.** *AUTON* is available to run on multiple computing and mobile operating systems installed on computers, tablets and mobile phones. Users can access their trading terminal with Internet access.

Mobile screenshots of AUTON

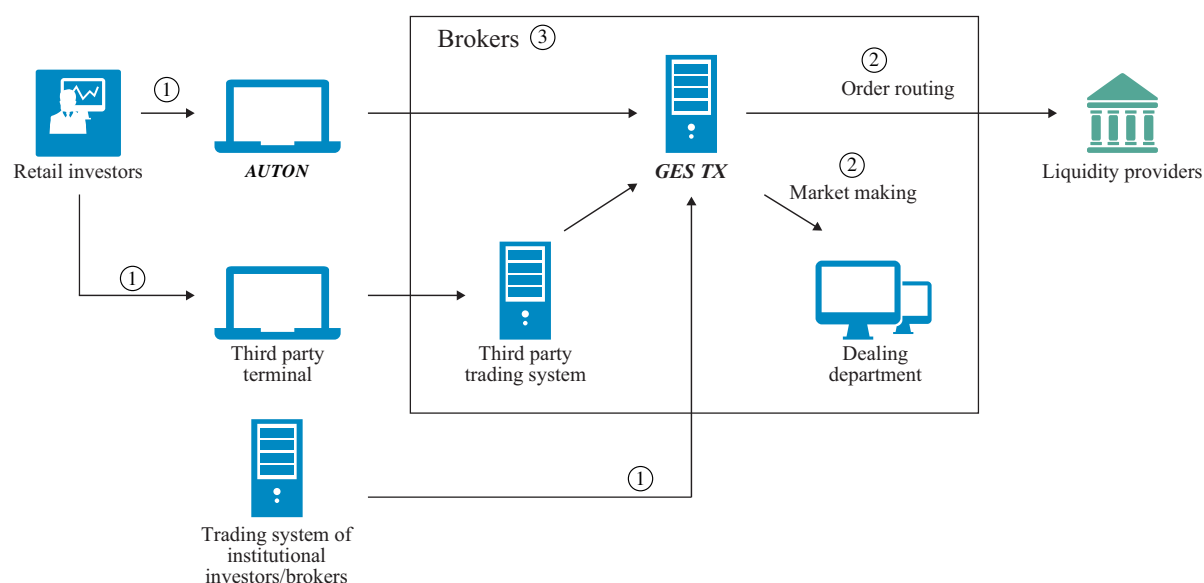


(2) *GES TX*

GES TX is a trading system for OTC-traded financial instruments which enables our customers to streamline the process of order matching between users of trading terminal and the liquidity providers by order routing and market making. It can be utilised for trading in the OTC market for various financial instruments including Forex, bullion, CFDs and options. As at 31 December 2018, 20 customers subscribed *GES TX* for trading OTC-traded financial instruments.

BUSINESS

The following diagram illustrates the key operation procedures of *GES TX*.



Notes:

- (1) Retail investors can place orders through *AUTON* which is integrated with *GES TX* of brokers. Alternatively, they can also place orders through third party trading terminal connected to third party trading system, which is integrated with *GES TX* of brokers. Institutional investors or brokers can place orders through their trading system which is integrated with *GES TX* of brokers.
- (2) Brokers can accept or decline to trade on *GES TX*. Brokers can either (i) route the orders through *GES TX* to liquidity providers; (ii) keep their clients' orders internally and act as market makers to their clients; or (iii) adopt a mixture of (i) and (ii).
- (3) With the additional modules available on *GES TX*, brokers can enjoy additional features to facilitate their business strategies and other house-keeping matters.

We believe *GES TX* has the following key features that benefit our customers:

- **Flexible forms of installation depending on needs and specifications.** Depending on the needs of our customers and their existing computer hardware specifications, our customers typically install *GES TX* on a set of enterprise grading servers. *GES TX* can also be installed on our cloud servers, and our customers can subscribe the license for the use of cloud-based version of *GES TX*, eliminating the need of installing *GES TX* on their own servers which may incur additional cost for the acquisition of software and computer hardware.

BUSINESS

- **Advanced order routing system.** *GES TX* offers advanced routing mechanism which is tailored to Asia Pacific market, such as routing based on identities, instruments and/or with adjustment on routing proportion. *GES TX* also enables our customers to either (i) route the orders through *GES TX* to liquidity providers; (ii) keep their clients' orders internally and act as market makers to their clients; or (iii) adopt a mixture of (i) and (ii), which in turn allows our customers to better control the risk profile and expected return.
- **Diversified configurations enabling trading preferences and risk controls.** *GES TX* is a highly configurable trading system which allows our customers to easily tailor their trading preferences, key configurations of which include limitation to execution types, slippage preferences, pricing filter and spreads control. *GES TX* can also filter out abnormal price, protecting the brokers from suffering losses. *GES TX* also allows our customers to connect to different liquidity providers and information service providers, which helps to improve the pricing quality and avoid disconnection problem in case a liquidity provider or information service provider fails to provide price quotations.
- **Reporting and compliance ease.** *GES TX* is capable to generate a variety of reports to suit the audit and regulatory compliance need of our customers. Our customers can manage their clients' credit risks by accessing trade history statements and real-time trade activity of the retail clients of our customers. *GES TX* also reports on price and generates reports for our customers to handle settlement. Suspicious trading pattern can also be identified more easily through the trading reports.
- **Flexible add-on modules.** We also offer a number of add-on modules. The table below sets out some of the key modules developed and offered by us.

Module	Feature
Trade gateway	This allows institutional customers or brokers with third party trading systems to route their trading orders to <i>GES TX</i> , such that our customers can become a liquidity provider of another broker through using <i>GES TX</i> .
Copy trade	The copy trade allows division of a large volume of trades to several smaller volumes of trades with liquidity providers to minimise the market price movement of the relevant trading instrument.
Physical gold trade facility	The physical gold trade facility designs for book-keeping of the physical gold trade business. The record could be consolidated into the users' internal accounting management system and/or income statement.

BUSINESS

Set out below are selected screenshots of *GES TX*.

The screenshot displays the GES TX trading terminal interface. It is divided into several panes:

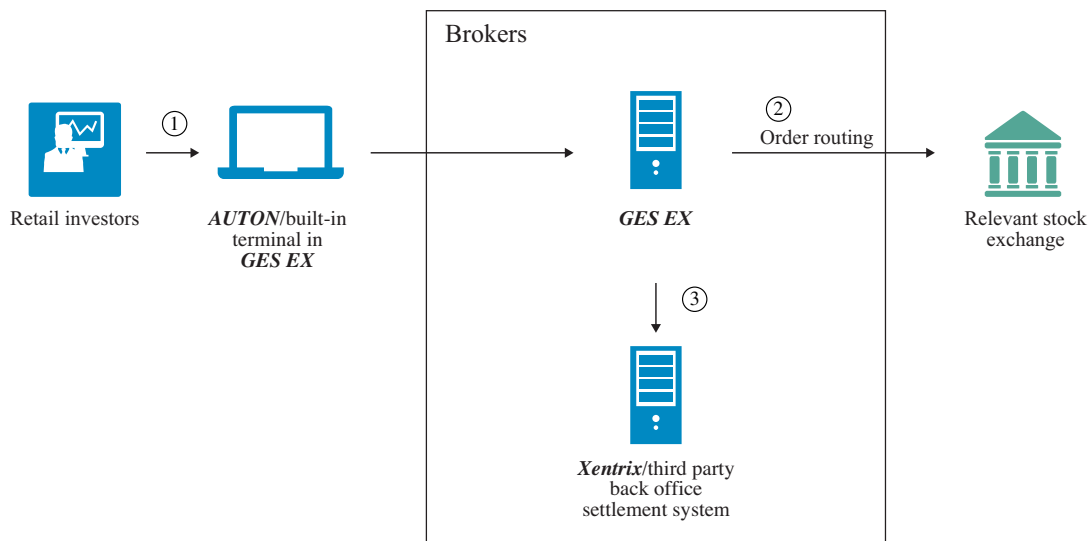
- Top Left:** A summary table with columns for Product, Avg. Bid, Bid, Sell, Avg. Ask, Net, Routing Fl., Open, Settle, and Detail. It lists various financial instruments like BURLSD, ADFBY, and GPCAD.
- Top Right:** A 'Price Monitor' pane showing a grid of bid and ask prices for different products and sizes.
- Middle Left:** A 'Trade Order' pane showing details for a specific order, including source, server name, and order type.
- Middle Right:** A 'Trade History' or 'Order Book' pane showing a list of executed and pending orders with columns for source, order ID, status, branch, client, product, order type, and price.
- Bottom:** A large data table with columns for Master Co., Name, Price, Manual Co., Branch, Volume, Open, TP Rate, Manual, and Fee. It lists various market participants and their associated data.

(3) *GES EX*

GES EX is a trading system for trading stock exchange-traded financial instruments, featuring its vertical compatibility with our trading terminal, *AUTON*, and third party trading terminals on the one hand, and our back office settlement system, *Xentrix* (which was launched in April 2018), and third party back office settlement systems on the other hand. It was launched in December 2015 and passed the certification tests of OCG and OMD-C in the same month. As at 31 December 2018, 2 customers subscribed our *GES EX* as their Stock Exchange trading system and 2 customers subscribed our *Xentrix* as their back office settlement system. See “Research and Development” in this section for details of our *Xentrix*.

BUSINESS

The following diagram illustrates the key operation procedures of *GES EX*.



Notes:

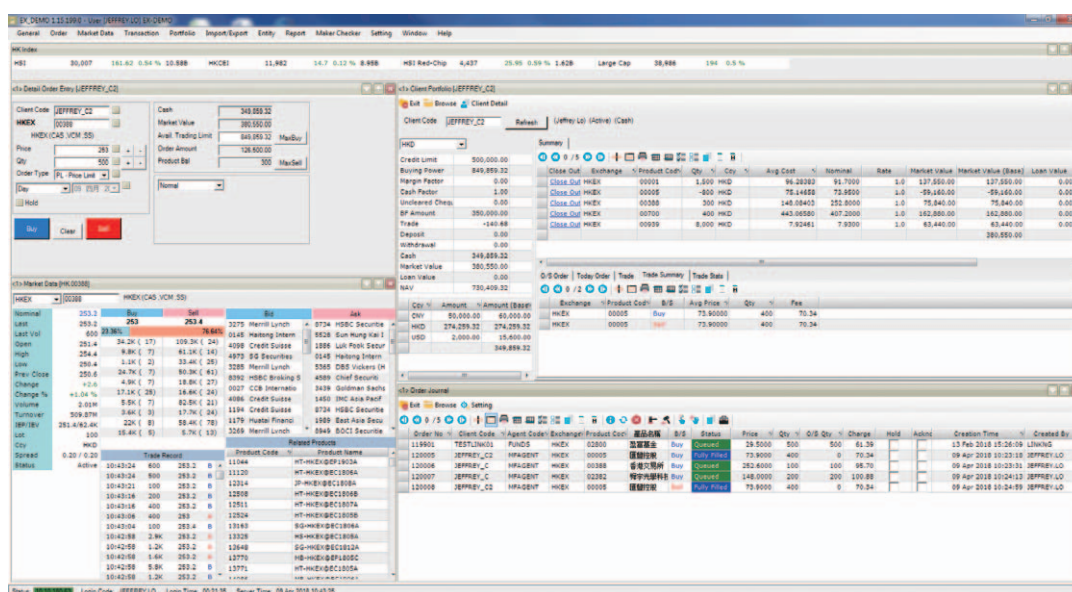
- (1) Retail investors can place orders through *AUTON* (or built-in terminal of *GES EX*), which is integrated with *GES EX* of brokers.
- (2) Once a broker accepts an order, it will be sent to the relevant stock exchange for execution. Once executed, the trade will be captured by *GES EX*.
- (3) At day end, *GES EX* will process the data and send to *Xentrix* or third party back office settlement system of our customers' choice for clearing and settlement. Upon closing and settlement, *GES EX* will record the trading data of the retail investors and is able to generate reports for our customers.

We believe that *GES EX* has the following key features that can benefit our customers:

- **Multiple conditional order types facilitating concurrent portfolio management.** *GES EX* supports multiple conditional order types, including conditions on time and price. It can adopt various order types concurrently and could allow our customers to adopt distinctive trading strategies in different portfolios to satisfy their respective clients' individual investment goals. Our customers can also pre-define their clients' preferred investment preference to manage their clients' portfolios concurrently.
- **Extensive and efficient control on risk.** With configurations such as credit line, margin level, and trade limit, trading can be partly automated with automatic alert being sent to the relevant user or credit controller to reject or override the preset trading activities.

BUSINESS

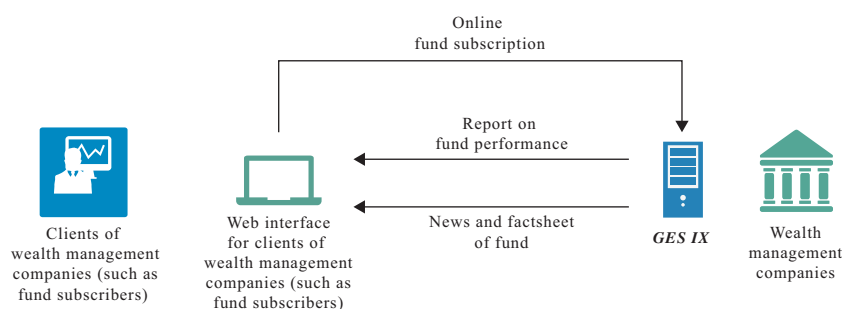
Set out below is the selected screenshot of *GES EX*.



(4) *GES IX*

GES IX is a fund management system which empowers wealth management companies to deliver financial services to their clients. Its highly automated work flow helps reduce manual procedures such as client management, client's subscription of fund as well as management fees and dividend distribution. As at 31 December 2018, 7 customers subscribed *GES IX* as their fund management system.

The following diagram shows the general features of *GES IX* in the course of the wealth management process:



Notes:

- (1) Customers which are wealth management companies and their clients connect to *GES IX*'s web interface.
- (2) The wealth management companies can manage their clients' portfolio and view reports via the Internet.

BUSINESS

- (3) The clients of wealth management companies can manage their subscription and view the portfolio and statements via the Internet.

We believe that **GES IX** has the following key features that can benefit our customers which are wealth management companies:

- **Client and order management.** **GES IX** helps wealth management companies easily expand their service capabilities and client base by centralising the management of client accounts and subscriptions in one single system. With this system, clients' personal information and subscriptions are recorded for administration, analysis, billing and settlement.
- **Web interface for clients of our customers.** Web interface of **GES IX** for our customers' clients (such as fund subscribers) enables them to check the most up-to-date information, market news, products factsheets, announcement and investment portfolio. **GES IX** helps to reduce administrative workload by streamlining fund subscription and front-to-middle office processes including fund selection, capital injection, application approval and unit registration.
- **Simplified and automatic fund operations.** **GES IX** enables wealth management companies to reduce administrative burden and management cost by automating fund subscription and calculation of dividend, interest and management fees.

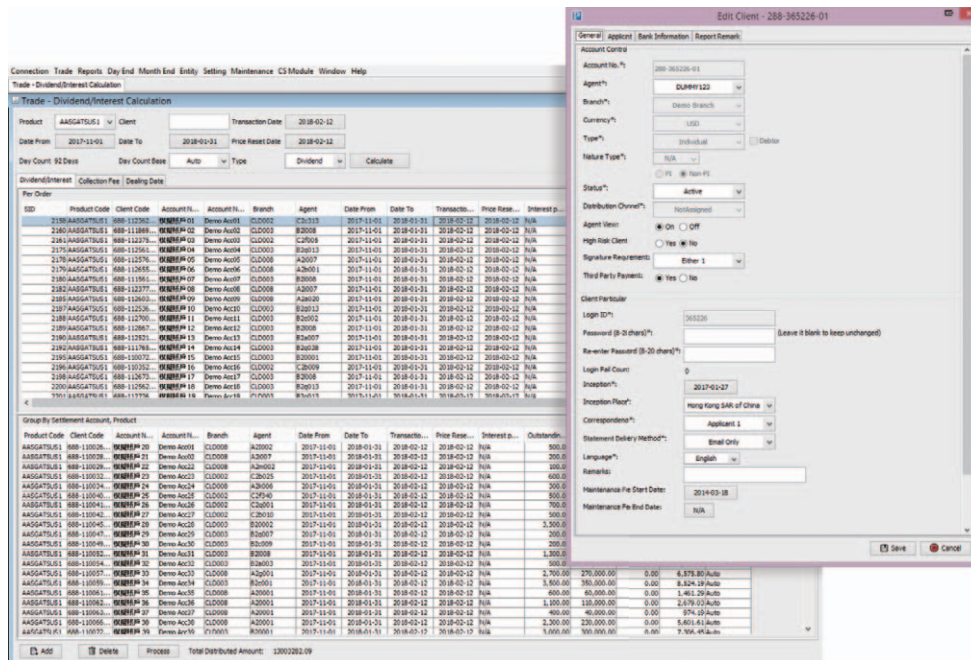
Set out below are selected screenshots of **GES IX**.

Demonstration of web interface for our customers' clients

The screenshots demonstrate the following features of the DEMO Company web interface:

- Instrument Information:** A table listing various investment funds with columns for Fund Name, Fund House, Currency, and ISIN Code.
- Welcome to DEMO Company:** A dashboard showing portfolio distribution (Cash, Stocks, Futures, Funds, Structured Product & Others) and a cash composite table with columns for Cash Composite, Exchange Rate, and Equivalent Amount (USD).
- Asset Information:** A table showing transaction details including Instrument, Cop, Book Date, Book Cost, Face Value, Price(%) and Valuation Date.

Fund management system



OUR VALUE-ADDED SERVICES

The following sets out the value-added services of our Group:

1. Customisation, system protection and hosting

Depending on our customers' needs, our Group also provides customisation to our Group's financial trading solutions to modify or add specific functions requested by our customers. At our customers' request, our Group also provides system protection services for the use of our financial trading solutions which include (i) setting up of multiple Internet connections and cross data centre connections; (ii) setting up and monitoring of firewalls and routers in failover mode; and (iii) providing protection services via third party vendors. As part of our hosting services, our Group rents server rack space located at third party data centres and provides server-monitoring and other related services to our customers which subscribed our financial trading solutions.

2. Other services

According to our customers' needs, we source computer hardware, which are mainly servers and network devices, as well as third party software and re-sell them to our customers to run our financial trading solutions during the initial set up and going forward.

BUSINESS

OUR NON-FINANCIAL IT SOLUTIONS

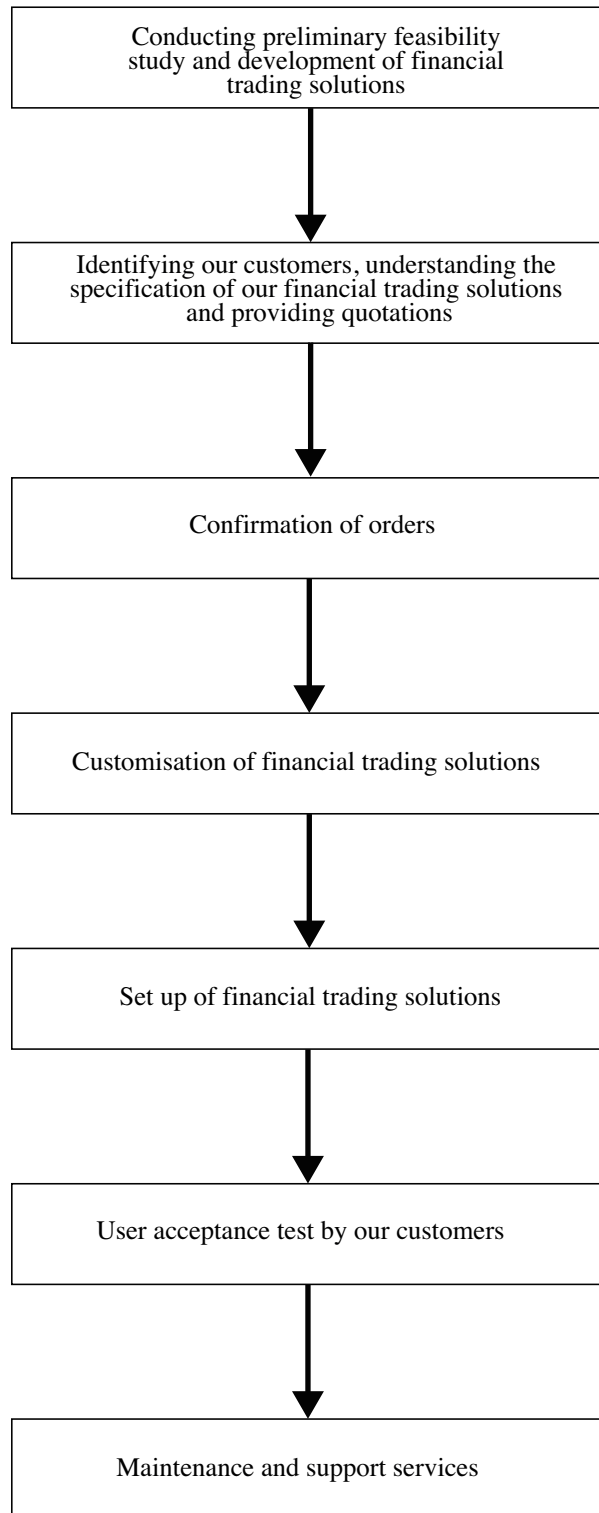
Our non-financial IT solutions are provided by RLT, which was acquired by us in October 2016. Immediately prior to such acquisition, RLT was wholly-owned by Ms. Yip, the spouse of Mr. Chung, our executive Director. With the intention of focusing on family matters and having considered that RLT also conducts IT-related business and we were able to capture additional revenue stream by acquiring RLT, Ms. Yip transferred her entire shareholding interest in RLT to us in October 2016. See “History, Development and Reorganisation — Our Corporate Development — RLT” in this prospectus for details of the acquisition.

Upon completion of the acquisition, our Group also provides non-financial IT solutions such as (i) providing a course and examination timetabling solution, which was launched by RLT in 2004, for a tertiary education institution in Hong Kong; (ii) a timetabling tool, which was launched in 2017, to enhance the timetable generation of a web-based school administration system for primary and secondary schools in Hong Kong; and (iii) resource management solutions.

BUSINESS

OUR OPERATION FLOW

The following flowchart sets out our typical workflow, illustrating the key stages of our business operations.



BUSINESS

Conducting preliminary feasibility study and development of financial trading solutions

Our development team is responsible for assessing the scale of changes to our financial trading solutions based on industrial trends and internally generated ideas. Our product team or sales and marketing team also receives requests from existing customers for further upgrade or enhancement of our financial trading solutions from time to time.

For large-scale changes, our development team conducts preliminary feasibility study to analyse the new financial trading solutions or technologies to be developed, modules to be added or amended and creates prototype. Our development team studies the technical requirements and estimates the manpower and schedule for the development or enhancement process. Our development team submits a research and development report which includes the costs breakdown in terms of the estimated man-hour of members of the development team and their charging rate for our management's approval.

The time for the development process varies and depends on the complexity and specification of our customers on the financial trading solutions. In general, it takes approximately ten to 25 months for the development process of large scale projects, while it takes one to seven months for the development process of small-scale projects. If there is any delay in the project schedules, our development team should prepare an internal memorandum to be submitted to the management explaining the reasons for the delay.

Our product team conducts an internal user acceptance test upon completion of the development of the financial trading solutions. If our product team is satisfied with the results, they sign on the internal user acceptance test report upon signing of acceptance notice by our development team, the development of our financial trading solutions is completed.

Identifying our customers, understanding the specification of our financial trading solutions and providing quotations

We identify new customers mainly through referrals from existing customers, business connections and exhibitions. It generally takes two to four weeks for our sales and marketing team or our product team to liaise with the customers, confirm with them on the requirements and the specifications of the financial trading solutions and provide quotation for their consideration.

Confirmation of orders

For engagement which is relatively straight-forward, our customer generally signs on our quotation which lists out the specification of the financial trading solutions to be provided by our Group and our standard terms and conditions. For more complex engagement of higher value, we generally enter into service agreement with our customer. It generally takes approximately one to two weeks to confirm our quotation and two to four weeks to enter into service agreements with our customers.

BUSINESS

Customisation of financial trading solutions

At our customers' requests, our development team is responsible for designing the user interface and formulating the source code for the financial trading solutions. It configures and customises the financial trading solutions in accordance with the customers' specifications. In general, it takes approximately one to six months for the customisation process of our financial trading solution.

We also conduct unit test, stress test and internal user acceptance test to ensure our financial trading solutions can function properly.

Set up of financial trading solutions

We provide initial set up service for our financial trading solutions via the Internet or at our customers' designated premises in Hong Kong for customers located in Hong Kong, and via the Internet only for customers located outside of Hong Kong. For customers which are equipped with their own computer hardware, we conduct preliminary assessment to ensure the computer hardware is fit and proper. In case our customers would also like our Group to purchase suitable computer hardware and/or software for the hosting of our financial trading solutions, we will select and purchase computer hardware and/or software from third party vendors on behalf of our customers. In general, it takes approximately one month to four months for setting up our financial trading solution.

User acceptance test by our customers

Our customers perform user acceptance test on our financial trading solutions after installation to ensure our financial trading solutions meet their specification and performance requirements. We rectify any defects or issues found during the user acceptance test. Depending on the complexity and specification of our customers on the financial trading solutions, in general, it takes approximately one week to four months for conducting the user acceptance test. If our customers are satisfied with the specification performance of our financial trading solutions, they sign on our system acceptance notice.

Maintenance and support services

We offer maintenance and support services. For financial trading solutions provided by us, our customers engage us to provide ongoing maintenance and support services under the service agreements.

We provide user manuals of our financial trading solutions to our customers for them to familiarise themselves with the use of our financial trading solutions. We also provide technical support and assistance to our customers via telephone, email, instant messengers and remote access to customers' servers and network devices via the Internet with the permission granted by our customers. We are responsible for diagnosing whether a problem is related to our financial trading solutions or as a result of malfunction of third party computer hardware and software, and/or Internet connections. We provide incident reports when such problems are identified and provide rectification procedures.

BUSINESS

RESEARCH AND DEVELOPMENT

Our in-house development

Our financial trading solutions are mostly developed by our in-house development team, responsible for carrying out research and development projects as we may identify from time to time. They also conduct preliminary feasibility study to analyse the modules to be added or amended and will create prototype in large-scale projects. Our development team develops our financial trading solutions by using various programming languages and techniques, performance stress testing and optimisation. As at the Latest Practicable Date, our development team had 13 members, all of which attained tertiary education with majors in relevant studies such as computer science, information technology or related disciplines, and two members have a master's degree or above. Approximately 80% of them have relevant experience in the financial technology industry for five years or above as at the Latest Practicable Date.

Over the years, we had successfully launched several new trading financial solutions and upgrades, including (i) a trading system, *GES EX*, for trading stock exchange-traded financial instruments, in 2015; (ii) the cloud-based version of our trading system, *GES TX*, in 2015; (iii) a trading terminal incorporating algo-trading, *AUTON*, in 2016; and (iv) a back office settlement system, *Xentrix* which facilitates the automation of back office operations for financial institutions, including settlement, clearing and reporting for stock exchange-traded financial instruments, in 2018, which can be integrated with our trading system, *GES EX*, and third party trading systems. As at 31 December 2018, 2 customers subscribed *Xentrix* as their back office settlement system. The compatibility of our existing and new financial trading solutions as mentioned above allows us to provide a fully integrated one-stop solution to our customers, which we believe could enhance their operational efficiency and reduce their costs. For FY2017, FY2018 and 9M2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to approximately HK\$8.3 million, HK\$8.1 million and HK\$4.7 million, representing approximately 18.7%, 18.6% and 14.5% of our total revenue during the same periods, respectively. Out of the total research and development costs, HK\$4.1 million, HK\$4.8 million and HK\$3.5 million, respectively, was capitalised as intangible assets. Such capitalised research and development costs represented approximately 9.2%, 11.0% and 10.7% of our total revenue during the same periods, respectively.

As the financial technology industry is a fast-evolving industry, we believe that it is essential for us to keep pace with the technological advancement and equip ourselves with the latest and/or prevailing technologies to formulate new projects and ideas. By leveraging on our development capabilities and understanding with our customers' business and industry, we plan to (i) develop the cloud-based versions of *GES EX* and *GES IX*; (ii) enable the use of big data for *AUTON*; (iii) enhance *AUTON*'s algo-trading capability with artificial intelligence; (iv) develop HTML5 version of *AUTON*; and (v) unify and improve our financial trading solutions. See "Our Strategies — Continue to commit in research and development of our financial trading solutions" in this section for details of our research and development plans.

BUSINESS

In order to ensure that our development team members will continue to acquire relevant industry knowledge, they will attend relevant trainings and seminars organised by the market players to enhance technical know-how. We provide periodic trainings to our employees to enhance their technical know-how. To retain and attract, motivate and develop our high calibre and experienced members of the development team, we encourage staff to study and apply for relevant professional qualifications through allowances and on-going training. We will also continue to maintain a people-oriented management culture and working environment that promotes employee's personal and professional development.

Collaboration with external consultants

During the Track Record Period, we also collaborated with a consultant at a tertiary institution who is an Independent Third Party to review and develop artificial intelligence related to our non-financial IT solutions. The consultant that we collaborated with has industry-specific expertise. We select our external consultant based on his reputation and our assessment of his technical capability and reliability. Our Group pays our external consultant a fixed fee for the consulting services.

Pursuant to the consulting agreement that we enter with our external consultant, our external consultant provides consulting services to us, assists to review and develops the artificial intelligence techniques and delivers a technical design report to us. We have rights to all proprietary information in relation to the business information, trade secrets and programming source codes and object codes developed on our behalf.

We may continue to collaborate with external consultant(s) with relevant expertise and experience to provide technical support for the research and development of our financial trading solutions, including artificial intelligence.

PURCHASE AND SUPPLIERS

During the Track Record Period, our major suppliers consisted of (i) network protection service provider; (ii) data centre service providers; (iii) call centre support service provider; (iv) news feed providers; (v) financial market information providers; (vi) computer hardware and software vendor for onward sale to our customers; (vii) data line vendors; and (viii) computer network and data service provider.

We select our suppliers based on a number of factors, including their price, scope of services, quality of products and services and their technical capabilities. We generally select two vendors or service providers to ensure competitive pricing. Given the availability of products and services provided by the suppliers, we believe we are not dependent on any single supplier and can easily locate alternative suppliers as needed. Our Group did not experience any shortage or delay in supply during the Track Record Period.

BUSINESS

Our top five suppliers

For FY2017, FY2018 and 9M2019, the purchases from our top five suppliers amounted to HK\$5.3 million, HK\$2.8 million and HK\$2.6 million, respectively, representing 71.3%, 69.3% and 70.9% of our total purchase, respectively. For FY2017, FY2018 and 9M2019, the purchases from our largest supplier amounted to HK\$1.5 million, HK\$0.8 million and HK\$0.9 million, respectively, representing 20.7%, 20.0% and 24.5% of our total purchase, respectively. The payments made by us were primarily in HKD and US\$.

The following tables set out the total purchase from our top five suppliers, their business background, the products or services we purchased and the year of establishing business relationships with our Group during the Track Record Period.

FY2017

Name of the suppliers	Principal business activities	Principal place of business	Product/ services purchased by our Group	Credit period (days)/ payment method	Year of establishing business relationship with our Group	Purchase amount (HK\$'000)	% of total purchase
Supplier A	Software development services provider	Taiwan	Subcontracting services (Note 1)	No credit terms offered; by telegraphic transfer	2016	1,527	20.7%
Supplier B	Network protection services provider	Hong Kong	Network protection services	No credit terms offered; by telegraphic transfer	2012	1,068	14.5%
Supplier C	Data centre service provider	Hong Kong	Data centre services and data line	30 days; by cheque	2012 (Note 2)	1,005	13.6%
Supplier D	Data centre service provider	Hong Kong	Data centre services and data line	30 days; by cheque	2008	890	12.1%
Supplier E	Call centre support service provider	Macau	Call centre support services	No credit terms offered; by telegraphic transfer	2008	762	10.3%
Purchase from top five suppliers						5,252	71.3%

Notes:

- See "Subcontracting" in this section for further details.
- Prior to 2015, our Group transacted with an entity which was acquired by Supplier C in 2015.

BUSINESS

FY2018

Name of the suppliers	Principal business activities	Principal place of business	Product/ services purchased by our Group	Credit period (days) / payment method	Year of establishing business relationship with our Group	Purchase amount (HK\$'000)	% of total purchase
Supplier C	Data centre service provider	Hong Kong	Data centre services and data line	30 days; by cheque	2012 (Note)	807	20.0%
Supplier D	Data centre service provider	Hong Kong	Data centre services and data line	30 days; by cheque	2008	597	14.8%
Supplier F	Computer hardware and software vendor	Hong Kong	Computer hardware and software	No credit terms offered; by cheque	2014	583	14.5%
Supplier G	News feed provider	Singapore	News feed services	30 days; by cheque	2007	504	12.5%
Supplier H	Financial market information provider	Hong Kong	Financial market information	30 days; by cheque	2009	301	7.5%
Purchase from top five suppliers						<u>2,792</u>	<u>69.3%</u>

Note: Prior to 2015, our Group transacted with an entity which was acquired by Supplier C in 2015.

BUSINESS

9M2019

Name of the suppliers	Principal business activities	Principal place of business	Product/ services purchased by our Group	Credit period (days) / payment method	Year of establishing business relationship with our Group	Purchase amount (HK\$'000)	% of total purchase
Supplier F	Computer hardware and software vendor	Hong Kong	Computer hardware and software	No credit terms offered; by cheque	2014	905	24.5%
Supplier C	Data centre service provider	Hong Kong	Data centre services and data line	30 days; by cheque	2012 (Note 1)	581	15.7%
Supplier D	Data centre service provider	Hong Kong	Data centre service and data line	30 days; by cheque	2008	524	14.1%
Supplier G	News feed provider	Singapore	News feed services	30 days; by cheque	2007	378	10.2%
Supplier H	Financial market information provider	Hong Kong	Financial market information	30 days; by cheque	2009 (Note 2)	237	6.4%
Purchase from top five suppliers						<u>2,625</u>	<u>70.9%</u>

Notes:

- Prior to 2015, our Group transacted with an entity which was acquired by Supplier C in 2015. For FY2017 and FY2018, Supplier C consisted of a private company incorporated in Hong Kong which principally provides technical solutions and bandwidth to enterprises (“**Entity A**”). For 9M2019, Supplier C consists of Entity A and a private company incorporated in Hong Kong which principally engages in the business of providing technical solutions and bandwidth to enterprises (“**Entity B**”) as the business of Entity A was transferred to Entity B pursuant to a corporate restructuring with effect from 1 November 2018.
- For FY2017 and FY2018, Supplier H consisted of a private company incorporated in Hong Kong which principally provides financial market information and services (“**Entity C**”). For 9M2019, Supplier H consisted of Entity C and a private company incorporated in Hong Kong which principally provides financial market information and services (“**Entity D**”) as the contractual arrangement of Entity C under the relevant service agreement was assigned to Entity D with effect from 1 August 2018.

None of our Directors or their respective close associates or Shareholders who own more than 5% of our Company’s issued share capital had any interest in our top five suppliers during the Track Record Period.

BUSINESS

SUBCONTRACTING

During the Track Record Period, we had contracted out the integration project on **GES TX** to subcontractors which are Independent Third Parties for the development of modules for routing orders to one or more liquidity providers. For FY2017, FY2018 and 9M2019, the fees paid to such subcontractors amounted to HK\$1.6 million, nil and nil, respectively. One of such subcontractors was our largest supplier for FY2017. See “Purchase and Suppliers — Our top five suppliers” in this section for further details.

Going forward, we may consider engaging subcontractors, such as for the development of certain module(s) or upgrade of part of our financial trading solutions depending on the availability of our labour resources and when necessary. We will select subcontractors based on their technical expertise, ability to meet our schedules, our past dealing with them and fees. To maintain flexibility, we do not plan to enter into any long-term agreements with subcontractors and we will only place orders with them on an order-by-order basis.

OUR CUSTOMERS

For FY2017, FY2018 and 9M2019, revenue relating to the provision of financial trading solutions amounted to HK\$43.3 million, HK\$41.3 million and HK\$32.0 million, respectively, representing 97.7%, 94.9% and 98.5% of our total revenue for the same periods. Our financial trading solutions are targeted at financial institutions, including brokerage firms and wealth management companies, located mainly in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus.

The following table sets out the number of our repeat customers and new customers during the Track Record Period:

	FY2017	FY2018	9M2019
Repeat customers (<i>Note 1</i>)	21	24	25
- Financial trading solutions	21	22	22
- Non-financial IT solutions	—	2	3
New customers (<i>Note 2</i>)	8	4	5
- Financial trading solutions	5	3	3
- Non-financial IT solutions	3	1	2
Total number of customers	29	28	30

Notes:

1. Customers who (i) have not terminated the subscription of our initial set up and customisation services or licensing and maintenance services or purchase of computer hardware and software from us in the relevant financial year; and (ii) have previously subscribed for our services or purchased computer hardware and/or software from us or maintained subsisting service agreements with us in the preceding year.
2. Customers who for the first time have subscribed for our services or purchased computer hardware and/or software from us in the relevant financial year.

BUSINESS

The following table shows the movements in the number of our customers during the Track Record Period:

	Financial trading solutions	Non-financial IT solutions	Total
Total number of customers as at 1 April 2016	21	0	21
Addition of customers	5	3	8
Deduction of customers (<i>Note</i>)	(4)	(1)	(5)
Total number of customers as at 31 March 2017	22	2	24
Addition of customers	3	1	4
Deduction of customers (<i>Note</i>)	(3)	0	(3)
Total number of customers as at 31 March 2018	22	3	25
Addition of customers	3	2	5
Deduction of customers (<i>Note</i>)	(1)	0	(1)
Total number of customers as at 31 December 2018	24	5	29

Note: Deduction of customers in respect of our financial trading solutions during the relevant financial year include customers that, to the best knowledge of our Directors, (i) terminated the service agreements with us mutually; and (ii) went into liquidation or underwent restructuring which led to the cessation of business relationships. Deduction of customer in respect of our non-financial IT solutions in FY2017 was, to the best knowledge of our Directors, due to mutual termination of the service agreement with us.

Our top five customers

Our Group is not dependent on any single customer. For FY2017, FY2018 and 9M2019, the revenue from our top five customers amounted to HK\$24.1 million, HK\$21.7 million and HK\$18.9 million, respectively, representing 54.4%, 49.8% and 58.2% of our total revenue, respectively. For FY2017, FY2018 and 9M2019, the revenue from our largest customer amounted to HK\$8.2 million, HK\$6.0 million and HK\$6.2 million, respectively, representing 18.5%, 13.7% and 19.0% of our total revenue, respectively.

The following tables set out the revenue generated from our top five customers, their business background, the financial trading solutions we provided and the year of establishing business relationships with our Group during the Track Record Period.

BUSINESS

FY2017

Name of the customers	Background information of the customer	Principal financial trading solution/ services provided by our Group	Credit period (days)/ payment method	Year of establishing business relationship with our Group	Revenue (HK\$'000)	% of total revenue
Customer A	A group of companies incorporated in Malaysia which principally conducts brokerage and wealth management business in Malaysia	<i>AUTON, GES TX, GES IX,</i> customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2006	8,177	18.5%
Customer B	A group of public and private companies incorporated in Australia which principally conduct brokerage and wealth management business in Australia	<i>AUTON, GES TX, GES IX,</i> customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2013	4,577	10.3%
Customer C	A private company incorporated in Indonesia which principally conducts brokerage business in Indonesia	<i>AUTON, GES TX,</i> customisation, system protection and hosting services and computer hardware and software	No credit terms offered; by telegraphic transfer	2006	3,795	8.6%
Customer D	A group of private companies incorporated in BVI and the United Kingdom which principally conduct brokerage business in Hong Kong and the United Kingdom	<i>AUTON, GES TX,</i> customisation, system protection and hosting services and computer hardware and software	No credit terms offered; by telegraphic transfer and cheque	2006	3,790	8.6%
Customer E	A private company incorporated in Indonesia which principally conducts brokerage and wealth management business in Indonesia	<i>AUTON, GES TX, GES IX,</i> customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2013	3,724	8.4%
Revenue from top five customers					24,063	54.4%

BUSINESS

FY2018

Name of the customers	Background information of the customer	Principal financial trading solution/ services provided by our Group	Credit period (days)/ payment method	Year of establishing business relationship with our Group	Revenue (HK\$'000)	% of total revenue
Customer A	A group of companies incorporated in Malaysia which principally conducts brokerage and wealth management business in Malaysia	<i>AUTON, GES TX, GES IX,</i> customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2006	5,975	13.7%
Customer F	A group of private companies incorporated in Hong Kong and Belize, respectively, which principally conducts brokerage and wealth management business in Hong Kong and Belize	<i>AUTON, GES TX, GES EX, GES IX,</i> customisation, system protection and hosting services and computer hardware and software	No credit terms offered; by telegraphic transfer and cheque	2010	4,131	9.5%
Customer B	A group of public and private companies incorporated in Australia and Cyprus which principally conduct brokerage and wealth management business in Australia and Cyprus	<i>AUTON, GES TX, GES IX,</i> customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2013	4,059	9.3%
Customer C	A private company incorporated in Indonesia which principally conducts brokerage business in Indonesia	<i>AUTON, GES TX,</i> customisation, system protection and hosting services and computer hardware and software	No credit terms offered; by telegraphic transfer	2006	3,748	8.6%
Customer E	A private company incorporated in Indonesia which principally conducts brokerage and wealth management business in Indonesia	<i>AUTON, GES TX, GES IX,</i> customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2013	3,748	8.6%
Revenue from top five customers					21,661	49.8%

BUSINESS

9M2019

Name of the customers	Background information of the customers	Principal financial trading solution/ services provided by our Group	Credit period (days) / payment method	Year of establishing business relationship with our Group	Revenue (HK\$'000)	% of total revenue
Customer A	A group of companies incorporated in Malaysia which principally conducts brokerage and wealth management business in Malaysia	<i>AUTON, GES TX, GES IX</i> , customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2006	6,186	19.0%
Customer B (Note)	A private company incorporated in Cyprus which principally conducts wealth management business in Cyprus	<i>GES IX</i> , customisation, system protection and hosting services and computer hardware and software	No credit terms offered; by telegraphic transfer	2018	3,547	10.9%
Customer C	A private company incorporated in Indonesia which principally conducts brokerage business in Indonesia	<i>AUTON, GES TX</i> , customisation, system protection and hosting services and computer hardware and software	No credit terms offered; by telegraphic transfer	2006	3,474	10.7%
Customer G	A group of companies incorporated in Japan and Australia which principally conducts brokerage business in Japan and Australia	<i>AUTON, GES TX</i> , customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2006	2,899	8.9%
Customer E	A private company incorporated in Indonesia which principally conducts brokerage and wealth management business in Indonesia	<i>AUTON, GES TX, GES IX</i> , customisation, system protection and hosting services	No credit terms offered; by telegraphic transfer	2013	2,823	8.7%
Revenue from top five customers					18,928	58.2%

Note: For FY2017, Customer B consisted of (i) a public company incorporated in Australia which principally conducts wealth management business in Australia (“**Entity E**”); and (ii) a private company incorporated in Australia which principally conducts brokerage business in Australia (“**Entity F**”). For FY2018, Customer B consisted of (i) Entity E; (ii) Entity F; and (iii) a private company incorporated in Cyprus which principally conducts wealth management business in Cyprus (“**Entity G**”). For 9M2019, Customer B consisted of Entity G solely as (i) Entity E and Entity G entered into a novation agreement with our Group pursuant to which the contractual arrangement of Entity E under the relevant service agreement was novated to Entity G with effect from January 2018; and (ii) the service agreement entered into between Entity F and our Group was terminated mutually as it underwent restructuring. Entity F was wholly-owned by Entity E before restructuring. Both Entity E and Entity G are ultimately wholly-owned by a company incorporated in the BVI.

BUSINESS

None of our Directors or their respective close associates or Shareholders who own more than 5% of our Company's issued share capital had any interest in our top five customers during the Track Record Period.

We generally do not grant credit term to our customers. During the Track Record Period, we did not experience material payment defaults from our customers, nor did we experience material difficulty in recovering trade receivables from our customers, and minimal provision for impairment of trade receivables has been recorded in relation to these customers.

Major contract terms and conditions

For engagement which is relatively straight-forward, our customer generally signs on our quotation which lists out the specification of the financial trading solutions to be provided by our Group and our standard terms and conditions. According to such standard terms and conditions, services which require payment on a monthly basis are for a term of at least one year, which may be renewed automatically if no termination notice has been served on us for three months in advance. For more complex engagements, we generally enter into service agreement with our customer. Major terms that are typically contained in the standard service agreements are summarised below:

Term of the agreement:	Some of the terms are of one year or less which may or may not be automatically renewed, while some service agreements do not have fixed terms and will be in force from the date of the agreement unless terminated.
Scope of services:	<p>Our Group grants our customers a non-exclusive, non-transferrable and non-sub-licensable licence to use our financial trading solution.</p> <p>Our Group also provides our customers with the maintenance services which include analysis, coding, testing and release of error corrections within reasonable limits.</p>
Payment terms:	The customer shall pay our Group a monthly fee for the licensing and maintenance of our financial trading solutions. With respect to our trading systems, <i>GES TX</i> and <i>GES EX</i> , on top of the fixed recurring monthly service fee, when our trading systems are used to connect and facilitate various parties to transact orders, such as between our brokerage firm customers and their respective clients, we may also charge a monthly variable transaction fee from our customers based on the transaction volumes between the relevant parties on a pay-as-you-go basis. New customers shall also pay our Group a one-off initial set up fee for setting up of our financial trading solutions.

BUSINESS

Liability:	Our Group is not liable to our customer or any third party for any direct, incidental, special or consequential damages of any nature or kind whatsoever, including but not limited to, loss of revenues or profits, loss of business goodwill or other economic loss, loss of data use, personal injury or property damage in connection with or arising out of our financial trading solutions.
Intellectual property rights:	All intellectual property rights in relation to our financial trading solutions shall at all times reside in our Group.
Confidentiality:	Our customers shall take all necessary precautions to prevent unauthorised disclosure or use of confidential information.
Termination:	<p>The agreement can be terminated at any time with mutual written consent of our Group and our customer.</p> <p>Our Group can also unilaterally terminate the agreement if our customer (i) commits a material breach such as failure to make the due payment and fails to remedy upon written notice; (ii) violates or is about to violate any applicable laws or regulations in connection with the use of our financial trading solutions and its business conduct.</p>

We have been advised that our standard service agreements are legally binding.

During the Track Record Period and up to the Latest Practicable Date, (a) 84% of the licensing and maintenance service agreements and quotations either (i) do not contain a fixed term with effect from the date of the agreement and continue to be in force unless terminated; or (ii) contain a fixed initial term of one year or less and are automatically renewed for each subsequent fixed period unless terminated; and (b) 16% of the licensing and maintenance service agreements and quotations contain a fixed initial term of one year to three years and may or may not be renewed at the end of the term subject to the agreement of the parties. As at the Latest Practicable Date, all of the licensing and maintenance service agreements and quotations under (b) above were no longer in force.

When there are updates to the features and functions of our financial trading solutions upon the request of our customers, we generally enter into addendum with our customers in relation to those updates. Save and except as modified by the addendum, the remaining terms of the existing licensing and maintenance service agreement shall remain in full force.

As confirmed by the Directors, there were no major disputes or disagreement between our Group and our customers.

During the Track Record Period, we did not receive any complaints from our customers which had a material impact on our business operation.

BUSINESS

SALES AND MARKETING

Our sales and marketing team, comprising three members as at the Latest Practicable Date, is responsible for formulating marketing strategies for our financial trading solutions, publicity of our Group through sponsoring events and competitions as well as our presence in industry exhibitions with our industry counterparts. It also closely connects with our customers to obtain user feedback and renewal of service agreements.

Financial Trading Solutions

Marketing efforts

We will continue to expand our customer base and foster our reputation and image in the financial technology industry. We usually get in touch with our potential customers through referral, direct marketing, exhibitions such as the International Financial Exhibition in Asia (iFX EXPO), printed advertisements as well as social media marketing. For FY2017, FY2018 and 9M2019, our Group has committed approximately HK\$0.2 million, HK\$0.2 million and HK\$0.2 million, respectively, as marketing expenses. In particular, with our long-term vision to promote algo-trading in Hong Kong, we also collaborated with universities to organise algo-trading competitions during the Track Record Period where students of bachelor and master degrees were able to develop their own algorithm and employ it in *AUTON*, to partake in a virtual trading competition.

Geographical coverage

During the Track Record Period, we had 29, 28 and 30 customers. Our financial trading solutions are targeted at financial institution including mainly brokerage firms and wealth management companies located mainly in Asia Pacific region. We classify our revenue geographically based on the customers' principal place of operation. The table below sets out the geographical breakdown of our revenue during the Track Record Period:

	FY2017		FY2018		9M2018		9M2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>							
Hong Kong	11,603	26.2	13,289	30.6	10,204	30.2	7,007	21.6
Indonesia	11,243	25.4	9,991	23.0	8,114	24.0	7,316	22.5
Malaysia	8,224	18.6	5,975	13.7	4,498	13.3	6,398	19.7
Australia	4,697	10.6	3,237	7.4	3,237	9.6	141	0.4
Japan	3,678	8.3	2,828	6.5	1,915	5.7	2,757	8.5
Cyprus	—	—	822	1.9	—	—	3,547	10.9
Other countries ^(Note)	4,810	10.9	7,332	16.9	5,827	17.2	5,336	16.4
Total	44,255	100.0	43,474	100.0	33,795	100.0	32,502	100.0

Note: Other countries mainly include Belize, Republic of Vanuatu and Taiwan.

BUSINESS

Pricing policies and seasonality

The pricing of our financial trading solutions is negotiated with the customers and depends on parameters such as (i) the number of trading terminals installed; (ii) the number of modules of the financial trading solutions selected; (iii) the number of users of the customers; and (iv) any additions or modifications of functions. We generally adopt a flexible pricing policy such that the prices offered to customers are determined after arm's length negotiation with them and depend on their background and also the prevailing market environment. Depending on the specific nature of customers, such as long term business relationship, we may offer preferential pricing to such customers. We believe that our operation are not subject to any significant seasonal trends.

During the Track Record Period, we recorded losses in two contracts in respect of our financial trading solutions for a customer with aggregate amount of loss of approximately HK\$5,000. Since only minor initial set up and customisation works were involved and with an aim to maintaining long-term business relationship with the customer, we waived the initial set up and customisation fees for these contracts. The customer subsequently terminated these contracts with us mutually and we did not receive any licensing and maintenance service fee from it, resulting in losses for these contracts. We did not have any loss-making contracts in respect of our non-financial IT solutions.

Non-financial IT solutions

Upon being a qualified contractor under the SOA-QPS4, our Group develops our marketing initiatives for our non-financial IT solutions through submitting tenders to the Hong Kong Government for projects under the SOA-QPS4. Revenue is therefore on a project basis and will depend on our quotes for the relevant projects which in turn depends on, among others, (i) development and maintenance costs, (ii) specifications of hardware and/or software involved; and (iii) service period.

WARRANTY, MAINTENANCE AND TECHNICAL SUPPORT SERVICES

Financial Trading Solutions

Subsequent to the initial set up, save for the provision of after-sales IT technical support and maintenance services pursuant to the service agreements, we do not maintain any trial period or return policy, and we also do not provide any period of warranty for our financial trading solutions. In the event that our customers wish to cease subscribing our maintenance services, they have to terminate our service agreements in accordance with the termination provisions thereto.

We have not experienced any customer complaints or early termination of our service agreement that would affect our business materially and adversely during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

MARKET AND COMPETITION

According to the F&S Report, the financial technology industry in Asia Pacific is fragmented. With the rise of electronic trading in recent years, the industry has attracted the presence of both Hong Kong-based and international companies. In 2017, there were approximately 500 financial trading solution providers in Asia Pacific.

In 2017, the total revenue of financial trading solutions generated by Asia Pacific market participants amounted to HK\$18.9 billion and the top five Asia Pacific financial trading solution providers contributed to 18.1% of the total revenue generated by Asia Pacific financial trading solution providers. Our market share in Asia Pacific in terms of revenue was 0.2% in 2017.

With successful project delivery and sound reputation, some international financial trading solution providers have applied their proven expertise to different stock exchanges and jurisdictions while the local players leverage the established relationship with customers. Strong local partnership allows the access to local networks and information that provides the local financial trading solution providers with a competitive edge. The financial trading solution providers usually serve investment banks, hedge funds, brokers and asset management firms for the provision of financial trading solutions.

For further information on the entry barriers to the financial trading solutions, see “Industry Overview — Competitive Landscape of Financial Trading Solutions Market in Asia Pacific” in this prospectus.

EMPLOYEES

As at 31 March 2017 and 2018 and 31 December 2018, we had a total of 39, 35 and 32 full-time employees, respectively, all of which are based in Hong Kong. A breakdown of our employees by function as at the Latest Practicable Date is set forth below:

Function	As at the Latest Practicable Date
Management	2
Development	13
Sales and marketing	3
Product	4
Finance and administration	4
System	5
Total	31

BUSINESS

We generally recruit our employees primarily from the open market. In addition, we place great emphasis on the training and development of our employees. We provide periodic trainings to our employees to equip them with the latest knowledge relating to their work duties and keep them abreast of the latest technological know-how and market news. We also offer sponsorships to eligible employees to participate in external professional courses.

QUALITY CONTROL AND IT CONTROL

Our product team, comprising four members as at the Latest Practicable Date, all of whom hold a bachelor's degree or above in business administration, computing or mathematics, is responsible for verifying the viability of our financial trading solutions and conducting user acceptance test for the solutions before they are launched. We would conduct configuration checking, stress test, unit test and internal user acceptance test for our financial trading solutions to ensure the quality of our financial trading solutions provided to our customers. Our product team also connects with our customers when they require technological assistance on using our financial trading solutions.

We strive to ensure our financial trading solutions to be capable to protect our customer data against misappropriation and misuse. Our system team is responsible for guarding the safety of our IT system and against misappropriation of the confidential information through maintaining our network infrastructure, data back-up, security and access control, and anti-hacking measures.

Control on hacking activities, data leakage and server network

Our system team is responsible for handling incidents of hacking activities, know-how leakage and malfunctions of server network. If hacking activities towards our systems are found, our system team will disconnect the server or computer from the computer network and review all access log. Our system team will also run a full virus scan on all systems and patch any critical patches immediately. Our system team, together with our product team and development team, will jointly prepare a report on the incident and take the necessary actions to prevent reoccurrence of the incident.

The protection and backup of our source code and know-how are crucial to our operations. We back up our files on a weekly basis and we perform data restoration test on a monthly basis. We keep at least three copies of all critical data in our standby server, storage server located in the data centres and the storage server located in our office, respectively. Access to critical data and backup data is restricted to and tightly monitored by our system team. User authentication is in place and enforced on every internal system and file system. All user access rights are reviewed semi-annually to ensure that the appropriate rights are allocated.

We have measures in place to protect our customers' data by restricting access right to such data by our employees, so as to ensure that all confidential data is used for our Group's business purposes only and with approval from management and to prevent any unauthorised use of such data. We also impose strict requirements for access to be granted to our data centres, which host the servers containing the personal data of clients of our customers accessed through the provision of cloud-based

BUSINESS

version of trading system and hosting services. These requirements include pre-registration and identity registration at the data centres for access, keeping the data centres securely locked at all times and requiring the accompany of our staff for any visits to our data centres by any third parties.

To mitigate the potential operation risks of our server network, we have maintained services with four Internet service providers. All network devices are run in failover mode.

Control on computer hardware

The computer hardware vendors generally offer a maintenance period ranging from one to three years. If there is server or network equipment failure within maintenance period, the computer hardware vendors will be responsible for the inspection and replacement of the servers and the server network equipment. In addition to the quality control mechanism of our financial trading solutions, we also conduct performance benchmarking of our servers regularly to ensure our servers are up to standard. Our servers are rebooted regularly with maintenance activities performed on every weekend. Once we identify deteriorating performance, we will replace such servers in our data centre to enable our financial trading solutions function properly.

In addition, we also carefully select our data centres where our servers are situated. All the servers are hosted in at least tier-3 data centres, which are designed for high availability of operation and can support concurrent maintenance. However, given our business nature requires us to rely on third party telecommunications providers as well as data centre service provider, we are subject to risks that our vendors may underperform, under such circumstances, our business operation and reputation may be at risk. See “Risk Factors — Risks Relating to our Business and Our Group — Any material destruction or under-performance of our servers or unexpected disruption of the Internet or server connection at data centres could lead to material and adverse impact on our Group’s business, reputation and results of operations” in this prospectus.

PROPERTIES

From the beginning of the Track Record Period till January 2019, we leased one property at Units 3004 to 3008, 30th Floor, Shui On Centre, Wan Chai, Hong Kong with a gross floor area of approximately 4,700 sq. ft. which we used as our office premises and our principal place of business with the original lease term expiring on 31 March 2020.

As at the Latest Practicable Date, we owned a property at Office E, 17/F, EGL Tower, No. 83 Hung To Road, Kowloon, Hong Kong with a gross floor area of approximately 3,400 sq. ft.. The acquisition for such property was completed in January 2018. We originally planned to use it as our office premises upon the expiry of the original lease term on 31 March 2020. We did not use our self-owned property sooner as we would incur substantial unnecessary rental expenses for the then remaining lease term or early termination cost, which could possibly be the rental expenses for the remaining lease term, if we moved in earlier given that the original lease term shall expire on 31 March 2020. Immediately upon the acquisition of the self-owned property in January 2018, with a

BUSINESS

view to alleviate the then rental expenses of the original lease and the finance cost in connection with the acquisition of the self-owned property, we originally intended to lease the self-owned property for rental income.

However, given that (i) we were unable to find suitable tenant for our self-owned property since the acquisition to October 2018 (namely that the self-owned property had been left vacant for 10 months); (ii) our Directors were of the view that at the material time, it was less likely to find a suitable tenant for the self-owned property in light of the relatively short lease term to be offered (namely from October 2018 to March 2020, without taking into account the period of time for the tenant to deliver vacant possession to us for renovation); and (iii) we were able to negotiate with the landlord for an early termination cost less than we originally expected (namely an amount equals to the forfeiture of rental deposit of HK\$0.7 million as opposed to the rental expenses for the remaining lease term), our Directors were of the view that the benefit of early termination of the then lease outweighed the costs we then had to incur, namely, among others, finance cost and rental expenses of the original lease at the same time. We therefore decided to move in earlier to use the self-owned property as our office in October 2018.

As we had changed the usage of the self-owned property as our office in October 2018, the self-owned property was reclassified from investment property to property and equipment from October 2018. We entered into a surrender agreement with the landlord in November 2018 for early termination in respect of the leased premises, pursuant to which the original lease was terminated on 31 January 2019. Our Directors are of the view that having our operations at a self-owned property provides us with stability and had from time to time look for suitable properties for acquisition as our office. Since the price, size and location of the current self-owned property met our requirements and our Directors considered that the property market for office was likely to experience an upward price trend in the near future, we decided to acquire such property in January 2018 before the expiry of the original lease term.

As the Group's property interests are for non-property activities and the carrying amount is above 15% of our total assets, a property valuation report on our self-owned property is included in this prospectus pursuant to Rule 8.01A(2) of the GEM Listing Rules. See Appendix IV to this prospectus for further details.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

Our Directors believe that the financial technology industry in which we operate does not involve substantial risks relating to environmental, health and work safety matters. We have internal policies and systems in place designed with a view to implementing and ensuring the health and work safety of our employees. We believe that we were in material compliance with the health and safety requirements in the jurisdictions we operated in during the Track Record Period up to the Latest Practicable Date.

BUSINESS

In order to provide a safe working environment and protect our employees from occupational hazards, we have also implemented sound workplace measures to ensure all risk-bearing activities are monitored and supervised, and newly joined employees would receive comprehensive orientation on the work safety procedures. Our liability to our employees is covered by insurance, which we are required by law to have.

During the Track Record Period, we did not receive any material claims for personal injuries by our employees under the employees' compensation insurance policies. We also closely monitor any report of occupational incidents. During the Track Record Period, we were not involved in accidents that resulted in material injuries or fatality in the course of our operations, and that no prosecution has been laid against us by any relevant authorities in respect of violation of applicable laws of health and safety.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had registered six trademarks and three domain names in Hong Kong. For further details of such intellectual property rights, see "Statutory and General Information — B. Further Information about the Business of our Group — 2. Intellectual property rights" in Appendix VI to this prospectus.

We implement measures to protect our intellectual properties in addition to our trade mark and domain name registrations, particularly with our customers and our employees to avoid potential disputes and adverse reputation to our Group. In the service agreements entered into by our Group and our customers for our financial trading solutions, we restrict unauthorised copies, and unauthorised use or alteration of solutions maintained by our Group.

Our employees are obliged to undertake confidentiality clauses in their employment contracts and comply with our internal control policy which restricts inappropriate use and appropriation of source code at work. Further, all of the intellectual property rights created by our employees belong to our Group pursuant to our employment contracts entered into with all employees. However, despite all these measures, we may not adequately prevent any infringement or misappropriation of our intellectual property. In addition, we cannot be certain that our financial trading solutions do not or will not infringe valid copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of ourselves and others. See "Risk Factors — Risks Relating to Our Business and Our Group — Any failure to protect our intellectual property rights could reduce the value of our financial trading solutions, services, and brand and we could be exposed to intellectual property disputes" and "Risk Factors — Risks Relating to Our Business and Our Group — We may face piracy of our intellectual property rights" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material dispute, litigation or legal proceedings relating to the violation or infringement of intellectual property rights. As at the Latest Practicable Date, we were not aware of any material

BUSINESS

violation or infringement (i) by our Group of any intellectual property rights owned by any third parties, or (ii) by any third parties of any intellectual property rights owned by us, that would constitute material adverse impact to our business operations.

PRODUCT LIABILITY

Our financial trading solutions undergo established quality assurance procedures and testing before final acceptance by our customers. Our Directors consider that the chance of material defects of our financial trading solutions and services after their respective launch is low and the exposure to potential compensation claims from our customers is low. During the Track Record Period, we had not experienced any third party liability claim in relation to our financial trading solutions.

In addition, our service agreements with our customers generally contain provisions which disclaim our liability for any direct, incidental, special or consequential damages, including but not limited to, loss of revenue or profit, loss of business, loss of data or use, in connection with or arising out of the use of our financial trading solutions or the maintenance services provided by us.

In view of the above, we have not purchased any product liability insurance policy in relation to our financial trading solutions. Our Directors are of the view that, it is not the industry norm to purchase such product liability insurance policy. Please refer to the section headed “Risk Factors — Risks Relating to Our Business and Our Group — We are subject to product liability claims. Any such claims could result in significant direct or indirect costs. We may not have purchased sufficient insurance coverage which could harm our business and operating results” in this prospectus.

INSURANCE

We maintain employees’ compensation insurance in compliance with the Employees’ Compensation Ordinance (Cap 282 of the Laws of Hong Kong) to cover compensation and costs liable by our Group for personal injuries of our employees in Hong Kong in the course of employment with us. We also maintain public liability insurance for our office premises in Hong Kong. Further, in compliance with our qualification as a qualified contractor under SOA-QPS4, we have also maintained a professional indemnity insurance. Our Directors consider that our insurance coverage is adequate, sufficient and is in line with the industry practice in Hong Kong.

COMPLIANCE MATTERS AND LITIGATION

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on our business or financial condition taken as a whole.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance was known to our Directors to be pending or threatened against any member of our Group, that would have a material adverse effect on its business, results of operations or financial condition.

LICENCES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licences and permits necessary for the operation of our business in Hong Kong and such licences and permits were still valid and in force. We have not experienced any refusal of the renewal application of any material licences or permits necessary for the operation of our business. For further information on the material licences and permits necessary for the operation of our business, see “Regulatory Overview” in this prospectus.

INTERNAL CONTROL AND RISK MANAGEMENT

In preparation for the Listing, we have engaged an independent internal control consultant (the “**IC Consultant**”) to review selected areas of our internal controls over financial reporting in February 2018 (the “**Internal Control Review**”) and have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. Details of risk categories identified by our management, reporting and disclosure mechanism, remedial measures and contingency management have been codified in our policies and adopted by us or will be adopted by us upon Listing. For details of the major risks identified by our management, see “Risk Factors” in this prospectus.

The IC Consultant performed an internal control review in February 2018. The review procedures performed by the IC consultant constitute a long form report engagement pursuant to the relevant technical bullet in AATB 1 issued by the HKICPA. Upon completion of such review, the IC Consultant identified certain findings in relation to our internal control policies and procedures, and the more significant recommendations (the “**Significant Recommendations**”) identified by the IC Consultant are set out below:

Internal control review findings

Our formal policies and procedures regarding risk management, assessment and ongoing monitoring should be formally documented

Control mechanism for identifying, reporting, disclosure and monitoring of related party and connected transactions should be established

Recommendations

Our Group should establish a formal risk management framework and the Board should have a formal role to oversee the design, implementation and monitoring of our Group’s risk management system on an ongoing basis

Our Group should establish a control practice to identify and record all related parties, connected persons and all associated transactions with these parties for financial reporting and disclosure purpose. A designated person should be assigned to maintain a list of related parties and connected persons for our Company and review it on a regular basis

BUSINESS

The IC Consultant performed a follow-up review in April 2018 to review the status of the management actions taken by our Group to address the Significant Recommendations of the Internal Control Review (the “**Follow-up Review**”). The IC Consultant did not have any further recommendation in the Follow-up Review.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted and will adopt, amongst other things, the following corporate governance and internal control measures:

- The establishment of an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems of our Company.
- The appointment of Mr. Chung as our compliance officer, Mr. Cheung Hoi Kin as our chief financial officer, and Ms. Chan Lok Yee as the company secretary of our Company to ensure the compliance of our operation with the relevant laws and regulations. For their biographical details, see “Directors and Senior Management” in this prospectus.
- The appointment of Dongxing Securities as our compliance adviser upon the Listing to advise us on compliance with the GEM Listing Rules.
- If necessary, we may consider engaging external legal advisers to advise us on compliance with the GEM Listing Rules and to ensure we will not be in breach of any relevant regulatory requirements or applicable laws and regulations in Hong Kong.

We will continuously monitor and improve our management procedures to ensure that the internal control measures are in line with the growth of our business and good corporate governance practice.

DIRECTORS AND SENIOR MANAGEMENT

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Our Board is responsible for and has general powers for management and conduct of our Group's business. Our senior management consists of our chief financial officer and our senior manager of software development. Our senior management is responsible for the day-to-day management of our business. The following table sets forth certain information in respect of our Directors and senior management:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Directors						
Mr. Chung Chau Kan (鍾就根)	43	Executive Director and the chief executive officer of our Company	7 February 2018	August 2006	Responsible for day-to-day management, overseeing the business operations, business development, strategic planning and supervising the development of financial trading solutions of our Group	Nil (Note 1)

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Wong Wing Hoi (王永凱)	40	Executive Director	7 February 2018	August 2006	Responsible for day-to-day management of the software development operations, assisting the chief executive officer of our Company on planning and supervising the development of financial trading solutions of our Group	Nil (<i>Note 1</i>)
Mr. Wei Ming (衛明)	67	Non-executive Director and chairman of our Board	7 February 2018	December 2016	Responsible for overall strategic management and development of corporate policies and strategies of our Group	Nil
Mr. Moo Kai Pong (巫啟邦)	52	Independent non-executive Director	29 March 2019	29 March 2019	Responsible for giving independent advice to our Board	Nil
Mr. Lo Chi Wang (羅智弘)	41	Independent non-executive Director	29 March 2019	29 March 2019	Responsible for giving independent advice to our Board	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Wu Kin San Alfred (胡健生)	37	Independent non-executive Director	29 March 2019	29 March 2019	Responsible for giving independent advice to our Board	Nil

Senior management

Mr. Cheung Hoi Kin (張凱健)	38	Chief financial officer of our Company	—	October 2015	Responsible for strategic planning and setting policies, and overseeing accounting and finance functions, legal function, human resources function and administrative function of our Group	Nil
Mr. Ye Chiu Yeung (葉朝陽)	38	Senior manager of software development of our Group	—	August 2006 (Note 2)	Responsible for software development of our Group	Nil

Notes:

- Both Mr. Chung Chau Kan (鍾就根) and Mr. Wong Wing Hoi (王永凱) worked at Global eSolution Limited prior to joining our Group. Global eSolution Limited was a company incorporated in Hong Kong with limited liability on 12 December 2003 and was de-registered on 5 February 2016.
- Mr. Ye Chiu Yeung (葉朝陽) joined our Group in August 2006. He left our Group in August 2010 on his own accord and re-joined our Group in December 2013.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Chung Chau Kan (鍾就根), aged 43, was appointed as our Director on 7 February 2018 and designated as our executive Director and the chief executive officer of our Company on 7 May 2018. Mr. Chung joined our Group in August 2006 as development manager of GES, the principal operating subsidiary of our Group. He is responsible for the day-to-day management, overseeing the business operations, business development, strategic planning and supervising the development of financial trading solutions of our Group. Mr. Chung is also a director of each of GES, RLT, WIL and Motion Cast.

Mr. Chung has over 19 years of experience in software engineering, system development and IT consulting, in particular, financial information systems and trading solution development. The table below sets out Mr. Chung's previous relevant working experience:

Name of company / entity	Position	Period of services	Responsibilities
Reuters Asia Pte Limited	Trainee development programmer	July 1998 to June 1999	Assisting in web server programme development and various application development
Entone Technologies Limited	Engineer	June 2000 to January 2001	Software design, development, testing and maintenance
Reuters Hong Kong Limited	Consultant	January 2001 to January 2002	Developing stock exchanges connectivity for the online trading system, supporting and enhancing a production real-time market data delivery site and building Internet site for sales support
A.K. Technology Company	Software engineer	February 2002 to September 2002	Designing and developing the timetabling engine
Real Logic Technology	Partnership with Ms. Yip Kim Kam, spouse of Mr. Chung	September 2002 to September 2003	Developing and maintaining the timetabling system
Global eSolution Limited	Software engineer	December 2003 to July 2006	Developing online trading platforms and wealth management platforms

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chung joined our Group in August 2006 as development manager of GES. He was promoted to general manager of GES in July 2010. Since September 2011, Mr. Chung has been a director of GES, mainly responsible for overseeing the operations and software development of GES.

Since October 2016 when RLT was acquired by our Group, Mr. Chung has been a director of RLT, mainly responsible for non-financial software implementation such as timetabling system for primary schools, secondary schools and tertiary institutions in Hong Kong. RLT has become a subsidiary of our Group since October 2016. It is an insignificant subsidiary of our Group whose total assets, profits and revenue compared to that of our Group are less than 5% for FY2018. Prior to the acquisition of RLT by our Group, Mr. Chung was a director and a shareholder of RLT from October 2003 to September 2011 and the company secretary of RLT from September 2011 and September 2015. He ceased to be a director and a shareholder of RLT in September 2011 and the company secretary of RLT in September 2015, in order to focus on the management of our Group as a director of GES. Mr. Chung has become a director of RLT again since October 2016 when RLT was acquired by our Group.

Since October 2017 when WIL was incorporated, Mr. Chung has been a director of WIL which is the property holding subsidiary of our Group.

Mr. Chung obtained a degree of Bachelor of Science (Hons) in Computer Studies from City University of Hong Kong in Hong Kong in November 2000 with first class honours.

Mr. Wong Wing Hoi (王永凱), aged 40, was appointed as our Director on 7 February 2018 and designated as our executive Director on 7 May 2018. He is responsible for the day-to-day management of the software development operations, assisting the chief executive officer of our Company on planning and supervising the development of financial trading solutions of our Group.

Mr. Wong joined our Group in August 2006 as senior analyst programmer of GES. He was promoted to project manager and assistant director of GES in January 2011 and in December 2015, respectively. During his tenure as an assistant director of GES, he is mainly responsible for overseeing the software development operations and the development team of our Group. He is also involved in the recruitment of the software developers and engineers.

Mr. Wong has over 17 years of experience in software engineering, system development and IT support. Prior to joining our Group, (i) from August 2001 to February 2005, Mr. Wong worked in Netcast Information Limited as a programmer and was mainly responsible for developing and testing software applications; and (ii) from February 2005 to July 2006, Mr. Wong worked in Global eSolution Limited as an analyst programmer and was mainly responsible for developing online trading system, database designing and tuning and providing IT support.

Mr. Wong obtained a degree of Bachelor of Engineering (Hons) from The Chinese University of Hong Kong in Hong Kong in November 2001.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. Wei Ming (衛明), aged 67, was appointed as our Director on 7 February 2018 and designated as our non-executive Director and the chairman of our Board on 7 May 2018. Mr. Wei is one of our Controlling Shareholders. He joined our Group in December 2016 as a director of GES. He is responsible for overall strategic management and development of corporate policies and strategies of our Group. Since 21 February 2018 when Motion Cast was incorporated, Mr. Wei has been a director of Motion Cast which is an investment holding company of our Group.

Prior to joining our Group, (i) from 1984 to 1986, he worked as an agent of Hon Hing Nominees Company Limited (currently known as Hon Hing Hong International Limited), which principally engaged in bullion trading in Hong Kong; (ii) from 1987 to 1989, he was the regional controller of 漢鑫金銀事業有限公司 (the unofficial English name of which is Han Shin Gold and Silver Company Limited), which principally engaged in bullion trading in Taiwan; (iii) from May 1991 to June 2002, he was a director of Topworth International Limited which was a Forex trading company incorporated in Hong Kong with limited liability on 9 April 1991 and was dissolved on 14 June 2002; (iv) from 1994 to 1997, he was a principal advisor of 利基行 (the unofficial English name of which is Li Ji Shing), which principally engaged in Forex trading in Taiwan; and (v) from January 2010 to January 2012, he was a director of Jin Ku Precious Metal Trading Ltd (currently known as Far East Precious Metal (HK) Limited) which principally engaged in bullion trading in Hong Kong.

Mr. Wei completed a Textile Mechanical Course at Hong Kong Technical College (currently known as The Hong Kong Polytechnic University) in Hong Kong in around September 1971.

Mr. Wei was a director of the following companies prior to their respective dissolution:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
Sunyet Development Limited	Hong Kong	Investment holding company	14 June 2002	Strike off	Ceased to carry out business
Topworth Financial Services Limited	Hong Kong	Inactive	23 June 2000	Deregistration	Inactive
Topworth International Limited	Hong Kong	Forex trading	14 June 2002	Strike off	Ceased to carry out business

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Moo Kai Pong (巫啟邦), aged 52, was appointed as our independent non-executive Director on 29 March 2019. He is primarily responsible for providing independent advice to our Board.

Mr. Moo has more than 17 years of experience in software engineering, system development and IT support. The table below sets out Mr. Moo's previous working experience:

Name of company/ entity	Position	Period of employment/service	Responsibilities
R Hannah & Company Limited	Trainer programmer	May 1993 to September 1995	Developing an integrated suite of software covering ordering, merchandising, retailing and financials
Win Master Limited	Programmer	November 1995 to May 1996	Developing the personnel management information system for the Regional Services Department of the Government of Hong Kong
C P International Limited	Contract analyst programmer & systems analyst, being assigned to Reuters Asia Pte Limited	October 1996 to April 1999	Involved in projects that develop domestic internet/extranet products as the major Oracle Database designer and project leader
Reuters Hong Kong Limited	Senior system designer	May 1999 to August 2000	Involved in projects that develop domestic internet/extranet products as the major database designer and project leader
ABN AMRO Asia Limited	Senior database administrator	August 2000 to May 2002	Involved in database server projects and the technical co-ordination of integration projects
Broadway Photo Supply Limited	System analyst	September 2002 to August 2003	Developing applications

DIRECTORS AND SENIOR MANAGEMENT

Name of company/ entity	Position	Period of employment/service	Responsibilities
New York Life International, LLC	Assistant vice president	August 2003 to December 2010	Managing the setting up of a data centre in the regional office; setting up a data environment particularly for IT project development; and implementing the solution of a project which was for new network establishment for better availability and bandwidth capacity connected with each market by using encryption techniques for networking among all markets

Mr. Moo obtained a degree of Bachelor of Science from the Victoria University of Wellington in New Zealand in December 1992.

Mr. Lo Chi Wang (羅智弘), aged 41, was appointed as our independent non-executive Director on 29 March 2019. He is primarily responsible for providing independent advice to our Board.

Mr. Lo has approximately 17 years of experience in accounting and finance field. Mr. Lo's experience in auditing and tax advisory services was gained from his various positions in Deloitte Touche Tohmatsu from February 2002 to June 2009. Prior to joining our Group, (i) from June 2009 to October 2013, he worked in Hanyu China Holdings Limited, a company incorporated in the Cayman Islands which was dissolved on 31 March 2017, as the financial controller; (ii) from November 2013 to February 2015, he worked in Garden Fresh (HK) Fruit & Vegetable Beverage Co., Limited, a wholly owned subsidiary of Sino Grandness Food Industry Group Limited, a company listed on the Singapore Stock Exchange (stock code: T4B) as the financial controller; (iii) since May 2015, he has been the financial controller of Hung Fook Tong Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1446); and (iv) since January 2018, he has been an independent non-executive director of Dragon Rise Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6829).

Mr. Lo obtained a degree of Bachelor of Arts (Honours) in Accounting from Manchester Metropolitan University in Manchester, United Kingdom, in June 2001. He was admitted as a certified public accountant of The Hong Kong Institute of Certified Public Accountants in March 2010 and as a fellow member of The Association of Chartered Certified Accountants in May 2014. Mr. Lo was also admitted to full membership of CPA Australia on 25 May 2017.

Mr. Wu Kin San Alfred (胡健生), aged 37, was appointed as our independent non-executive Director on 29 March 2019. He is primarily responsible for providing independent advice to our Board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu has approximately 15 years of experience in auditing, corporate finance and investment banking. He is currently the managing director of the corporate finance department of Fortune Financial Capital Limited, a subsidiary of China Fortune Financial Group Limited which is a company listed on the Main Board of the Stock Exchange (stock code: 290). He joined the corporate finance department of Fortune Financial Capital Limited as an executive director in April 2016.

The table below sets out Mr. Wu's previous relevant working experience:

Name of company/entity	Position	Period of services	Responsibilities
Deloitte Touche Tohmatsu	Senior accountant*	January 2004 to August 2007	Auditing
ICEA Capital Limited	Analyst — Investment banking division*	August 2007 to March 2009	Advising on corporate finance
ICBC International Holdings Limited	Associate*	April 2009 to February 2010	Advising on corporate finance
CMB International Capital Holdings Corporation Limited (formerly known as CMB International Capital Corporation Limited)	Vice president — Investment banking department	February 2010 to September 2010	Advising on corporate finance
CMB International Capital Limited	Vice president — Investment banking division	September 2010 to May 2013	Advising on corporate finance
Haitong International Capital Limited, a subsidiary of Haitong International Securities Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 665)	Vice president	May 2013 to August 2014	Advising on corporate finance
Guosen Securities (HK) Financial holdings Co., Ltd	Director — Investment banking department*	August 2014 to April 2016	Advising on corporate finance

* denotes his last position held at the relevant company/entity.

DIRECTORS AND SENIOR MANAGEMENT

Since February 2018, he has been an independent non-executive director of Tongda Hong Tai Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2363).

Mr. Wu obtained a degree of Bachelor of Arts in Accounting and Financial Analysis and a Master's degree of Arts in International Financial Analysis from University of Newcastle upon Tyne (currently known as Newcastle University), the United Kingdom, in July 2002 and December 2003, respectively. He was admitted as a member of the HKICPA in March 2009.

Save as disclosed above, each of our Directors had not held any directorship in the last three years in any public company the securities of which is listed on any securities market in Hong Kong or overseas.

Save as disclosed above, each of our Directors confirms with respect to him that: (a) he did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he did not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholder of our Company as at the Latest Practicable Date; (c) he does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this prospectus; (d) he does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under GEM Listing Rules; and (e) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Cheung Hoi Kin (張凱健), aged 38, is the chief financial officer of our Company and a member of the senior management of our Group. He joined our Group in October 2015 and is mainly responsible for strategic planning and setting policies, and overseeing accounting and finance functions, legal function, human resources function and administrative function of our Group.

Mr. Cheung has approximately 13 years of experience in accounting, internal control and taxation. Prior to joining our Group, (i) from August 2003 to August 2004, Mr. Cheung worked in L'Oréal Hong Kong Limited, a wholly-owned subsidiary of L'Oréal S.A. which is listed on Euronext Paris (stock code: OR) as a management trainee and was mainly responsible for brand management; (ii) in January 2007, Mr. Cheung joined PricewaterhouseCoopers as an associate mainly responsible for handling tax compliance, and left as a senior consultant in January 2011; (iii) from May 2011 to October 2011, Mr. Cheung worked in i.t apparels Limited, member of I.T. Limited, a company listed on the Main Board of the Stock Exchange (stock code: 999), as a senior internal auditor and was mainly responsible for internal control review and assessment; and (iv) in October 2011, Mr. Cheung joined Deloitte Touche Tohmatsu as a senior consultant mainly responsible for providing tax planning to clients, conducting mergers and acquisitions tax due diligence and providing business advisory services, and left as a manager in October 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung obtained a degree of Bachelor of Business Administration in Marketing and Finance (Hons) from The Hong Kong University of Science and Technology in Hong Kong in November 2003. He also obtained a degree of Bachelor of Laws (Hons) from University of London through a long-distance learning programme in August 2006. Mr. Cheung was admitted a member of The Association of Chartered Certified Accountants in April 2014.

Mr. Ye Chiu Yeung (葉朝陽), aged 38, is the senior manager of software development of GES and a member of the senior management of our Group. He is primarily responsible for software development of our Group.

Mr. Ye joined our Group in August 2006 as analyst programmer of GES. He left our Group in August 2010 on his own accord and re-joined our Group in December 2013 as product manager of GES. He was promoted to senior manager of GES in February 2016. During his tenure as a senior manager, he is mainly responsible for overseeing the development of our trading system, **GES EX** (leading to the subsequent successful launch of a trading terminal **AUTON**), for trading stock exchange-traded financial instruments.

Mr. Ye has more than 15 years of experience in software engineering, system development and IT support. From August 2003 to November 2003, Mr. Ye worked in Automated Systems (HK) Limited as a technician and was mainly responsible for providing daily technical support to school. From February 2004 to November 2005, Mr. Ye worked in Lotus Tours Limited as a programmer and was mainly responsible for developing system and providing software support and maintenance. From November 2005 to July 2006, Mr. Ye worked in Global eSolution Limited as an analyst programmer and was responsible for system development for online trading platforms. In August 2006, Mr. Ye joined our Group as an analyst programmer, and left our Group as a system analyst in August 2010. From August 2010 to January 2011, Mr. Ye worked in Ullink Limited as analyst programmer and was mainly responsible for system development. In January 2011, Mr. Ye joined Ayers Solutions Limited as a senior analyst programmer and was mainly responsible for the development of trading and settlement system and the supervision of the development team, and left as a system analyst in September 2013. From October 2013 to November 2013, Mr. Ye worked in China Construction Bank (Asia) Corporation Limited as system analyst and was mainly responsible for system development for card application. Mr. Ye re-joined our Group as product manager of GES in December 2013.

Mr. Ye obtained a degree of Bachelor of Science in Computer Science and Information Systems (Hons) from The University of Hong Kong in Hong Kong in December 2003.

Save as disclosed above, each of the senior management of our Group had not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Chan Lok Yee (陳樂而), *ACIS, ACS*, aged 29, was appointed as our company secretary on 1 June 2018. Ms. Chan has joined *Vistra Corporate Services (HK) Limited* since 2016 and is currently a manager of Corporate Services. Ms. Chan has approximately five years of experience in providing company secretarial and compliance services and is currently serving a portfolio of clients, including public listed companies and private companies, as an employee of *Vistra Corporate Services (HK) Limited*, together with other team members. She has been appointed as a joint company secretary of *Innovent Biologics, Inc.* since June 2018, a company listed on the Main Board of the Stock Exchange (Stock code: 1801). She is also appointed as a joint company secretary of a private company incorporated in the Cayman Islands. Ms. Chan obtained a Bachelor of Arts degree from the Hong Kong Polytechnic University in Hong Kong in October 2011 and a Master of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in Hong Kong in July 2015. She was admitted as an associate member of The Institute of Chartered Secretaries and Administrators in United Kingdom in August 2015 and an associate member of The Hong Kong Institute of Chartered Secretaries in September 2015.

COMPLIANCE OFFICER

Mr. Chung Chau Kan (鍾就根) is the compliance officer of our Company. For his biographical details, see “Directors — Executive Directors” in this section.

BOARD COMMITTEES

Audit committee

We established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C3.3 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 29 March 2019. The primary duties of our Audit Committee are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting, oversee our financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by our Board.

At present, our Audit Committee comprises Mr. Lo Chi Wang, Mr. Wu Kin San Alfred and Mr. Moo Kai Pong, all being independent non-executive Directors. The chairman of our Audit Committee is Mr. Lo Chi Wang, who holds the appropriate professional qualification as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

Remuneration committee

We established a remuneration committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B1.2 of the Corporate Governance Code

DIRECTORS AND SENIOR MANAGEMENT

pursuant to a resolution of our Directors passed on 29 March 2019. The primary duties of our Remuneration Committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determines his own remuneration.

At present, our Remuneration Committee comprises Mr. Moo Kai Pong (our independent non-executive Director), Mr. Chung (our executive Director and chief executive officer) and Mr. Wu Kin San Alfred (our independent non-executive Director). Mr. Moo Kai Pong is the chairman of our Remuneration Committee.

Nomination committee

We established a nomination committee with written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 29 March 2019. The primary duties of our Nomination Committee are to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our Nomination Committee comprises Mr. Wei (chairman of our Board and our non-executive Director), Mr. Wu Kin San Alfred (our independent non-executive Director) and Mr. Moo Kai Pong (our independent non-executive Director). Mr. Wei is the chairman of our Nomination Committee.

Our Company has adopted a board diversity policy which sets out the approach of which our Board could achieve a higher level of diversity. It is the duty of our Nomination Committee to review our board diversity policy, as appropriate, and review the measurable objectives that our Board has set for implementing our board diversity policy for nomination of Directors. When considering the nomination of a director, our Nomination Committee would consider the benefits of all aspects of diversity including the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that our Board may consider relevant and applicable from time to time. We place emphasis on ensuring a balanced composition of skills and experience at our Board level in order to provide a range of perspectives, insights and challenge that enable our Board to discharge its duties and responsibilities effectively and support good decision making in view of the core businesses and strategy of our Group. Our Nomination Committee has to make disclosure of its review results and our board diversity policy or a summary of it in our corporate governance report on an annual basis.

COMPLIANCE ADVISER

We have appointed Dongxing Securities as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the term commencing on the Listing Date and ending on the date on which we distribute our annual report in respect of our financial results for the second full financial year commencing after the Listing Date.

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 6A.23 of the GEM Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code. Our Company is committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to our performance. We also reimburse them for expenses which are necessary and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During FY2017, FY2018 and 9M2019, the aggregate emoluments paid and benefits in kind granted by us to our Directors were approximately HK\$1.7 million, HK\$2.5 million and HK\$2.2 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

For FY2017, FY2018 and 9M2019, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid to the five highest paid individuals (including our Directors) by our Group was approximately HK\$4.1 million, HK\$5.5 million and HK\$5.0 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for FY2020 will be approximately HK\$2.3 million. Following the Listing, our Remuneration Committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which any of our Directors waived or agreed to waive any remuneration during the Track Record Period.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to the Accountant's Report.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set forth in "Statutory and General Information — D. Share Option Scheme" in Appendix VI to this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), our Company will be held as to 52.5% by Essential Strategy. Essential Strategy is an investment holding company incorporated in the BVI with limited liability, which is wholly owned by Mr. Wei, our non-executive Director and the chairman of our Board. As Essential Strategy will be entitled to exercise 30% or more of the voting power at general meetings of our Company and Mr. Wei controls Essential Strategy by virtue of holding more than 50% of the voting interests in Essential Strategy (and hence controls Essential Strategy's voting interests in our Company), Essential Strategy and Mr. Wei will be regarded as a group of Controlling Shareholders upon the Listing. For more information relating to Mr. Wei, see "Directors and Senior Management — Directors" in this prospectus.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Directors, our Controlling Shareholders, our substantial shareholders and their respective close associates does not have any interest in any business apart from our Group's business, which competes or may compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the Listing based on the following reasons:

Management independence

Our Company aims at establishing and maintaining a strong and independent board of directors to oversee our Group's business. The main function of our Board includes the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

Our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors, including Mr. Wei who is the non-executive Director.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

We have an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies. Our Directors are satisfied that our senior management team will be able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Our Directors confirmed that our Group will not enter into any transaction with our connected persons and their respective close associates after the Listing that will affect our operational independence. Our Directors are of the view that there is no operational dependence on our Controlling Shareholders and their respective close associates.

Financial independence

Our Group has our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payment and we make financial decisions according to our own business needs. Our accounting and finance personnel are responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns. During the Track Record Period, Mr. Wei, being one of our Controlling Shareholders, and Mr. Chung, being a controlling shareholder of GES during the Track Record Period and prior to completion of the Reorganisation, had provided personal guarantees in respect of certain credit facilities and a mortgage loan provided by a financial institution to our Group. We have obtained consent from the relevant financial institution in respect of the release and replacement of the personal guarantees provided by Mr. Wei and Mr. Chung by the corporate guarantee to be provided by our Company for the aforesaid credit facilities and mortgage loan upon the Listing.

Our Directors confirm that, taking into consideration the financial resources presently available to us, including anticipated cash flow from our operating activities, available banking facilities, existing cash and cash equivalents and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus, without dependence on our Controlling Shareholders and their respective close associates. Our Directors further believe that, upon the Listing, our Group will be capable of obtaining financing from external sources independently without the support of our Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Independence from major suppliers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

Independence from major customers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders as covenantors (each a “**Covenantor**”, collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

1. Non-competition

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed on GEM; (ii) the date on which the Covenantors cease to be a Controlling Shareholder; or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company:

He/It will not, and will use his/its best endeavours to procure any Covenantor, his/its close associates (collectively, the “**Controlled Person(s)**”) and any company(ies) directly or indirectly controlled by the Covenantor (the “**Controlled Company(ies)**”) not to, either on his/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, directly or indirectly, for profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise), or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business or activity which, directly or indirectly, competes or may compete with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the business of (i) development and provision of financial trading solutions for financial institutions, brokerage firms and wealth management companies; and (ii) development and supply of resource allocation, planning, scheduling and management software and services (the “**Restricted Business**”).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Deed of Non-Competition does not apply if the Controlled Person(s) and Controlled Company(ies) in aggregate own any interest not exceeding five per cent. of the issued shares in any company conducting any Restricted Business (the “**Relevant Company**”), and the Relevant Company is listed on any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries, provided always that (i) the shareholding of any one holder (and his/its close associate, if applicable) in the Relevant Company is more than that of the Controlled Person(s) and the Controlled Company(ies) in aggregate at any time; (ii) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/its shareholding in the Relevant Company; and (iii) the Covenantors and/or their respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of the Relevant Company or otherwise participate in or be involved in the management of the Relevant Company.

2. **New business opportunity**

Each of the Covenantor jointly, severally, unconditionally and irrevocably undertakes to our Company (for ourselves and as trustee for and on behalf of each of our subsidiaries) that in the event that any Covenantor, any Controlled Person and/or any Controlled Company is given/offered or becomes aware of any business investment or commercial opportunity which directly or indirectly engages in or owns a Restricted Business (the “**New Business Opportunity**”):

- (a) he/it shall procure the relevant Controlled Person(s) or Controlled Company(ies) to, within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide all information reasonably necessary to our Company in order to enable us to make an informed assessment of such opportunity; and
- (b) he/it shall not, and shall procure that his/its Controlled Person(s) or Controlled Company(ies) not to, pursue, invest or participate in any project or New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/its Controlled Person(s) or Controlled Company(ies) invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Pursuant to the Deed of Non-Competition, any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Subject to the paragraph above, our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business and such decisions will be made by our Board (including our independent non-executive Directors). The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, each of the Covenantors jointly and severally, unconditionally and irrevocably undertakes that he/it will:

- (a) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any New Business Opportunity (unless their attendance is specifically requested by our non-interested Directors), and shall not be counted towards the quorum for such meeting;
- (b) as required by our Company, provide all information necessary for our Directors (including our independent non-executive Directors) to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (c) allow our Directors, representatives and auditors to have sufficient access to his/its records and/or his/its close associates to ensure his/its compliance with the terms and conditions under the Deed of Non-competition;
- (d) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by our Controlling Shareholders was not taken up;
- (e) ensure that our independent non-executive Directors shall make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (f) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify and keep indemnified our Company and any member of our Group against any losses, liabilities, damages, costs, fees and expenses suffered by our Company or any member of our Group (where relevant) as a result of or in connection with any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition provided that the indemnity shall be without prejudice to any other rights or remedies of our Company and/or any member of our Group in relation to any such breach.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Stock Exchange granting the listing of, and the permission to deal in, the Shares, as described in this prospectus; (b) the Listing and dealings in the Shares on GEM taking place; and (c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not being terminated in accordance with their respective terms or otherwise.

The Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in any Restricted Business.

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Capacity/ nature of interest	Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer <i>(Note 1)</i>	Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Essential Strategy <i>(Note 2)</i>	Beneficial owner	210,000,000(L)	52.5%
Mr. Wei <i>(Notes 2 and 3)</i>	Interest in a controlled corporation	210,000,000(L)	52.5%
Ms. Wong <i>(Note 3)</i>	Interest of spouse	210,000,000(L)	52.5%
Expert Wisdom <i>(Note 4)</i>	Beneficial owner	90,000,000(L)	22.5%
Mr. Chung <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000(L)	22.5%
Ms. Yip <i>(Note 5)</i>	Interest of spouse	90,000,000(L)	22.5%

Note:

- The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

2. Our Company will be owned as to 52.5% by Essential Strategy immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Essential Strategy is wholly-owned by Mr. Wei. Under the SFO, Mr. Wei is deemed to be interested in the same number of Shares held by Essential Strategy.
3. Mr. Wei and Ms. Wong are spouses. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares which Mr. Wei is interested.
4. Our Company will be owned as to 22.5% by Expert Wisdom immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Expert Wisdom is wholly-owned by Mr. Chung. Under the SFO, Mr. Chung is deemed to be interested in the same number of Shares held by Expert Wisdom.
5. Mr. Chung and Ms. Yip are spouses. Under the SFO, Ms. Yip is deemed to be interested in the same number of Shares which Mr. Chung is interested.

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), have interests or short positions in the Shares or the underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SIGNIFICANT SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company.

SHARE CAPITAL

SHARE CAPITAL

Assuming the Offer Size Adjustment Option is not exercised at all and without taking into account the options that may be granted under the Share Option Scheme, the share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer will be as follows:

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares of HK\$0.01 each	100,000,000.00
<i>Issued or to be issued, fully paid or credited as fully paid:</i>	
100 Shares in issue as at the Latest Practicable Date	1.00
299,999,900 Shares to be issued pursuant to the Capitalisation Issue	2,999,999.00
<u>100,000,000</u> Shares to be issued pursuant to the Share Offer	<u>1,000,000.00</u>
<u>400,000,000</u> Shares	<u>4,000,000.00</u>

Assuming the Offer Size Adjustment Option is exercised in full, and without taking into account any options that may be granted under the Share Option Scheme, the share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares of HK\$0.01 each	100,000,000.00
<i>Issued or to be issued, fully paid or credited as fully paid:</i>	
100 Shares in issue as at the Latest Practicable Date	1.00
299,999,900 Shares to be issued pursuant to the Capitalisation Issue	2,999,999.00
100,000,000 Shares to be issued pursuant to the Share Offer	1,000,000.00
<u>15,000,000</u> Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option	<u>150,000.00</u>
<u>415,000,000</u> Shares	<u>4,150,000.00</u>

SHARE CAPITAL

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares will rank pari passu in all respects with all Shares currently in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus save for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in “Statutory and General Information — D. Share Option Scheme” in Appendix VI to this prospectus.

GENERAL MANDATE GRANTED TO THE DIRECTORS

Subject to the Share Offer becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, see “Statutory and General Information — A. Further Information about our Company — 5. Written resolutions of our Shareholders passed on 29 March 2019” in Appendix VI to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in “Summary of the Constitution of our Company and the Cayman Islands Company Law” in Appendix V to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial information, including the notes thereto, as set out in “Appendix I — Accountant’s Report” to this prospectus. The combined financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in “Risk Factors”.

OVERVIEW

Established in 2006, we are a Hong Kong-based financial technology solution provider principally engaged in the development and provision of financial trading solutions. Our customers are mainly financial institutions, including brokerage firms and wealth management companies, and mainly located in Asia Pacific region, such as Hong Kong, Indonesia, Malaysia, Australia and Japan, as well as Cyprus. We primarily focus on financial trading solutions targeting the trading of OTC-traded financial instruments, stock exchange-traded financial instruments and fund management for wealth management companies.

Our core business includes (i) licensing and maintenance services; (ii) initial set up and customisation services; and (iii) sales of computer hardware and software. During the Track Record Period, we generated revenue from the abovementioned business. Our revenue remained relatively stable at HK\$44.3 million and HK\$43.5 million in FY2017 and FY2018, respectively; and were HK\$33.8 million and HK\$32.5 million in 9M2018 and 9M2019, respectively. Our profit for the year/period decreased from HK\$13.4 million in FY2017 to HK\$6.4 million in FY2018; and decreased from HK\$11.4 million in 9M2018 to HK\$6.6 million in 9M2019. Excluding the non-recurring Listing expenses of HK\$6.8 million charged to our combined statements of comprehensive income in FY2018, our profit for the year amounted to HK\$13.2 million, being rather stable compared to HK\$13.4 million in FY2017. Excluding the non-recurring Listing expenses of HK\$2.4 million and HK\$6.8 million, respectively, charged to our combined statements of comprehensive income in 9M2018 and 9M2019, our profit for the period were relatively stable at HK\$13.8 million and HK\$13.4 million, respectively, in 9M2018 and 9M2019.

BASIS OF PRESENTATION

Immediately prior to the Reorganisation, GES and its subsidiaries were controlled by the Controlling Shareholders. In preparation of the Listing, our Company was incorporated as an exempted company under the laws of the Cayman Islands on 7 February 2018 with limited liability and the companies comprising our Group underwent the Reorganisation, further details of which are set out in “History, Development and Reorganisation” in this prospectus. Upon completion of the Reorganisation, our Company has become the holding company of the companies now comprising our

FINANCIAL INFORMATION

Group. Our Group comprising our Company and our subsidiaries resulting from the Reorganisation is regarded as a continuing entity, and accordingly, the combined financial statements have been prepared as if our Company had always been the holding company of our Group.

The combined statements of comprehensive income, combined statements of financial position, combined statements of changes in equity and combined statements of cash flows of our Group for the Track Record Period as set out in the Accountant's Report in Appendix I to this prospectus are prepared as if the current group structure had been in existence throughout the Track Record Period. For further details, please refer to note 1.2 in the Accountant's Report set out in Appendix I to this prospectus.

The financial information of the Listing Business (as defined in the Accountant's Report in Appendix I to this prospectus) contained in this prospectus does not constitute the statutory annual financial statements for any of FY2017 and FY2018 of GES, RLT and WIL but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinances is as follows:

As GES, RLT and WIL are private companies, they are not required to deliver their financial statements to the Registrar of Companies and have not done so.

The auditors of GES and RLT have reported on their statutory financial statements for FY2017 and FY2018. The auditors' reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Companies Ordinance.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

General conditions of financial trading industry

During the Track Record Period, majority of our customers were engaged in the financial trading industry in Asia Pacific. The provision of financial trading solutions to our customers and the on-going maintenance of such financial trading solutions constitute a critical part of our business and a significant portion of our revenue. For FY2017, FY2018 and 9M2019, revenue relating to the provision of financial trading solutions amounted to HK\$43.3 million, HK\$41.3 million and HK\$32.0 million, respectively, representing 97.7%, 94.9% and 98.5% of our total revenue for the same periods. Accordingly, any changes to the industry such as regulatory reforms or technological requirements may affect our business, and thus, our results of operations.

FINANCIAL INFORMATION

Our ability to design and develop new products and services

Our industry is characterised by rapidly evolving technology and standards, and our future success will depend on our ability to enhance our current financial trading solutions and to introduce new financial trading solutions that keep pace with these rapidly evolving technology and standards. As such, our success is susceptible to our ability to integrate new technology and standards into our financial trading solutions, create new solutions and adapt to changing business models of ourselves and our customers in a timely manner.

As a result, we may need to invest significant resources in research and development to maintain our market position, keep pace with technological changes and compete effectively. For FY2017, FY2018 and 9M2019, our research and development expenses (which were mostly included in employee benefit expenses) amounted to HK\$8.3 million, HK\$8.1 million and HK\$4.7 million, representing approximately 18.7%, 18.6% and 14.5% of our total revenue during the same periods, respectively. Out of the total research and development costs, HK\$4.1 million, HK\$4.8 million and HK\$3.5 million, respectively, was capitalised as intangible assets. Such capitalised research and development cost represented approximately 9.2%, 11.0% and 10.7% of our total revenue during the same periods, respectively. Our failure to improve our financial trading solutions and services, offer new financial trading solutions and adapt to changing business models in a timely and cost-effective manner could materially and adversely affect our business, financial condition and results of operations.

Competition

According to the F&S Report, the financial trading solutions market in Asia Pacific is fragmented. With the rise of electronic trading in recent years, the industry has attracted the presence of both Hong Kong-based and international companies. In 2017, there were approximately 500 financial trading solution providers in Asia Pacific. As such, we face potential competition with various financial trading solution providers in the same industry. We believe that we have differentiated our products and services with our comprehensive range of financial trading solutions with high flexibility, established reputation with proven track record and strong and innovative development capabilities. Should we fail to compete with our competitors, maintain our competitive advantage or keep pace with technological changes, our results of operation could be adversely affected.

Competition for and costs of labour

Staff costs are the major cost items in our operations, in particular for product development and maintenance. The average cost of human resource has been rising in recent years. Due to intensified competition for IT staff in financial trading solutions industry, our turnover rate, in particular for junior IT engineers, has been increasing during the Track Record Period. Our staff costs were HK\$12.6 million, HK\$12.7 million and HK\$9.1 million (which comprised of salaries and wages, retirement benefit costs and other benefits), in FY2017, FY2018 and 9M2019, respectively. Accordingly, if we experience significant shortage of staff or increase in staff costs, our business, financial condition,

FINANCIAL INFORMATION

results of operations and profitability may be materially and adversely affected. According to the F&S Report, the average annual income of in-house IT staff in financial trading solutions industry in Hong Kong has increased with a CAGR of 7.0% from 2013 to 2017 and is expected to grow at a CAGR of 6.6% from 2018 to 2022.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our employee benefit expenses on our profit before tax during the Track Record Period. Based on the historical fluctuations of the general staff costs, the hypothetical fluctuations are assumed to be 4%, 7% and 10%.

Hypothetical fluctuations	Changes in employee benefit expenses		
	+/-4%	+/-7%	+/-10%
	HK\$'000	HK\$'000	HK\$'000
Decrease/increase in profit before tax			
FY2017	-/+504	-/+882	-/+1,261
FY2018	-/+509	-/+890	-/+1,272
9M2019	-/+362	-/+634	-/+905

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our Group's combined financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our combined financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. For our accounting estimates on capitalisation of development costs incurred on computer software systems and estimation of useful lives of intangible assets, we had not noted material difference of our estimates from the actual results during the Track Record Period. Also, we had not experienced any change in estimates nor its underlying assumptions in the past. The method and assumptions on such estimates will unlikely be changed in the future. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set out below. See notes 2 and 4 of the Accountant's Report set out in Appendix I to this prospectus for details.

IMPACT OF ADOPTION OF NEW AND AMENDMENTS TO CERTAIN ACCOUNTING POLICIES

The HKICPA issued new accounting standards including HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from contracts with customers", which had been effective for financial year beginning on or after 1 April 2018, and HKFRS 16 "Leases", which will be effective for financial year beginning on or after 1 April 2019.

FINANCIAL INFORMATION

We have consistently applied HKFRS 9 and HKFRS 15 throughout the Track Record Period, whilst HKFRS 16 was not early applied. See note 2 of the Accountant’s Report in Appendix I to this prospectus for details and impact of the application of HKFRS 16. Given that the Track Record Period spans from 1 April 2016 to 31 December 2018 by which time HKFRS 9 and HKFRS 15 would be mandatorily applied, we have adopted HKFRS 9 and HKFRS 15, in lieu of HKAS 39 “Financial Instruments: Recognition and Measurement” (“**HKAS 39**”) and HKAS 18 “Revenue” (“**HKAS 18**”) in the preparation of our financial statements, such that our historical consolidated financial information is comparable on a period-to-period basis.

We consider that the adoption of HKFRS 9 and HKFRS 15 as compared to the requirements of HKAS 39 and HKAS 18 does not have significant impact on our financial position and performance during the Track Record Period.

RESULTS OF OPERATIONS

The following table summarises the selected items in our combined statements of comprehensive income for the Track Record Period, extracted from the Accountant’s Report in Appendix I to this prospectus.

	FY2017		FY2018		9M2018		9M2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>							
Revenue	44,255	100.0	43,474	100.0	33,795	100.0	32,502	100.0
Other income	367	0.8	30	0.1	25	0.1	41	0.1
Expenses								
Cost of sales of computer hardware and software	(124)	(0.3)	(926)	(2.1)	(736)	(2.2)	(1,042)	(3.2)
Subcontracting fee	(1,583)	(3.6)	—	—	—	—	—	—
License and subscription cost	(1,216)	(2.7)	(1,262)	(2.9)	(880)	(2.6)	(1,187)	(3.6)
Internet services cost	(4,447)	(10.0)	(1,842)	(4.2)	(1,359)	(4.0)	(1,471)	(4.5)
Employee benefit expenses	(12,605)	(28.5)	(12,718)	(29.3)	(8,436)	(25.0)	(9,054)	(27.9)
Depreciation of property and equipment	(997)	(2.3)	(1,168)	(2.7)	(861)	(2.5)	(987)	(3.0)
Amortisation of intangible assets	(1,338)	(3.0)	(2,123)	(4.9)	(1,585)	(4.7)	(2,028)	(6.2)
Rental expenses	(3,012)	(6.8)	(2,589)	(6.0)	(1,983)	(5.9)	(2,666)	(8.2)
Fair value adjustment to an investment property	—	—	(2,459)	(5.7)	—	—	3,400	10.5
Listing expenses	—	—	(6,785)	(15.6)	(2,361)	(7.0)	(6,778)	(20.9)
Other expenses	(3,187)	(7.2)	(2,118)	(4.8)	(1,506)	(4.4)	(1,955)	(6.0)
Finance costs	—	—	(21)	(0.0) ^(Note)	—	—	(181)	(0.6)
Profit before income tax	16,113	36.4	9,493	21.9	14,113	41.8	8,594	26.5
Income tax expense	(2,750)	(6.2)	(3,067)	(7.1)	(2,721)	(8.1)	(1,979)	(6.1)
Profit and total comprehensive income attributable to owners of the Company for the year/period	<u>13,363</u>	<u>30.2</u>	<u>6,426</u>	<u>14.8</u>	<u>11,392</u>	<u>33.7</u>	<u>6,615</u>	<u>20.4</u>

Note: Amount less than 0.1%

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generate our revenue from (i) licensing and maintenance services; (ii) initial set up and customisation services; and (iii) sales of computer hardware and software. During the Track Record Period, our revenue amounted to HK\$44.3 million, HK\$43.5 million and HK\$32.5 million for FY2017, FY2018 and 9M2019, respectively.

The following table sets forth the breakdown of our revenue by source of revenue for the periods indicated:

	FY2017		FY2018		9M2018		9M2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Licensing and maintenance services	38,881	87.9	38,349	88.2	29,482	87.2	28,021	86.2
Initial set up and customisation services	5,209	11.8	3,964	9.1	3,376	10.0	3,221	9.9
Sales of computer hardware and software	165	0.3	1,161	2.7	937	2.8	1,260	3.9
Total	<u>44,255</u>	<u>100.0</u>	<u>43,474</u>	<u>100.0</u>	<u>33,795</u>	<u>100.0</u>	<u>32,502</u>	<u>100.0</u>

Licensing and maintenance services

Pursuant to the service agreements entered into between our Group and the customers, our Group (as the financial trading solution licensor) typically grants to our customers (as licensees) a non-exclusive, non-transferable and non-sub-licensable licence to use our financial trading solutions for the business of our customers. Upon the completion of the initial set up and customisation service and the passing of the user acceptance test, our customers as licensees shall pay a fixed licensing and maintenance fee on a monthly basis for the use of our financial trading solutions and for the maintenance services provided by our Group.

Licensing and maintenance services are recognised when the customers simultaneously receive and consume the benefits from our Group's performance of providing access to the financial trading solutions and non-financial IT solutions. The licensing and maintenance service fee is fixed and recurring in nature and payable in advance on a monthly basis. With respect to our trading systems, *GES TX* and *GES EX*, on top of the fixed recurring monthly service fee, when our trading systems are used to connect and facilitate various parties to transact orders, such as between our brokerage firm customers and their respective clients, we may also charge a monthly variable transaction fee from our customers based on the transaction volumes between the relevant parties on a pay-as-you-go basis. Ancillary to such services, our Group also provides hosting services of our financial trading solutions to our customers at a monthly fee. Our revenue generated from licensing and maintenance services amounted to HK\$38.9 million, HK\$38.3 million and HK\$28.0 million, representing 87.9%, 88.2% and 86.2% of our total revenue for FY2017, FY2018 and 9M2019, respectively.

FINANCIAL INFORMATION

The following table sets forth our average revenue per customer by group basis from licensing and maintenance services for the periods indicated:

	FY2017	FY2018	9M2019
Revenue from licensing and maintenance services (<i>HK\$'000</i>)	38,881	38,349	28,021
Number of customers	28	26	28
Average revenue per customer (<i>HK\$'000</i>)	1,389	1,475	1,001

Our average revenue per customer from licensing and maintenance services increased by 6.2% from HK\$1.4 million per customer in FY2017 to HK\$1.5 million per customer in FY2018 while our number of customers in respect of this business decreased by 7.1%. The decrease in number of customers was mainly due to the termination of licensing and maintenance services of five of our customers which, to the best knowledge of our Directors, (i) terminated the service agreements with us mutually; and (ii) went into liquidation which led to the cessation of business relationships, partially offset by the new engagements from three customers. We had 28 customers for 9M2019 with average revenue per customer of HK\$1.0 million for the nine months.

Initial set up and customisation services

We provide installation services to our customers to ensure the financial trading solutions run smoothly and to facilitate our customers' understanding of the operations of our financial trading solutions. When the customers purchase our financial trading solutions, our Group charges an one-off initial set up and customisation fee which is determined with reference to the resources required, complexity of the configuration of our financial trading solutions and specifications of our customers. Such initial set up and customisation fee is quoted and charged separately from the licensing and maintenance service fee and shall be paid upfront before we provide the initial set up and customisation services.

In addition, since the acquisition of RLT by us in FY2017, we have been providing IT solutions to non-financial institutions such as providing a timetabling tool for primary and secondary schools and a course and examination timetabling solution for a tertiary education institution. See "Description of Selected Items in Combined Statements of Comprehensive Income — Acquisition of a subsidiary" in this section for details. For our non-financial IT solutions, the initial set up and customisation fee is quoted and charged separately from the licensing and maintenance service fee and shall either be made upfront or due immediately when the installation services are provided to our customers.

For initial set up and customisation services, revenue is recognised in the accounting period in which the services are rendered, by using input method of the specific transaction to measure the progress towards complete satisfaction of a performance obligation. Under input method, the progress is assessed on the basis of actual services provided as a proportion of the total service to be provided. Our revenue generated from initial set up and customisation services amounted to HK\$5.2 million, HK\$4.0 million and HK\$3.2 million, representing 11.8%, 9.1% and 9.9% of our total revenue for FY2017, FY2018 and 9M2019, respectively.

FINANCIAL INFORMATION

The following table sets forth our average revenue per customer by group basis from initial set up and customisation services for the periods indicated:

	FY2017	FY2018	9M2019
Revenue from initial set up and customisation services (<i>HK\$'000</i>)	5,209	3,964	3,221
Number of customers	11	7	16
Average revenue per customer (<i>HK\$'000</i>)	474	566	201

Our average revenue per customer from initial set up and customisation services increased by 19.4% from HK\$474,000 per customer in FY2017 to HK\$566,000 per customer in FY2018 while our number of customers in respect to this business decreased by four as a result of the business needs of our customers. We had 16 customers for 9M2019 with average revenue per customer of HK\$201,000 for the nine months. The decrease is mainly because our customisation services (including customisation services provided after the initial set up) are generally provided on an on demand basis depending on our customers' business needs (such as whether they require modification or addition of specific functions in our financial trading solutions). As such, a customer may require certain customisation services in FY2017 but not in FY2018 or 9M2019.

Sales of computer hardware and software

According to our customers' needs, we source computer hardware, which are mainly servers and network devices as well as third party software and resell them to our customers to run our financial trading solutions during the initial set up and going forward. The grading, specifications and pricing of the computer hardware and software are subject to negotiation with our customers on a case-by-case basis according to our customers' needs. Payment of the transaction is made upfront or due immediately when the sales transactions are completed.

Revenue from the sales of computer hardware and software is recognised at a point in time when computer hardware and/or software are delivered and installed at the customers' specific location with their signed acceptance and we have the right to payment and the collection of the consideration is probable. Our revenue generated from sales of computer hardware and software amounted to HK\$0.2 million, HK\$1.2 million and HK\$1.3 million, representing 0.3%, 2.7% and 3.9% of our total revenue for FY2017, FY2018 and 9M2019, respectively.

The following table sets forth our average revenue per customer by group basis for the periods indicated:

	FY2017	FY2018	9M2019
Revenue from sales of computer hardware and software (<i>HK\$'000</i>)	165	1,161	1,260
Number of customer	3	3	3
Average revenue per customer (<i>HK\$'000</i>)	55	387	420

FINANCIAL INFORMATION

Our average revenue per customer increased by 603.6% from HK\$55,000 per customer in FY2017 to HK\$0.4 million per customer in FY2018 while our number of customer in respect of this business remained unchanged at three in FY2017 and FY2018. Our average revenue per customer was HK\$420,000 per customer with three customers for 9M2019.

By geographical location

Our financial trading solutions are targeted at financial institution including mainly brokerage firms and wealth management companies located mainly in Asia Pacific region. We classify our revenue geographically based on the customers' principal place of operation. The table below sets out the geographical breakdown of our revenue during the Track Record Period:

	FY2017		FY2018		9M2018		9M2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>							
Hong Kong	11,603	26.2	13,289	30.6	10,204	30.2	7,007	21.6
Indonesia	11,243	25.4	9,991	23.0	8,114	24.0	7,316	22.5
Malaysia	8,224	18.6	5,975	13.7	4,498	13.3	6,398	19.7
Australia	4,697	10.6	3,237	7.4	3,237	9.6	141	0.4
Japan	3,678	8.3	2,828	6.5	1,915	5.7	2,757	8.5
Cyprus	—	—	822	1.9	—	—	3,547	10.9
Other countries ^(Note)	4,810	10.9	7,332	16.9	5,827	17.2	5,336	16.4
Total	44,255	100.0	43,474	100.0	33,795	100.0	32,502	100.0

Note: Other countries mainly include Belize, Republic of Vanuatu and Taiwan.

Our revenue was generated from a diversified geographical locations, of which majority was generated from Hong Kong, Indonesia and Malaysia, which accounted for 70.2%, 67.3% and 63.8% for FY2017, FY2018 and 9M2019, respectively.

Other income

Other income mainly represented (i) management fee income received from our then related party, RLT, from 1 April 2016 to the acquisition date by GES which became our wholly-owned subsidiary in October 2016, for general administrative and operational services for the day-to-day running of RLT's business (including operations, human resources, marketing and accounting and tax services) provided by GES; and (ii) commission income generated from the referral of services (such as internet access services, remote disaster recovery solution and communication solutions) of one of our suppliers to our customers. Our other income amounted to HK\$0.4 million, HK\$30,000 and HK\$41,000 for FY2017, FY2018 and 9M2019, respectively.

FINANCIAL INFORMATION

Cost of sales of computer hardware and software

Our cost of sales of computer hardware and software represented procurement costs of computer hardware and software in relation to the sales of computer hardware and software. Our cost of sales of computer hardware and software amounted to HK\$0.1 million, HK\$0.9 million and HK\$1.0 million for FY2017, FY2018 and 9M2019, respectively.

Subcontracting fee

In FY2017, we had contracted out the integration project on *GES TX* to subcontractors which are Independent Third Parties for the development of modules for routing orders to one or more liquidity providers. Such project was completed in FY2017. Thus, our subcontracting fee amounted to HK\$1.6 million, nil and nil for FY2017, FY2018 and 9M2019, respectively.

License and subscription cost

Our license and subscription cost represented cost incurred for subscribing price feed or news feed from news feed and financial market information providers. Our license and subscription cost remained relatively stable at HK\$1.2 million and HK\$1.3 million for FY2017 and FY2018, respectively. Our license and subscription cost amounted to HK\$1.2 million for 9M2019.

Internet service cost

Internet service cost represented cost in relation to server hosting service provided by data centre service providers as well as acquiring internet data line from various service providers for internet access. Due to the nature of our business, internet service cost represented one of the major cost of operations amounted to HK\$4.4 million, HK\$1.8 million and HK\$1.5 million for FY2017, FY2018 and 9M2019, respectively.

Employee benefit expenses

Employee benefit expenses represented basic salaries and wages, retirement benefit costs and other benefits to our staff as well as our Directors. Our employee benefit expenses is affected by the involvement progress of our internally developed computer systems which affect the amount to be capitalised as development costs of our intangible assets in a financial year in accordance with our accounting policy. Our total employee benefit expenses (including Directors' remuneration) amounted to HK\$12.6 million, HK\$12.7 million and HK\$9.1 million for FY2017, FY2018 and 9M2019, respectively.

Depreciation of property and equipment

Depreciation of property and equipment represented depreciation of our fixed assets for operations. Our depreciation of property and equipment amounted to HK\$1.0 million, HK\$1.2 million and HK\$1.0 million for FY2017, FY2018 and 9M2019, respectively.

FINANCIAL INFORMATION

Amortisation of intangible assets

Our amortisation of intangible assets mainly represented amortisation of our in-house developed financial trading solutions and a customer contract. Our amortisation of intangible assets amounted to HK\$1.3 million, HK\$2.1 million and HK\$2.0 million for FY2017, FY2018 and 9M2019, respectively.

Rental expenses

Our rental expenses in relation to our offices amounted to HK\$3.0 million, HK\$2.6 million and HK\$2.7 million for FY2017, FY2018 and 9M2019, respectively.

Fair value adjustment to an investment property

Fair value adjustment to an investment property represents fair value change in relation to our acquired investment property in FY2018. The property was acquired in January 2018 at HK\$31.4 million, with transaction cost HK\$2.7 million. The fair value of the investment property as at 31 March 2018 amounted to HK\$31.6 million and hence, a fair value loss of HK\$2.5 million was charged to our combined statements of comprehensive income in FY2018. We recorded a fair value gain to our investment property of HK\$3.4 million up to the date of reclassification from investment property to property and equipment in 9M2019.

Listing expenses

Listing expenses comprise professional and other expenses in relation to our Listing. Our Listing expenses amounted to HK\$6.8 million and HK\$6.8 million for FY2018 and 9M2019, respectively.

Other expenses

The following table sets forth a breakdown of our other expenses for the periods indicated:

	FY2017	FY2018	9M2018	9M2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>			
Advertising expenses	177	212	182	151
Auditor's remuneration				
- Audit services	355	100	80	300
- Non-audit services	320	54	40	42
Building management fees	459	456	332	507
Entertainment expenses	118	124	77	156
Exchange loss/(gain), net	7	(181)	(5)	11
Insurance expenses	106	143	99	129
Telephone and utilities	325	236	173	171
Loss on write-off of property and equipment	43	—	—	—
Loss on disposal of property and equipment	1	—	—	—
Legal and professional fee	468	299	262	129
Provision for doubtful receivables	360	—	—	—
Property agent commission	—	314	—	—
Others	448	361	266	359
	<u>3,187</u>	<u>2,118</u>	<u>1,506</u>	<u>1,955</u>
Total	<u>3,187</u>	<u>2,118</u>	<u>1,506</u>	<u>1,955</u>

FINANCIAL INFORMATION

Our other expenses amounted to HK\$3.2 million, HK\$2.1 million and HK\$2.0 million, which accounted for approximately 7.2%, 4.8% and 6.0% of our total revenue for FY2017, FY2018 and 9M2019, respectively.

Income tax expense

Income tax expense represents income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction we operate or domicile. We are subject to Hong Kong profit tax at a rate of 16.5% on the assessable income for the Track Record Period.

We are not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

For the Track Record Period, our income tax expense were HK\$2.8 million, HK\$3.1 million and HK\$2.0 million, respectively, and our effective tax rate for the same period was 17.1%, 32.3% and 23.0%, respectively.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

Acquisition of a subsidiary

On 27 October 2016, GES entered into a sale and purchase agreement with a close family member of Mr. Chung, our executive Director, to acquire 100% equity interests in RLT for a cash consideration of HK\$0.7 million, and was duly completed and consideration was settled on the same day. The acquisition was completed on 27 October 2016.

As a result of the acquisition, we expect to increase our presence in non-financial IT solutions market. The goodwill of HK\$0.1 million arising from the acquisition is attributable to the synergies from combining the operation of our Group and RLT. None of the goodwill recognised is expected to be deductible for income tax expenses.

The revenue included in the combined statement of comprehensive income for the period from 27 October 2016 to 31 March 2017 contributed by RLT was HK\$1.0 million. RLT also contributed profit of HK\$0.2 million over the same period. Had RLT been combined from 1 April 2016, the combined statement of comprehensive income would show pro-forma revenue of HK\$44.8 million and profit of HK\$13.5 million for FY2017.

Details of the acquisition is set out in “History, Development and Reorganisation — Our Corporate Development” and note 23 of the Accountant’s Report as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

9M2019 compared to 9M2018

Revenue

Our revenue decreased by HK\$1.3 million or 3.8% from HK\$33.8 million in 9M2018 to HK\$32.5 million in 9M2019. The decrease was mainly due to decrease in revenue from (i) licensing and maintenance services of HK\$1.5 million mainly due to termination of the relevant services by an entity within Customer B and an entity within Customer F during 9M2018; (ii) initial set up and customisation services of HK\$0.2 million as a result of completion of a timetabling software project for one of our customers during 9M2018, partially offset by increase in revenue from increased number of projects in 9M2019. The decrease in revenue was partially offset by increase in sales of computer hardware and software of HK\$0.3 million.

Other income

Other income were HK\$25,000 and HK\$41,000 in 9M2018 and 9M2019, respectively.

Cost of sales of computer hardware and software

Our cost of sales of computer hardware and software increased from HK\$0.7 million in 9M2018 to HK\$1.0 million in 9M2019 which was in line with the increase in sales of computer hardware and software in 9M2019.

License and subscription cost

Our license and subscription cost increased by HK\$0.3 million or 34.9% from HK\$0.9 million in 9M2018 to HK\$1.2 million in 9M2019 mainly due to addition in subscription for two financial market information providers in 9M2019.

Internet service cost

Our internet service cost increased by HK\$0.1 million or 8.2% from HK\$1.4 million in 9M2018 to HK\$1.5 million in 9M2019 mainly due to addition of a server rack in Tai Po data centre since February 2018 and cloud service for IT security purpose.

Employee benefit expenses

Our employee benefit expenses increased by HK\$0.6 million or 7.3% from HK\$8.4 million in 9M2018 to HK\$9.1 million in 9M2019. The increase was mainly due to special bonus for 9M2019 of HK\$1.0 million for staff retention.

FINANCIAL INFORMATION

Depreciation of property and equipment

Our depreciation of property and equipment remained relatively stable at HK\$0.9 million in 9M2018 and HK\$1.0 million in 9M2019.

Amortisation of intangible assets

Our amortisation of intangible assets increased by HK\$0.4 million or 27.9% from HK\$1.6 million in 9M2018 to HK\$2.0 million in 9M2019. The increase was mainly due to additions of computer software systems mainly contributed from staff costs capitalised during 9M2019.

Rental expenses

Our rental expenses increased by HK\$0.7 million or 34.4% from HK\$2.0 million in 9M2018 to HK\$2.7 million in 9M2019. The increase was mainly due to the forfeiture of rental deposits upon our Group entering into a surrender agreement with the landlord for early termination in respect of the leased premises in November 2018.

Other expenses

Our other expenses increased by HK\$0.4 million or 29.8% from HK\$1.5 million in 9M2018 to HK\$2.0 million in 9M2019. The increase was mainly due to increase in (i) auditors' remuneration of HK\$0.2 million; and (ii) management fee of HK\$0.2 million for our self-owned property.

Income tax expense

Our income tax expense decreased from HK\$2.7 million in 9M2018 to HK\$2.0 million in 9M2019 mainly due to decrease in assessable income. Our effective tax rate increased from 19.3% in 9M2018 to 23.0% in 9M2019 mainly due to Listing expenses incurred in 9M2019 which was non-deductible for tax purpose, partially offset by fair value gain on an investment property in 9M2019 which was not subject to tax.

Profit for the period

As a result of the foregoing, our profit for the period decreased from HK\$11.4 million in 9M2018 to HK\$6.6 million in 9M2019 whilst our net profit margin decreased from 33.7% in 9M2018 to 20.4% in 9M2019. Excluding the non-recurring Listing expenses of HK\$2.4 million and HK\$6.8 million charged to our statements of comprehensive income in 9M2018 and 9M2019, respectively, our profit for the period and net profit margin for 9M2019 remained relatively stable at HK\$13.4 million and 41.2%, respectively, and HK\$13.8 million and 40.7%, respectively, for 9M2018, mainly due to the combined effect of (i) decrease in revenue; and (ii) increase in employee benefit expenses, partially offset by the fair value gain on our investment property of HK\$3.4 million in 9M2019.

FINANCIAL INFORMATION

FY2018 compared to FY2017

Revenue

Our revenue decreased by HK\$0.8 million or 1.8% from HK\$44.3 million in FY2017 to HK\$43.5 million in FY2018. The slight decrease was mainly due to decrease in revenue from initial set up and customisation services of HK\$1.2 million as a result of completion of the one-off integration project on *GES TX* for one of our customers during FY2017. The decrease was partially offset by increase in revenue from sales of computer hardware and software of HK\$1.0 million mainly as a result of sales and installation of relevant computer hardware and software for a brokerage firm in Hong Kong who has subscribed licence of our financial trading solutions. Our revenue from licensing and maintenance services remained relatively stable at HK\$38.9 million and HK\$38.3 million in FY2017 and FY2018, respectively, representing a decrease by 1.4% as our number of customers remained relatively stable for each year.

Other income

Other income decreased by HK\$337,000 or 91.8% from HK\$367,000 in FY2017 to HK\$30,000 in FY2018 mainly as a result of decrease in management fee income received of HK\$0.3 million from our then related party, RLT, which became GES' wholly-owned subsidiary in October 2016, for our management services provided.

Cost of sales of computer hardware and software

Our cost of sales of computer hardware and software increased by HK\$0.8 million or 646.8% from HK\$0.1 million in FY2017 to HK\$0.9 million in FY2018 as a result of increase in items purchased for sales of computer hardware and software in FY2018. Such increase was generally in line with the increase in sales of computer hardware and software in FY2018.

Subcontracting fee

Our subcontracting fee decreased from HK\$1.6 million in FY2017 to nil in FY2018 as we had contracted out the integration project on *GES TX* to subcontractors which are Independent Third Parties for the development of modules for routing orders to one or more liquidity providers. Such project was completed in FY2017.

License and subscription cost

Our license and subscription cost increased slightly from HK\$1.2 million in FY2017 to HK\$1.3 million in FY2018 mainly due to increase in service fee on an annual basis offsetting by the combined effect of addition in subscription for one financial market information provider and reduction in subscription for one price feed provider.

FINANCIAL INFORMATION

Internet service cost

Our internet service cost decreased by HK\$2.6 million or 58.6% from HK\$4.4 million in FY2017 to HK\$1.8 million in FY2018. The decrease was mainly due to (i) replacement of service provider in respect of a network protection service of HK\$1.1 million with an alternative service provider at a lower cost; and (ii) termination of a call centre support of HK\$0.8 million from our service provider in Macau which service has since then been provided by our own staff, in response to our business need and for cost control purpose. We require network protection services for defence against cyber-attack. During the Track Record Period, we engaged the above call centre support service provider for handling customers' enquiries by telephone.

Employee benefit expenses

Our employee benefit expenses increased slightly by HK\$0.1 million or 0.9% from HK\$12.6 million in FY2017 to HK\$12.7 million in FY2018. The increase was mainly due to increase in special bonus of HK\$1.0 million for staff retention as a result of higher staff turnover rate during FY2018, partially offset by increase in staff cost capitalised as development costs of computer software systems of HK\$0.7 million mainly due to increase in time involved in such development.

Depreciation of property and equipment

Our depreciation of property and equipment increased by HK\$0.2 million or 17.2% from HK\$1.0 million in FY2017 to HK\$1.2 million in FY2018. The increase was mainly due to additions of certain items of computers during FY2018.

Amortisation of intangible assets

Our amortisation of intangible assets increased by HK\$0.8 million or 58.7% from HK\$1.3 million in FY2017 to HK\$2.1 million in FY2018. The increase was mainly due to additions of computer software systems mainly contributed from staff costs capitalised during FY2018.

Rental expenses

Our rental expenses decreased by HK\$0.4 million or 14.0% from HK\$3.0 million in FY2017 to HK\$2.6 million in FY2018. The decrease was mainly due to rental expenses paid during April to May 2016 for our former office while the tenancy agreement for our existing office commenced in April 2016.

Other expenses

Our other expenses decreased by HK\$1.1 million or 33.5% from HK\$3.2 million in FY2017 to HK\$2.1 million in FY2018. The decrease was mainly due to (i) decrease in provision for doubtful receivables of HK\$0.4 million as one of our customers was liquidated and amounts due from it was

FINANCIAL INFORMATION

irrecoverable in FY2017; (ii) decrease in total auditor remuneration of HK\$0.5 million as portion of our auditor remuneration for FY2018 was included in Listing expenses; and (iii) exchange gain of HK\$0.2 million arising from US\$ bank balance in FY2018 compared to exchange loss of HK\$7,000 in FY2017.

Income tax expense

Our income tax expense increased by HK\$0.3 million or 11.5% from HK\$2.8 million in FY2017 to HK\$3.1 million in FY2018. Our effective tax rate increased from 17.1% in FY2017 to 32.3% in FY2018 mainly due to Listing expenses incurred and fair value loss on an investment property which were non-deductible for tax purpose.

Profit for the year

As a result of the foregoing, our profit for the year decreased by HK\$6.9 million or 51.9% from HK\$13.4 million in FY2017 to HK\$6.4 million in FY2018 whilst our net profit margin decreased from 30.2% in FY2017 to 14.8% in FY2018. Excluding the non-recurring Listing expenses of HK\$6.8 million charged to our statements of comprehensive income in FY2018, our profit for the year and net profit margin for FY2018 were HK\$13.2 million and 30.4%, respectively, being rather stable compared to HK\$13.4 million and 30.2%, respectively, for FY2017.

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash primarily related to operating activities and capital expenditure. We have historically financed our operations primarily through a combination of cash flow generated from our operation and bank borrowing.

In managing our liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of unexpected fluctuations in cash flows and ensure availability of banking facilities. Our Group has built an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. We regularly monitor the repayment dates of financial liabilities, including other payables, accrued charges, bank borrowing and etc to match with financial resources available to us from time to time.

We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we would have additional funds from proceeds of the Share Offer for implementing our future plans as detailed in “Statement of Business Objectives and Use of Proceeds” in this prospectus.

FINANCIAL INFORMATION

Cash flows

The following table sets forth a summary of our combined statements of cash flows for the periods indicated:

	FY2017	FY2018	9M2018	9M2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Net cash generated from operating activities	20,793	15,317	9,045	4,895
Net cash used in investing activities	(5,685)	(40,242)	(4,468)	(4,351)
Net cash generated from/(used in) financing activities	<u>—</u>	<u>11,131</u>	<u>(810)</u>	<u>(2,831)</u>
Net increase/(decrease) in cash and cash equivalents	15,108	(13,794)	3,767	(2,287)
Cash and cash equivalents at beginning of year/period	<u>13,333</u>	<u>28,441</u>	<u>28,441</u>	<u>14,647</u>
Cash and cash equivalents at end of year/period	<u><u>28,441</u></u>	<u><u>14,647</u></u>	<u><u>32,208</u></u>	<u><u>12,360</u></u>

We generated net cash inflow of HK\$15.1 million, net cash outflow of HK\$13.8 million and HK\$2.3 million for FY2017, FY2018 and 9M2019, respectively.

Operating activities

Net cash generated from operating activities comprises profit before income tax adjusted for non-cash items, such as depreciation and amortisation, and adjusted for the change in working capital. During our Track Record Period, our cash flow from operating activities was principally from profit before income tax. Our cash used in operating activities was principally for operating costs and increase in trade receivables, deposits and prepayments.

For FY2017, our net cash generated from operating activities of HK\$20.8 million was a combined result of operating cash inflow before changes in working capital of HK\$18.9 million, which was in line with our operations, income tax paid of HK\$1.5 million and change in working capital of HK\$3.5 million. Change in working capital primarily reflected decrease in trade receivables, deposits and prepayments of HK\$5.9 million partially offset by decrease in contract liabilities of HK\$2.1 million mainly due to the decrease of work-in-progress as at 31 March 2017.

For FY2018, our net cash generated from operating activities of HK\$15.3 million was a combined result of operating cash inflow before changes in working capital of HK\$15.3 million, income tax paid of HK\$2.9 million and change in working capital of HK\$3.0 million. Change in working capital primarily reflected increase in accruals and other payables of HK\$5.2 million mainly due to increase in accruals for Listing expenses of HK\$3.1 million partially offset by increase in trade receivables, deposits and prepayments of HK\$2.1 million mainly as a result of increase in prepayments for Listing expenses.

FINANCIAL INFORMATION

For 9M2019, our net cash generated from operating activities of HK\$4.9 million was a combined result of operating cash inflow before changes in working capital of HK\$8.4 million, income tax paid of HK\$3.3 million and negative change in working capital of HK\$0.2 million. Change in working capital primarily reflected increase in trade receivables, deposits and prepayments of HK\$2.9 million mainly as a result of increase in prepayments for Listing expenses partially offset by increase of accruals and other payables of HK\$2.0 million mainly as a result of increase in Listing expenses in relation to the portion charged to our combined statements of comprehensive income in 9M2019.

Investing activities

For FY2017, our net cash used in investing activities of HK\$5.7 million primarily reflected additions of intangible assets of HK\$4.1 million; (ii) purchase of property and equipment of HK\$1.1 million; and (iii) acquisition of RLT of HK\$0.5 million, net of cash acquired.

For FY2018, our net cash used in investing activities of HK\$40.2 million primarily reflected (i) acquisition of an investment property of HK\$34.1 million; (ii) additions of intangible assets of HK\$4.8 million; and (iii) purchase of property and equipment of HK\$1.4 million.

For 9M2019, our net cash used in investing activities of HK\$4.4 million primarily reflected additions of intangible assets of HK\$3.6 million.

Financing activities

For FY2017, we did not have any cash generated nor used in financing activities.

For FY2018, our net cash from financing activities of HK\$11.1 million primarily reflected proceeds from a bank borrowing arising from mortgage loan in relation to our investment property of HK\$12.5 million partially offset by payments of professional fee (equity portion) in connection with the Listing of HK\$1.3 million.

For 9M2019, our net cash used in financing activities of HK\$2.8 million primarily reflected payments of professional fee in connection with the Listing which are accounted for as equity portion of HK\$2.3 million and repayment of bank borrowings of HK\$0.3 million.

FINANCIAL INFORMATION

Net current assets

We recorded net current assets of HK\$28.2 million, HK\$0.1 million, HK\$3.1 million and HK\$1.0 million as at 31 March 2017 and 2018, 31 December 2018 and 28 February 2019, respectively. The table below sets forth our current assets and current liabilities as of the dates indicated:

	As at 31 March		As at 31 December	As at 28 February
	2017	2018	2018	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>
Current assets				
Trade receivables, deposits and prepayments	1,803	3,941	8,316	7,774
Contract assets	809	542	155	139
Income tax recoverable	—	—	111	—
Cash and cash equivalents	28,441	14,647	12,360	14,093
	<u>31,053</u>	<u>19,130</u>	<u>20,942</u>	<u>22,006</u>
Current liabilities				
Bank borrowing	—	12,417	12,070	11,991
Accruals and other payables	1,577	5,493	5,227	7,582
Amount due to a director	20	—	—	—
Income tax payable	863	1,030	40	432
Provision for reinstatement costs	—	—	48	—
Contract liabilities	386	86	422	1,035
	<u>2,846</u>	<u>19,026</u>	<u>17,807</u>	<u>21,040</u>
Net current assets	<u>28,207</u>	<u>104</u>	<u>3,135</u>	<u>966</u>

Our net current assets decreased from HK\$28.2 million as at 31 March 2017 to HK\$0.1 million as at 31 March 2018. The decrease was primarily due to (i) decrease in cash balances of HK\$13.8 million, (ii) increase in bank borrowing of HK\$12.4 million in relation to acquisition of an investment property; and (iii) increase in accruals and other payables of HK\$3.9 million mainly due to accruals of the Listing expenses of HK\$3.1 million. The decrease in net current assets was partially offset by increase in trade receivables, deposits and prepayments of HK\$2.1 million mainly as a result of increase in prepayments in relation to the Listing.

Our net current assets position dropped to HK\$0.1 million as at 31 March 2018 was due to (i) acquisition of an investment property during FY2018 which was categorised under non-current assets; and (ii) our bank borrowing of HK\$12.4 million which was contractually due for repayment over one year but contained a repayable on demand clause. As such, the entire amount of bank borrowings was classified as current liabilities.

FINANCIAL INFORMATION

Our net current assets then increased to HK\$3.1 million as at 31 December 2018. Such increase in net current assets was mainly due to the increase in trade receivables, deposits and prepayments of HK\$4.4 million mainly as a result of increase in prepayment of Listing expenses of HK\$3.7 million, partially offset by decrease in income tax payable of HK\$1.0 million as a result of payment during 9M2018.

Our net current assets decreased to HK\$1.0 million as at 28 February 2019. Such decrease in net current assets was mainly due to (i) increase in accruals and other payables of HK\$2.4 million mainly due to accruals of the Listing expenses of HK\$2.6 million; (ii) increase in contract liabilities of HK\$0.6 million; and (iii) decrease in trade receivables, deposits and prepayments of HK\$0.5 million mainly as a result of decrease in prepayments in relation to the renovation of new office of HK\$0.6 million. The decrease in net current assets was partially offset by increase in cash balances of HK\$1.7 million.

We maintain continuous communication with the bank and have obtained a letter from the bank, confirming that, subject to normal banking criteria and its periodic review, and in the absence of unforeseen circumstances, the facilities will not be demanded before 30 June 2020. As at 31 December 2018, we had aggregate banking facilities of HK\$20.2 million of which HK\$8.0 million was unutilised.

Working capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including anticipated cash flow from our operating activities, available banking facilities, existing cash and cash equivalents and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

DESCRIPTION OF SELECTED ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Investment property

We acquired our investment property in FY2018 and it amounted to HK\$31.6 million and nil million as at 31 March 2018 and 31 December 2018, respectively, as a result of the transfer of such investment property to property and equipment during 9M2019. We had intended to rent out the investment property for rental income for investment purpose and then use it as our office upon the expiry of the previous lease of office, which had an original lease term expiring on 31 March 2020. Thus, such property was recognised as investment property in accordance with our intention. Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to its initial recognition, investment property is measured at its fair value. Change in fair value is presented in the combined statements of comprehensive income.

FINANCIAL INFORMATION

However, given that, among others, we were unable to find suitable tenant for our self-owned property since the acquisition to October 2018, we decided to move in earlier to use the self-owned property as our office in October 2018. On 15 October 2018, the board of WIL passed a resolution to change the usage of the self-owned property from earning rental to using the property as office and started to negotiate with the landlord of leased premises to early terminate the rental agreement. In November 2018, we entered into a surrender agreement with the landlord for early termination in respect of the leased premises, pursuant to which the original lease was terminated on 31 January 2019. As we had changed the usage of the self-owned property as our office in October 2018, the self-owned property was reclassified from investment property to property and equipment from October 2018. We recognised a fair value change in profit or loss of HK\$3.4 million upon the transfer. See “Business — Properties” in this prospectus for further details of our self-owned property.

Valuation methodology

The fair value of our investment property has been valued by market approach by making reference to comparable market transactions in our assessment of the property interest as at 31 March 2018 and at the date of the transfer from investment property to property and equipment by AVISTA Valuation Advisory Limited (the “**Property Valuer**”). The valuation, which conforms to HKIS Valuation Standards, rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

The Property Valuer has confirmed that the above key assumptions adopted by the Property Valuer are in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors. After reviewing the assumptions adopted by the property valuers, our Company and Directors consider the assumptions are made on a reasonable basis.

Intangible assets

Our intangible assets comprised of goodwill, computer software systems, capitalised development costs and a customer contract, of which a breakdown is set out below as at the dates indicated:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Goodwill	110	110	110
Computer software systems	5,185	5,351	9,397
Capitalised development costs	4,155	7,063	4,565
Customer contract	423	—	—
	<u>9,873</u>	<u>12,524</u>	<u>14,072</u>

FINANCIAL INFORMATION

Goodwill

Our goodwill, amounting to HK\$0.1 million as at 31 March 2017 and 2018 and 31 December 2018, arises from the acquisition of RLT in October 2016.

Goodwill was allocated to the cash generating unit of the development and provision of non-financial IT solutions (“**Non-Financial IT Solutions CGU**”), for impairment testing. The recoverable amount of the Non-Financial IT Solutions CGU is determined based on a value-in-use calculation which uses cash flow projection based on financial budgets approved by our Directors covering a five-year period, and a pre-tax discount rate of 20.38%, 20.01% and 20.01%, respectively, per annum, for FY2017, FY2018 and 9M2019, respectively.

Assuming growth rate is used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a five-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments and achievement of business targets.

The estimated recoverable amount shall exceed its carrying amount (i.e. the headroom) as listed in below table:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
			<i>HK\$'000</i>
Non-Financial IT Solutions CGU	426	569	484

Our Directors performed sensitivity analysis based on the assumptions that revenue growth rate or pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would decrease to the amounts as follows:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
			<i>HK\$'000</i>
Non-Financial IT Solutions CGU			
- Revenue growth rate per annum decrease by 1%	388	551	467
- Pre-tax discount rate increase by 1%	402	548	472

FINANCIAL INFORMATION

Our Directors assessed the recoverable amount of the Non-Financial IT Solutions CGU and determined that no impairment loss was recognised for FY2017, FY2018 and 9M2019 as the recoverable amounts exceeded the carrying amounts. They have not identified any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amount of the Non-Financial IT Solutions CGU to exceed its recoverable amount as of 31 March 2017 and 2018, and 31 December 2018, respectively.

Computer software systems

Computer software systems are internally developed systems and the costs of the systems represent all direct costs incurred in the development. The systems are amortised over the estimated useful life of 5 years. Our computer software systems amounted to HK\$5.2 million and HK\$5.4 million as at 31 March 2017 and 2018, respectively. Our computer software systems then increased to HK\$9.4 million as at 31 December 2018 as a result of transfer of capitalised development costs of HK\$6.1 million since such development was completed during 9M2019.

Capitalised development costs

Capitalised development costs represent all direct costs incurred for the development of computer software systems. Such capitalised costs will not be subject to amortisation until the underlying computer software under development are ready for use. It will be tested for impairment annually and whenever there is an indication that it may be impaired. Our capitalised development costs amounted to HK\$4.2 million and HK\$7.1 million as at 31 March 2017 and 2018, respectively. Our capitalised development costs then decreased to HK\$4.6 million as at 31 December 2018 as a result of transfer of computer software systems of HK\$6.1 million since such development was completed during 9M2019, partially offset by the addition of HK\$3.6 million during 9M2019.

Our capitalised development costs were allocated to the financial IT solutions CGU (“**Financial IT Solutions CGU**”) for impairment testing.

The recoverable amount of the Financial IT Solutions CGU is determined based on a value-in-use calculation which uses cash flow projection based on financial budgets approved by our Directors covering a five-year period, and a pre-tax discount rate of 18.37%, 17.95% and 17.95%, respectively, per annum, for FY2017, FY2018 and 9M2019, respectively.

Assuming growth rate is used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a five-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments and achievement of business targets.

FINANCIAL INFORMATION

The estimated recoverable amount shall exceed its carrying amount (i.e. the headroom) as listed in below table:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
			<i>HK\$'000</i>
Financial IT Solutions CGU	52,230	53,794	53,650

Our Directors performed sensitivity analysis based on the assumptions that revenue growth rate or pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would decrease to the amounts as follows:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
			<i>HK\$'000</i>
Financial IT Solutions CGU			
- Revenue growth rate per annum decrease by 1%	42,780	43,838	43,907
- Pre-tax discount rate increase by 1%	48,372	49,462	49,116

Our Directors assessed the recoverable amount of the Financial IT Solutions CGU and determined that no impairment loss was recognised for FY2017, FY2018 and 9M2019 as the recoverable amounts exceeded the carrying amounts. They have not identified that any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amount of the Financial IT Solutions CGU to exceed its recoverable amount as of 31 March 2017 and 2018, and 31 December 2018, respectively.

Customer contract

The customer contract arose from the acquisition of RLT which was completed on 27 October 2016. The customer contract represents a service contract signed between RLT and its main contractor to develop a timetabling software and has met the recognition criteria of intangible assets to recognise separately from the goodwill. This intangible asset is amortised over the expected useful life of 1.4 years and was fully amortised in FY2018. Our customer contract amounted to HK\$0.4 million, nil and nil as at 31 March 2017 and 2018 and 31 December 2018, respectively.

FINANCIAL INFORMATION

Trade receivables, deposits and prepayments

The following table sets forth the components of our trade receivables, deposits and prepayments as of the dates indicated:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2018</i>
			<i>HK\$'000</i>
Trade receivables	1,633	1,378	1,396
Deposits	865	1,092	329
Prepayments	170	2,336	6,644
	<u>2,668</u>	<u>4,806</u>	<u>8,369</u>
Less: non-current portion of deposits	<u>(865)</u>	<u>(865)</u>	<u>(53)</u>
Trade receivables, deposits and prepayments - current portion	<u><u>1,803</u></u>	<u><u>3,941</u></u>	<u><u>8,316</u></u>

Trade receivables

Our trade receivables primarily relate to receivables from sales of our products and services to our customers. Our trade receivables decreased from HK\$1.6 million as at 31 March 2017 to HK\$1.4 million as at 31 March 2018 which was due to our effort in collecting trade receivables following our improvement in internal control. The balance then remained relatively stable at HK\$1.4 million as at 31 December 2018.

We generally do not grant a credit period to our customers. Our trade receivables are mainly repayable upon presentation of invoices. Accordingly, the due dates of our trade receivables are the dates on which the respective sales invoices were issued. We seek to maintain strict control over our outstanding receivables to minimise the credit risk. We typically do not require any collateral as security.

The following table sets forth the ageing analysis (based on invoice date) of our trade receivables as at the dates indicated:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2018</i>
			<i>HK\$'000</i>
Less than 30 days	1,317	991	719
30 days to 90 days	290	307	503
Over 90 days	26	80	174
	<u>1,633</u>	<u>1,378</u>	<u>1,396</u>

FINANCIAL INFORMATION

As we generally do not offer credit period to our customers, the amounts will become past due once the invoices are issued. Our trade receivables included debtors with aggregate carrying amount of HK\$1.6 million, HK\$1.4 million and HK\$1.4 million which were past due as at 31 March 2017 and 2018 and 31 December 2018, respectively, for which we have not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. Our policy for impairment on trade receivables due from third parties is based on an evaluation of collectability and ageing analysis of the receivables that requires the use of judgement and estimates of our management. Provisions would apply to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review the trade receivables balances and any overdue balances on an ongoing basis, and assessments are made by our management on the collectability of overdue balances. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we have made provisions for the impairment of certain overdue trade receivables in order to ensure the quality of our assets. We did not experience any material payment defaults from our customers during the Track Record Period. We have fully written off trade receivables of HK\$0.4 million in FY2017, which were individually impaired trade receivables as a debtor subsequently went bankrupt. No provision for doubtful receivables was recognised in FY2018 and 9M2019.

The table below sets forth our turnover days of trade receivables as at the dates indicated:

	FY2017	FY2018	9M2019
Turnover days of trade receivables ^(Note)	35	13	12

Note: Turnover days of trade receivables is calculated using the average balance of trade receivables divided by total sales for the relevant period and multiplied by 365/275 days in the relevant period. Average balance of trade receivables is calculated as the sum of the beginning and the ending balances for the relevant period, divided by two.

Our trade receivable turnover days decreased from 35 days in FY2017 to 13 days in FY2018 mainly due to our effort in collecting trade receivables following our improvement in internal control. The trade receivables turnover days remained relatively stable at 12 days in 9M2019.

As at the Latest Practicable Date, HK\$1.4 million or 97.9% of our trade receivables outstanding as at 31 December 2018 were settled.

Deposits

Our deposits mainly represent non-current deposit for rental and data centre and current portion of deposit for a financial market information provider. Our deposits increased from HK\$0.9 million as at 31 March 2017 to HK\$1.1 million as at 31 March 2018 mainly due to deposit paid to a financial market information provider since FY2018. The balance then decreased to HK\$0.3 million as at 31 December 2018 mainly due to the forfeiture of rental and building management fee deposit of HK\$0.7 million and HK\$0.1 million, respectively, arising from the early termination of tenancy agreement of our office.

FINANCIAL INFORMATION

Prepayments

Our prepayments mainly represent prepayment for the Listing expenses and license and subscription cost. Our prepayments increased from HK\$0.2 million as at 31 March 2017 to HK\$2.3 million as at 31 March 2018 mainly due to prepayment of the Listing expenses of HK\$2.0 million as at 31 March 2018 compared to nil as at 31 March 2017. The balance then increased to HK\$6.6 million as at 31 December 2018 mainly due to increase in prepaid Listing expenses of HK\$3.7 million.

Contract assets

Contract assets represent revenue recognised prior to the date on which it is invoiced to customers. As at 31 March 2017 and 2018, and 31 December 2018, the contract assets consisted of (i) unbilled amount resulting from the monthly variable transaction fee based on the transaction volume on a pay-as-you-go basis, which is part of our licensing and maintenance service fee of our financial trading solutions, amounted to HK\$27,000, HK\$60,000 and HK\$155,000, respectively; and (ii) unbilled amount resulting from initial set up and customisation services of our non-financial IT solutions, amounted to HK\$782,000, HK\$482,000 and nil, respectively. Contract assets decreased from HK\$0.8 million as at 31 March 2017 to HK\$0.5 million as at 31 March 2018 and further decreased to HK\$0.2 million as at 31 December 2018 primarily due to invoice issued to our customer before period ended 31 December 2018 in accordance to our revenue recognition policy. There was no impairment loss recognised on any contract asset during the Track Record Period.

Accruals and other payables

Our accruals and other payables mainly comprised accrued payroll and employee benefits, accrued Listing expenses, accrued audit and professional fees and others. The following sets forth a breakdown on our accruals and other payables as at the dates indicated:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2018</i>
			<i>HK\$'000</i>
Accrued payroll and employee benefits	698	2,029	1,300
Accrued Listing expenses	—	3,148	3,539
Accrued expenses and other payables	<u>879</u>	<u>316</u>	<u>388</u>
	<u>1,577</u>	<u>5,493</u>	<u>5,227</u>

Other accruals and other payables increased from HK\$1.6 million as at 31 March 2017 to HK\$5.5 million as at 31 March 2018, which was mainly attributable to (i) increase in accrued payroll and employee benefits of HK\$1.3 million mainly due to accrued special bonus of total of HK\$1.3 million for staff retention; and (ii) accrued Listing expenses of HK\$3.1 million as at 31 March 2018 compared

FINANCIAL INFORMATION

to nil as at 31 March 2017. The balance then decreased to HK\$5.2 million as at 31 December 2018 mainly due to decrease in accrued payroll and employee benefits of HK\$0.7 million primarily as a result of our bonus paid in May 2018.

Amount due to a Director

Our amount due to a Director amounted to HK\$20,000, nil and nil as at 31 March 2017 and 2018 and 31 December 2018, respectively. The amount was unsecured, interest-free and repayable on demand. The amount was fully settled in FY2018.

Contract liabilities

Contract liabilities represent advance payments received from customers for goods or services that have not yet been transferred to the customers. The amount fluctuates in accordance with the delivery status of the computer hardware and software, completion progress and billing status of our projects. As at 31 March 2017 and 2018 and 31 December 2018, the contract liabilities mainly included the advance payments received from sales of computer hardware and software. Our contract liabilities decreased from HK\$0.4 million as at 31 March 2017 to HK\$86,000 as at 31 March 2018 mainly due to the completion of delivery of computer hardware and software as at 31 March 2018. The balance then increased to HK\$0.4 million as at 31 December 2018 mainly due to increase in amount received from customers for licensing and maintenance services not yet provided by us.

CAPITAL EXPENDITURE AND COMMITMENT

Capital expenditure

Our capital expenditures for the Track Record Period were HK\$5.2 million, HK\$40.2 million and HK\$4.4 million, respectively, which primarily related to additions of intangible assets, purchase of computers, leasehold improvements for our office and an investment property. We have financed our capital expenditure primarily through cash flow generated from operating activities and external bank borrowing. We expect the capital expenditure for FY2019 to be HK\$6.6 million, mainly related to additions of intangible assets, purchase of computers and leasehold improvements for new office.

Operating lease commitments

As at 31 March 2017 and 2018 and 31 December 2018, we had future aggregate minimum lease payments under non-cancellable operating lease in respect of office premise are as follows:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
			HK\$'000
No later than one year	3,107	3,757	645
Later than one year and no later than five years	6,136	3,330	—
	<u>9,243</u>	<u>7,087</u>	<u>645</u>

FINANCIAL INFORMATION

Capital commitments

As at 31 March 2017 and 2018 and 31 December 2018, our Group had no capital commitments which were not provided for in our combined financial information.

INDEBTEDNESS

As at 28 February 2019, our Group's bank borrowing amounted to HK\$12.0 million and was contractually due for repayment over one year but contained a repayable on demand clause. As such, the entire amount was classified as current liabilities. The following table is prepared based on the schedule repayment date set out in the relevant agreement and ignore the effect of any repayment on demand right:

	As at 31 March		As at 31 December 2018	As at 28 February 2019
	2017	2018	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>
Within one year	—	492	490	501
Between one and five years	—	2,088	2,098	2,135
Over five years	—	9,837	9,482	9,355
	<u>—</u>	<u>12,417</u>	<u>12,070</u>	<u>11,991</u>

As at 31 March 2018, 31 December 2018 and 28 February 2019, the bank borrowing was secured by an investment property with fair value of HK\$31.6 million and a land and building with carrying amount of HK\$34.8 million and HK\$34.6 million, respectively, a corporate guarantee from GES and personal guarantee from the Directors of GES. The personal guarantee will be replaced by a corporate guarantee provided by the Company upon the Listing. Our investment property had been classified as our property and equipment in October 2018 as we had changed the usage of the self-owned property as our office. See "Description of Selected Items of Combined Statements of Financial Position — Investment property" in this section for details. Thus, our bank borrowing was secured by our property and equipment upon such reclassification.

As at 28 February 2019, we did not have material operating lease and we had not yet adopted HKFRS 16. We will adopt HKFRS 16 for the accounting period beginning on and after 1 April 2019. As a result, we did not have any lease payment in relation to the lease liability for our Group's operating lease commitments as at 28 February 2019.

FINANCIAL INFORMATION

The following table sets out the range of effective interest rate for our borrowing as at the dates indicated:

	As at 31 March	31 December	As at	As at
	2017	2018	2018	28 February
	%	%	%	2019
	%	%	%	%
Bank borrowing	<u>—</u>	<u>2.33</u>	<u>3.05</u>	<u>3.00</u>

As at 28 February 2019, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding bank borrowing of HK\$12.0 million which was secured by a building and a corporate guarantee from GES and personal guarantee from the Directors of GES. As at 28 February 2019, we had aggregate banking facilities of HK\$20.0 million, of which HK\$8.0 million was unutilised.

During the Track Record Period, we did not experience any delay or default in repayment of bank borrowing nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. Save as aforesaid, as at the date of this prospectus, we did not have any plan for material external debt financing. We confirm we do not have material financial covenants nor any breach of such covenants during the Track Record Period.

Contingent liabilities

As at 28 February 2019, being the latest practicable date for the purpose of the indebtedness statement, save as aforesaid and apart from intra-group liabilities, our Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

FINANCIAL INFORMATION

PROPERTY INTEREST AND PROPERTY VALUATION

The statement below shows the reconciliation of the market value of the property as at 15 October 2018 (date of reclassification from investment property to property and equipment) with the valuation of such property as at 31 January 2019 as set forth in Appendix IV to this prospectus.

HK\$'000

Property being valued by the independent Property Valuer as at 31 January 2019

Market value of the property as at 15 October 2018 (date of reclassification from investment property to property and equipment)	35,010
Less: Depreciation of the property from 16 October 2018 to 31 December 2018.....	<u>(241)</u>
Net book value of the property as at 31 December 2018	34,769
Less: Depreciation of the property from 1 January 2019 to 31 January 2019.....	<u>(97)</u>
Net book value of the property as at 31 January 2019.....	34,672
Difference between the net book value and market value	<u>(102)</u>
Market value of the property as at 31 January 2019.....	<u><u>34,570</u></u>

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

During the Track Record Period and up to the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments and arrangements.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	FY2017	FY2018	9M2019
Net profit margin (%) ⁽¹⁾	30.2	14.8	20.4
Return on equity (%) ⁽²⁾	32.7	13.6	16.3
Return on total assets (%) ⁽³⁾	30.3	9.6	12.2
Interest coverage (times) ⁽⁴⁾	N/A	203	32
Current ratio ⁽⁵⁾	10.9	1.0	1.2
Gearing ratio (%) ⁽⁶⁾	0.0	26.3	22.4
Net debt to equity ratio (%) ⁽⁷⁾	Net cash	Net cash	Net cash

Notes:

1. Net profit margin for each of the year/period is calculated as net profit for the year/period divided by revenue for the respective period. See “Review of Historical Results of Operations” in this section for more details on our net profit margins.
2. Return on equity is calculated by dividing profit for the period by total equity as at the respective year/period end and multiplying the resulting value by 100%. Profit for 9M2019 was annualised for illustrative purpose.
3. Return on total assets is calculated by dividing profit for the period by total assets as at the respective year/period end and multiplying the resulting value by 100%. Profit for 9M2019 was annualised for illustrative purpose.
4. Interest coverage is calculated based on profit before gross finance costs and tax divided by gross finance costs for the respective year/period.
5. Current ratio is calculated as the total current assets divided by the total current liabilities.
6. Gearing ratio is calculated as the total debt divided by total equity and multiplied by 100%.
7. Net debt to equity ratio is calculated as total borrowings net of cash and cash equivalents, and divided by total equity and multiplied by 100%.

Net profit margin

For details of net profit margin analysis, see “Review of Historical Results of Operations” in this section.

Return on equity

Our return on equity decreased from 32.7% for FY2017 to 13.6% for FY2018, primarily due to the decrease in profit for the year of HK\$6.9 million in FY2018 compared to that of FY2017 mainly

FINANCIAL INFORMATION

as a result of HK\$6.8 million Listing expenses charged in the combined statements of comprehensive income. Excluding the non-recurring Listing expenses, our return on equity decreased to 27.9% in FY2018 mainly due to the stable net profit recognised during FY2017 and FY2018. Our annualised return on equity was 16.3% in 9M2019.

Return on total assets

Our return on total assets decreased from 30.3% for FY2017 to 9.6% for FY2018, primarily due to the decrease in profit for the year of HK\$6.9 million in FY2018 compared to that of FY2017 mainly as a result of HK\$6.8 million Listing expenses charged in the combined statements of comprehensive income and increase in total assets of HK\$22.6 million mainly due to acquisition of an investment property which fair value amounted to HK\$31.6 million as at 31 March 2018. Excluding the non-recurring Listing expenses, our return on total assets decreased to 19.8% in FY2018 mainly due to the stable net profit recognised during FY2017 and FY2018. Our annualised return on total assets was 12.2% in 9M2019.

Interest coverage

We did not have any finance costs incurred in FY2017. Our interest coverage was 203 times in FY2018 with insignificant amount of gross finance costs of HK\$47,000 incurred in FY2018. Our interest coverage then decreased to 32 times in 9M2019 mainly due to the full period effect of the gross finance costs on borrowings compared to the effect in FY2018 since the borrowing was obtained in January 2018.

Current ratio

Our current ratio decreased from 10.9 as at 31 March 2017 to 1.0 as at 31 March 2018, mainly due to decrease in cash and cash equivalents and increase in bank borrowing as a result of our acquisition of an investment property with fair value of HK\$31.6 million as at 31 March 2018. Our current ratio then remained relatively stable at 1.2 as at 31 December 2018.

Gearing ratio and net debt to equity ratio

As at 31 March 2017, our Group had insignificant amount due to a director of HK\$20,000 and did not have any interest-bearing borrowings. Thus, gearing ratio was 0.0% given our total equity of HK\$40.9 million as at 31 March 2017. Our gearing ratio were 26.3% as at 31 March 2018 mainly as a result of our bank borrowing raised for the acquisition of an investment property in FY2018. Our gearing ratio then remained relatively stable at 22.4% as at 31 December 2018. We had net cash position as at both 31 March 2017 and 2018 and 31 December 2018.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as foreign exchange, cash flow, interest rate, credit risk and liquidity risk.

FINANCIAL INFORMATION

Details of the risk to which we are exposed are set out in note 3 to Accountant's Report, the text of which is set out in Appendix I to this prospectus.

DIVIDENDS

For FY2017, FY2018 and 9M2019, no dividend has been paid or declared by the Company or the companies now comprising our Group. As at the Latest Practicable Date, we had no plan to declare any dividend prior to the Listing. We do not intend to determine any expected dividend payout ratio after Listing since our priority is to use our earnings for business development and expansion of customer base in the interest of our Shareholders as a whole. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Group does not have any dividend policy. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 7 February 2018 and is an investment holding company. There were no reserves available for distribution to our Shareholders as at the Latest Practicable Date.

LISTING EXPENSES

Assuming that the Offer Size Adjustment Option is not exercised, total expenses in relation to the Listing is estimated to be HK\$34.9 million (based on the mid-point of the indicative Offer Price Range of HK\$0.60). During FY2018, we incurred Listing expenses of HK\$8.8 million, of which HK\$6.8 million was charged to our combined statements of comprehensive income, while HK\$2.0 million was recognised as prepayment, and we expect to incur additional total Listing expenses of HK\$26.1 million in FY2019 and FY2020. In FY2019 and FY2020, HK\$10.2 million and HK\$3.4 million is expected to be charged to our combined statements of comprehensive income, respectively, and HK\$14.5 million (together with the previous incurred Listing expenses recorded as prepayment) is expected to be recognised as a deduction in equity in FY2020.

FINANCIAL INFORMATION

In view of the above, our Directors are of the view that the one-off Listing expenses, which are non-recurring in nature, will have a material adverse effect on the financial results of our Group for FY2019 and FY2020. We wish to emphasise that the aforesaid amount of Listing expenses is a current estimate for reference only and the final amount to be recognised in our combined statements of comprehensive income for FY2019 and FY2020 will be subject to adjustments based on audit and changes in variables and assumptions.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For our unaudited pro forma adjusted net tangible assets, see “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE

The impact of the Listing expenses on our combined statements of comprehensive income has posted a material adverse change in the financial or trading position or prospect of our Group since 31 December 2018 (being the date of the latest audited combined financial statements were made up). Prospective investors should be aware of the impact of the Listing expenses on the financial performance of our Group for FY2019 and FY2020.

Save as disclosed above, our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that save as disclosed in “Summary — Recent Development” in this prospectus, there is no event which could materially affect the information shown in our combined financial information included in the Accountant’s Report set forth in Appendix I to this prospectus since 31 December 2018, and as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects.

PROFIT ESTIMATE FOR FY2019

Our Directors have prepared the estimate of the consolidated profit attributable to owners of our Company for FY2019 (“**Profit Estimate**”) based on (i) the audited combined results of our Group for 9M2019; and (ii) the unaudited consolidated results based on the management accounts of our Group for the three months ended 31 March 2019. The Profit Estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by our Group as summarised in the Accountant’s Report as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

The calculation of the unaudited pro forma estimated earnings per Share for FY2019 is based on the estimated unaudited consolidated profit attributable to the owners of our Company for FY2019 and on the assumptions that a total number of 400,000,000 Shares had been in issue throughout FY2019, assuming that a total number of 100,000,000 shares under the Share Offer and 299,999,000 shares under the Capitalisation Issue had been in issue as at 1 April 2018, without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option.

Profit Estimate for FY2019

Estimated consolidated profit attributable to owners of our Company	Not less than HK\$6.5 million
Unaudited pro forma estimated earnings per Share	Not less than HK\$0.01

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our objective is to further strengthen our position as a financial technology solution provider and expand our market share. See “Business — Our Strategies” in this prospectus for details of our business strategies.

IMPLEMENTATION PLANS

We will endeavour to achieve the following milestone events during the period from the Latest Practicable Date to 30 September 2022, and their respective scheduled completion times are based on certain bases and assumptions as set out in “Bases and Key Assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in “Risk Factors” in this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

Our Company currently intends to use the net proceeds from the Share Offer as follows:

- (i) 75.8%, or approximately HK\$19.0 million, will be used for the research and development of our financial trading solutions^(Note), of which:
 - approximately 31.4% or approximately HK\$7.9 million will be used for the recruitment of research and development staff and engagement of consultant to provide technical support for research and development;
 - approximately 23.6% or approximately HK\$5.9 million will be used for the subscription of market information package from the Stock Exchange and corporate action information package from third party vendor;
 - approximately 17.0% or approximately HK\$4.3 million will be used for the acquisition of computer hardware and software, such as servers and network devices;
 - approximately 3.8% or approximately HK\$0.9 million will be used for marketing expenses;
- (ii) 8.0%, or approximately HK\$2.0 million, will be used for pursuing selective acquisition(s);
- (iii) 10.1%, or approximately HK\$2.5 million, will be used for establishing our research and development centre, including the leasing of premises, renovation costs and the acquisition cost of office equipment;
- (iv) 6.1%, or approximately HK\$1.6 million, will be used for working capital and other general corporate purpose.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

Note: A breakdown of estimated net proceeds from the Share Offer to be applied is as follows:

		Estimated net proceeds from the Share Offer	
		(%)	(HK\$ million)
A.	Enhance and upgrade our financial trading solutions	49.9	12.5
(i)	develop the cloud-based versions of <i>GES EX</i> and <i>GES IX</i>	16.9	4.3
(ii)	enable the use of big data for <i>AUTON</i>	7.7	1.9
(iii)	enhance <i>AUTON</i> 's algo-trading capability with artificial intelligence	6.8	1.7
(iv)	develop HTML5 version of <i>AUTON</i>	6.3	1.6
(v)	unify and improve our financial trading solutions	12.2	3.0
B.	Incorporate prevailing technologies to promote algo-trading and awareness of our trading terminal and trading systems	25.9	6.5

Based on the fee quotations obtained and taking into account the expected increase in fees due to inflation, we currently estimate that from the Latest Practicable Date to 30 September 2022, the total costs for the proposed (i) acquisition of computer hardware and software; and (ii) subscription of information packages for our business strategies disclosed above are HK\$4.3 million and HK\$6.6 million, respectively, of which HK\$4.3 million and HK\$5.9 million, respectively, will be financed by the net proceeds from the Share Offer and the remaining HK\$0.7 million in respect of the subscription of information packages will be financed by internally generated resources or external funding. In the event that we would require additional financing apart from the net proceeds from the Share Offer for the above purposes, the shortfall will be financed by our internal resources and/or bank financing as appropriate.

BASES AND KEY ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the implementation plan up to 30 September 2022:

- (a) there will be no material change in the existing political, legal, fiscal or economic conditions in Hong Kong or in any other places in which any member of our Group carries on or will carry on business;
- (b) there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in Hong Kong or any other places in which any member of our Group operates or will operate or is incorporated, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or assets;
- (c) there will be no material change in the existing laws, regulations, policies or industry standards in Hong Kong or any part of the world relating or applicable to us;

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

- (d) there will be no material change in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- (e) the Share Offer will be completed in accordance with and as described in “Structure and Conditions of the Share Offer” in this prospectus;
- (f) our Group is able to retain our key management personnel, employees, customers and suppliers;
- (g) our Group will not be materially affected by any risk factors set out in “Risk Factors” in this prospectus;
- (h) there will be no change in the effectiveness of any licences, permits and certifications obtained by us;
- (i) we will have sufficient financial resources to meet the planned expenditure and business development requirements during the period to which the business objectives relate; and
- (j) our Group will be able to continue our operations in substantially the same manner as our Group had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting our operations or business objectives in any way.

REASONS FOR THE LISTING AND THE SHARE OFFER

Our Directors believe that our Company and its shareholders will benefit as a whole from the Listing for the following reasons:

- (i) As stated in “Business — Our Strategies” in this prospectus, we plan to expand our business, further strengthen our position as a financial trading solution provider, maintain our competitiveness and expand our market share by, among others, (a) enhancing and upgrading our financial trading solutions; (b) establishing a research and development centre; and (c) pursuing selective acquisition(s). Therefore, our Directors believe that the estimated net proceeds from the Share Offer of HK\$25.1 million (after deducting the related underwriting fees and expenses payable in relation to the Listing and assuming an Offer Price of HK\$0.60 per Offer Share, being the mid-point of the indicative Offer Price Range) will provide our Group with financial resources for the execution of our business strategies and plans as set out above.

As supported by the F&S Report, the financial technology industry is a fast-evolving industry. Industry competition is expected to continue to intensify in the near future and financial technology is taking more and more important role in the trading process, from pre-trade risk management to clearing and settlement. It is an increasing industry trend that the financial trading solution providers invest in algo-trading, artificial intelligence and big

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

data applications in order to enhance the existing functionalities of their financial trading solutions and offer new service offerings to their customers. It is vital for our Group to stay competitive in this fast-evolving financial technology industry and our business and financial conditions may be adversely affected if we fail to meet our customers' demands and that the new offerings could allow us to capture new business opportunities and hence enhance our market penetration. As a result, our Directors are of the view that there is a need to enhance and upgrade our financial trading solutions. In addition, there is a need to expand our development team by the addition of staff given that, among others, our existing manpower does not have sufficient capacity or efficiency for carrying out the enhancement and upgrade of our financial trading solutions within the expected timeframe of implementation of our business strategies in order to timely respond to technology trends. According to the F&S Report, some market participants strengthen their research and development capability through the establishment of research and development centres to maintain competitiveness since research and development capability would be one of the major factors to differentiate their performance and market share in the financial technology industry. Further, since we do not have sufficient office space to house the additional headcounts of research and development staff, who will work with some members of the existing development team on the research and development of, among others, algo-trading, big data and artificial intelligence, we plan to establish a research and development centre in Hong Kong with research focus on algo-trading, big data and artificial intelligence and house the staff responsible for the above research areas. See "Business — Our Strategies" in this prospectus for further details. As such, our Group has a genuine funding need to implement our business plans.

- (ii) Our Directors consider that our Group can strengthen our competitiveness in the market through the Listing. It is expected that the brand recognition of our Group can be broadened through the Listing and our corporate profile will be enhanced, which in turn will help attract more customers and strategic partners. Our Directors believe that our Group's credibility could be enhanced following the Listing, which may earn us more favourable terms from our customers and more opportunities to collaborate with strategic partners.
- (iii) The Listing may serve as a fund-raising platform for us. Through the Listing, we can gain direct access to the capital market for equity and/or debt financing to fund our current business operations as well as to finance our future business strategies and expansion plans. Our Directors believe that this way of financing is beneficial to the overall business development and financial performance of our Group, which in turn will maximise Shareholder return.
- (iv) Our Directors believe that through the Listing, the internal control and corporate governance practices of our Group would be further enhanced. Following the Listing, we are required to meet high standards with respect to internal control and corporate governance, which are instrumental in strengthening the overall control and supervision of our Group. Our Directors believe that this could pave way for us to tap into "RegTech", regulatory technology, which refers to the utilisation of IT to enhance the regulatory process in the financial services industry, should we consider to do so in the future.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

- (v) The Share Offer will enhance the liquidity of the Shares by allowing the Shares to be freely traded on the Stock Exchange when compared to the limited liquidity of the Shares while they are privately held before the Listing.

- (vi) In terms of cash and cash equivalents, we had HK\$10.4 million as at 31 March 2019. Based on our management estimates, HK\$1.8 million from our bank balances and cash will be allocated as capital expenditure for acquisition of computer hardware and software, such as servers and network devices, in the coming six months. Our Directors considered that it is necessary to replace certain of our existing computer hardware and software which are expected to be obsolete in the coming six months in order to maintain our quality services. The net amount of our bank balances and cash after deducting the estimated capital expenditure for acquisition of computer and software amounted to HK\$8.6 million as at 31 March 2019. Such amount is only sufficient to support our monthly operating cash outflow requirements for approximately 4.2 months. If our customers delay in settling our bills, we may experience cash flow mismatch associated with the receipt of settlements from our customers and payments to suppliers and employees. In order to maintain our daily operations and in line with our internal control policy, we therefore adopt a prudent cash management approach in maintaining our bank balances and cash at a level to satisfy around four to six months of our average monthly operating cash outflow requirements including expenditure in staff cost, license and subscription cost, internet services cost and our other operating expenses in case of any unforeseeable event. If we face net operating cash outflow and do not have sufficient working capital at that time, we may have to fund our operating costs by utilising the unutilised banking facility of HK\$8.0 million as at 28 February 2019. Our Directors considered that the unutilised banking facility is solely for the above-mentioned purpose, rather than for other purposes. Besides, for implementation of our business plans, it is expected to have material capital expenditure and material additional operating expenditure as mentioned in “Business — Our Strategies” in this prospectus. Our existing level of capital resources and facilities may no longer be adequate for us to continue to grow and implement our business plans and to maintain competitiveness in the industry.

- (vii) As a private company, we currently have limited option to obtain debt financing other than bank borrowing. As at 28 February 2019, while we had aggregate banking facilities of HK\$20.0 million of which HK\$8.0 million was unutilised, we had outstanding bank borrowing of HK\$12.0 million which was secured by a building and a corporate guarantee from GES and personal guarantee from the directors of GES.

Our Directors consider that debt financing is not an attractive option as compared with equity financing for the following reasons:

- (a) debt financing from banks or financial institutions of this size would require collateral, such as in the form of cash deposits, property pledge and/or personal guarantee from controlling shareholders, in order to secure the borrowing. As we have

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

already pledged our self-owned property for the abovementioned banking facilities, we do not have any other significant fixed assets, which mainly comprise computers, as collateral. Moreover, reliance on such sources of collateral will inevitably limit the amount of debt financing which would in turn hinder our business development and implementation of our business plans;

- (b) interest expenses will be incurred when our Group pursues debt financing exercise which will affect our financial performance. Despite the current low interest rate environment, there is no assurance that the low interest rate environment will be prolonged in the future;
- (c) debt financing would significantly raise the indebtedness level and gearing ratio of our Group, which may adversely affect our financial credibility and financial condition and limit our future ability to obtain further financing from banks or financial institutions to support our daily operations;
- (d) it is usual for the terms of debt financing to include provisions such as restrictive covenants, such as the maintenance of certain levels of financial ratios and restrictions on distribution of dividends, and cross default clauses. As a result, additional bank borrowings may hinder the implementation of our business plans; and
- (e) it would not be in the best interest of our Group to rely on debt financing that may involve personal guarantee or collateral provided by the Controlling Shareholders and their associates as it is our strategy to minimise connected transactions and related party transactions in order to carry out our business independently from our Controlling Shareholders, Directors and their associates. Continuous reliance on our Controlling Shareholders, Directors and their associates for provision of personal guarantee and other form of financial assistance is a hindrance to our Group in achieving financial independence.

Taking into consideration the above, our Directors believe that the Listing (as opposed to debt financing) is beneficial to our Company and its Shareholders as a whole at this juncture.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

USE OF PROCEEDS

Assuming that the Offer Size Adjustment Option is not exercised at all, based on the Offer Price of HK\$0.60 per Offer Share, being the mid-point of the indicative Offer Price Range, the net proceeds of the Share Offer, after deduction of underwriting fees and other expenses payable by our Company in relation to the Share Offer, are estimated to be approximately HK\$25.1 million. Our Company currently intends to use the net proceeds from the Share Offer as follows:

	For the six months ending							Total	Approximate % of the total net proceeds (%)
	From the Latest Practicable Date to 30 September 2019 (HK\$ million)	31 March 2020 (HK\$ million)	30 September 2020 (HK\$ million)	31 March 2021 (HK\$ million)	30 September 2021 (HK\$ million)	31 March 2022 (HK\$ million)	30 September 2022 (HK\$ million)		
Continue to commit in research and development of our financial trading solutions	2.8	2.2	3.4	2.7	3.8	3.0	1.1	19.0	75.8
Pursue selective acquisition(s)	—	—	—	—	—	—	2.0	2.0	8.0
Establish a research and development centre	0.5	0.3	0.4	0.4	0.4	0.4	0.1	2.5	10.1

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes and to the extent permitted by applicable laws and regulations, if we are unable to effect any part of our future plans as intended, it is the present intention of our Directors that such net proceeds be placed in short-term interest bearing deposit accounts held with banks in Hong Kong and/or through money market instruments. In the event that we would require additional financing apart from the net proceeds from the issue of the Offer Shares for our future plans, the shortfall will be financed by our internal resources and/or bank financing as appropriate.

In the event that the Offer Price is fixed at HK\$0.53 or HK\$0.67 (being the respective low end and high end of the indicative Offer Price Range as stated in this prospectus), the net proceeds of the Offer Shares to be received by our Company are approximately HK\$19.1 million and HK\$31.2 million, respectively, after deduction of all underwriting fees and expenses paid and payable by us. We currently intend to apply the aforesaid net proceeds in the same manner and in the same proportion as shown above.

If the Offer Size Adjustment Option is exercised in full, the net proceeds from the Share Offer will increase to approximately HK\$32.9 million, assuming an Offer Price of HK\$0.60 per Offer Share (being the mid-point of the indicative Offer Price Range). We intend to adjust the allocation of the net proceeds to the above uses, on pro rata basis.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Dongxing Securities (Hong Kong) Company Limited
Pacific Foundation Securities Limited
Grand View Securities Limited
Future Land Resources Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, we are offering 10,000,000 Public Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- (a) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Public Offer Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Bookrunner (for itself and on behalf of the other Underwriters)),

the Public Offer Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Public Offer Shares which are being offered but are not taken up under the Public Offer, on the terms and conditions set out in this prospectus, the Application Forms and the Public Offer Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters), the Share Offer will not proceed and will lapse.

The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

UNDERWRITING

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares will be subject to termination by notice in writing to us from the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Sole Bookrunner:
 - (i) that any statement contained in any of this prospectus and the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of us in connection with the Share Offer (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
 - (iii) any breach of any of the obligations imposed or to be imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of us, our executive Directors and the Controlling Shareholders (the “**Warrantors**”) pursuant to the indemnities given by them under the Public Offer Underwriting Agreement or under the Placing Underwriting Agreement; or
 - (v) any change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders’ equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of us (the “**Group Company**”); or
 - (vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Public Offer Underwriting Agreement; or

UNDERWRITING

- (vii) the approval by the Listing Division of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Offer Size Adjustment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

 - (viii) we withdraw any of the Relevant Documents or the Share Offer; or

 - (ix) any person (other than the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

 - (x) that a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

 - (xi) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management member of the Group as set out in “Directors and Senior Management” in this prospectus; or

 - (xii) a portion of the orders in the bookbuilding process, which is considered by the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters) in its absolute opinion to be material, at the time the Placing Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Sole Bookrunner, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Share Offer; or

 - (xiii) any material loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters) in its sole absolute opinion to be material; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity,

UNDERWRITING

crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

- (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or
- (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or
- (iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority (“**Law(s)**”), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the Cayman Islands, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Share Offer (the “**Specific Jurisdictions**”); or
- (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the

UNDERWRITING

system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

- (viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in “Risk Factors” in this prospectus; or
- (ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or
- (x) any of the Directors and senior management member of us as set out in “Directors and Senior Management” in this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (xi) the chairman or chief executive officer of us vacating his or her office; or
- (xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xiii) a contravention by any Group Company or any Director of the GEM Listing Rules, the Companies Ordinance or any other Laws applicable to the Share Offer; or
- (xiv) a prohibition on us for whatever reason from allotting, issuing or selling the Offer Shares (including Shares which may be allotted and issued under the Offer Size Adjustment Option) pursuant to the terms of the Share Offer; or
- (xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Share Offer with the GEM Listing Rules or any other Laws applicable to the Share Offer; or
- (xvi) the issue or requirement to issue by us of a supplement or amendment to this prospectus and/or any other documents in connection with the Share Offer pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

UNDERWRITING

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters):

- (a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of us or any Group Company or on any present or prospective shareholder of us in his, her or its capacity as such; or
- (b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
- (c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Public Offer Underwriting Agreement or the Share Offer to be performed or implemented or proceeded with as envisaged or to market the Share Offer or shall otherwise result in a material interruption to or delay thereof; or
- (d) has or will or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof in any material respect.

Undertakings

Undertakings pursuant to the Public Offer Underwriting Agreement

By us

We have undertaken to each of the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriters that except pursuant to the Share Offer (including pursuant to the Offer Size Adjustment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), we will not, and will procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the

UNDERWRITING

same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of us or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of us or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of us or any shares or other securities of such other Group Company, as applicable; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of us or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of us or any shares or other securities of such other Group Company, as applicable); or
- (c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of us or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

We have also undertaken that we will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of us during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”).

In the event that, during the Second Six-Month Period, we enter into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, we shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of us.

UNDERWRITING

By our Controlling Shareholders, Mr. Chung and Expert Wisdom

Each of our Controlling Shareholders, Mr. Chung and Expert Wisdom has jointly and severally undertaken to each of us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the other Public Offer Underwriters that, except in compliance with the requirements under Rule 13.16A of the GEM Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the other Public Offer Underwriters):

- (i) at any time during the period commencing on the date by reference to which disclosure of his/her/its shareholdings in us is made in this prospectus and ending on the date which is 12 months from the Listing Date (the “**First Twelve-Month Period**”), it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/he (together, the “**Controlled Entities**”) shall not,
 - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of us or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him directly or indirectly through its/his Controlled Entities (the “**Relevant Securities**”), or deposit any Relevant Securities with a depository in connection with the issue of depository receipts; or
 - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or
 - (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or
 - (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of us or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Twelve-Month Period);
- (ii) at any time during the period of 24 months immediately following the expiry of the First Twelve-Month Period (the “**Twenty Four-Month Period**”), it/he shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance and, in the case of

UNDERWRITING

the Controlling Shareholders, pursuant to such transaction, it/he would cease to be a “controlling shareholder” (as defined in the GEM Listing Rules) of us or would together with the other Controlling Shareholders cease to be “controlling shareholders” (as defined in the GEM Listing Rules) of us;

- (iii) in the event that it/he enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Twenty Four-Month Period, it/he shall take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of us; and
- (iv) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the GEM Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of us.

Each of the Controlling Shareholders, Mr. Chung and Expert Wisdom has further undertaken to each of us, the Stock Exchange, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the other Public Offer Underwriters that, within the period from the date by reference to which disclosure of their shareholding in us is made in this prospectus and ending on the date which is 36 months from the Listing Date, it/he will:

- (i) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform us and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of us will be sold, transferred or disposed of, immediately inform us and the Sole Sponsor in writing of such indications.

We shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by the Controlling Shareholders, Mr. Chung and Expert Wisdom and disclose such matters by way of an announcement to be published in accordance with the GEM Listing Rules as soon as possible.

Undertakings pursuant to the GEM Listing Rules

By us

We have undertaken to the Stock Exchange that, except pursuant to the Share Offer (including the exercise of the Offer Size Adjustment Option) or any issue of Shares or securities in compliance with Rule 17.29(1) to (5) of the GEM Listing Rules, we will not issue any further shares of us or

UNDERWRITING

securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which dealings in the Shares on GEM of the Stock Exchange commences (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing).

By our Controlling Shareholders, Mr. Chung and Expert Wisdom

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders, Mr. Chung and Expert Wisdom have undertaken to us and to the Stock Exchange that it shall not, save as permitted under the GEM Listing Rules:

- (a) at any time during the First Twelve-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of Shares in respect of which it/he is shown by this prospectus to be the beneficial owner(s); or
- (b) at any time during the Twenty Four-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, in the case of the Controlling Shareholders, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder (as defined under the GEM Listing Rules) of us.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders, Mr. Chung and Expert Wisdom has also undertaken to us and the Stock Exchange that within the period commencing on the date of this prospectus and ending on the date which is 36 months from the Listing Date (that is, the First Twelve-Month Period and the Twenty Four-Month Period):

- (a) in the event that it/he pledges or charges any direct or indirect interest in the Shares referred to in paragraph (a) above pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) (as provided in Rule 13.18(1) of the GEM Listing Rules) or pursuant to any right or waiver granted by the Stock Exchange in accordance with Rule 13.18(4) of the GEM Listing Rules, at any time during the First Twelve-Month Period and the Twenty Four-Month Period, it/he shall inform us immediately thereafter of such pledge or charge together with the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules (including but not limited to the number of Shares so pledged or charged, and the purpose for which such pledge or charge is made);
- (b) having pledged or charged any interest in Shares under paragraph (a) above, it/he shall inform us immediately in writing in the event that it/he becomes aware of or receive any indications (either verbal or written) that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected; and

UNDERWRITING

- (c) if any of the events specified in paragraphs (a) and (b) occurs, it/he shall use its/his best endeavours to procure the Company to inform the Stock Exchange of the same and to publish an announcement giving details of the same in accordance with the requirements under Rule 17.43 of the GEM Listing Rules.

Underwriters' interests in us

Save for their respective obligations under the Public Offer Underwriting Agreement and the Placing Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and Placing Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

The Placing

Placing

In connection with the Placing, we expect to enter into the Placing Underwriting Agreement on the Price Determination Date with, among others, the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the Placing Shares or procure purchasers for the Placing Shares initially being offered pursuant to the Placing. See "Structure and Conditions of the Share Offer — The Placing" in this prospectus. It is also expected that upon entering into the Placing Underwriting Agreement, the Placing will be fully underwritten.

Under the Placing Underwriting Agreement, we intend to grant to the Placing Underwriters the Offer Size Adjustment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Bookrunner (for itself and on behalf of the Placing Underwriters) from the date of the Placing Underwriting Agreement until 30 days from the last day for the lodging of applications under the Public Offer to require us to issue and allot up to an aggregate of 15,000,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Share Offer and at the Offer Price, to cover, among other things, any over-allocations in the Placing, if any.

UNDERWRITING

Total Commission and Expenses

Pursuant to the Public Offer Underwriting Agreement, we will pay the Sole Bookrunner (for itself and on behalf of the other Underwriters) an underwriting commission of 13.5% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer (excluding any Placing Shares reallocated to the Public Offer and any Public Offer Shares reallocated to the Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Sole Bookrunner and the relevant Placing Underwriters, but not the Public Offer Underwriters.

Assuming the Offer Size Adjustment Option is not exercised and based on an Offer Price of HK\$0.60 (being the mid-point of the stated range of the Offer Price between HK\$0.53 and HK\$0.67), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Share Offer, are estimated to amount in aggregate to HK\$34.9 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Bookrunner, the Sole Sponsor and the Public Offer Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by us of the Public Offer Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

- the Public Offer of initially 10,000,000 Offer Shares (subject to adjustments as mentioned below) in Hong Kong as described below in “The Public Offer” in this section; and
- the Placing of initially 90,000,000 Offer Shares (subject to adjustments and Offer Size Adjustment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Public Offer Shares under the Public Offer; or
- apply for or indicate an interest for the Placing Shares under the Placing,

but may not do both.

The 100,000,000 Offer Shares in the Share Offer will represent 25% of our enlarged share capital immediately after the completion of the Share Offer and the Capitalisation Issue, without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme. The number of Offer Shares to be offered under the Public Offer and the Placing, respectively, may be subject to reallocation as mentioned below.

References to applications, application forms, application monies or procedure for applications relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 10,000,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the number of Offer Shares offered under the Public Offer will represent approximately 2.50% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue, assuming the Offer Size Adjustment Option is not exercised.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set forth below in “Conditions of the Share Offer” in this section.

Allocation

Allocation of Public Offer Shares to investors under the Public Offer will be based on the level of valid applications received under the Public Offer. The basis of allocation may vary depending on the number of Public Offer Shares validly applied for by applicants. We may, if necessary, allocate the Public Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 10,000,000 Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the Placing, and such applicant’s application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The level of indication of interest in the Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Tuesday, 30 April 2019 through a variety of channels as described in “How to Apply for Public Offer Shares — 11. Publication of Results” in this prospectus.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation at the discretion of the Sole Bookrunner, subject to the following:

- (a) where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Sole Bookrunner has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Sole Bookrunner deems appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

the Public Offer, then up to 10,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 20,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Share Offer;

- (iii) if the number of Offer Shares validly applied for under the Public Offer represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Public Offer, the Offer Shares will be reallocated to the Public Offer from the Placing in accordance with the clawback requirements set forth in paragraph 4 of Practice Note 6 of the GEM Listing Rules, so that the total number of Public Offer Shares will be increased to 30,000,000 Offer Shares (in the case of (1)), 40,000,000 Offer Shares (in the case of (2)) and 50,000,000 Offer Shares (in the case of (3)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively;

(b) where the Placing Shares are undersubscribed:

- (i) if the Public Offer Shares are also undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and
- (ii) if the Public Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 10,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 20,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Share Offer.

In the event of reallocation of Offer Shares from the Placing to the Public Offer in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price Range (i.e. HK\$0.53 per Offer Share) according to HKEX Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

Applications

Each applicant under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Placing Shares under the Placing.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applicants under the Public Offer are required to pay, on application, maximum price of HK\$0.67 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK\$2,707.00 for one board lot of 4,000 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in “Pricing and Allocation” in this section, is less than the maximum price of HK\$0.67 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see “How to Apply for Public Offer Shares” in this prospectus.

THE PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the Placing 90,000,000 Offer Shares, representing 90% of the Offer Shares under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the number of Offer Shares offered under the Placing will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue, assuming the Offer Size Adjustment Option is not exercised.

Allocation

The Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

Allocation of the Placing Shares pursuant to the Placing will be determined by the Sole Bookrunner and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the Listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our Shareholders as a whole.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Sole Bookrunner (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing and who has made an application under the Public Offer to provide sufficient information to the Sole Bookrunner so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any applications of Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described above in “The Public Offer — Reallocation” in this section or the Offer Size Adjustment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

OFFER SIZE ADJUSTMENT OPTION

The Sole Bookrunner can exercise the Offer Size Adjustment Option solely to cover any over-allocation in the Placing. Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue up to an aggregate of 15,000,000 additional new Shares at the Offer Price, representing up to 15% of the Offer Shares initially available under the Share Offer. The Offer Size Adjustment Option can only be exercised at any time from the date of this prospectus to before 6:00 p.m. on the business day immediately prior to the date of the announcement of the level of indication of interest in the Share Offer, otherwise it will lapse. Any such additional Shares to be issued pursuant to the Offer Size Adjustment Option will not be used for price stabilisation purpose and is not subject to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

In the event that the Offer Size Adjustment Option is exercised in full, 15,000,000 additional new Shares will be issued resulting in a total number of 415,000,000 Shares in issue and the shareholding of the Shareholders will be diluted by approximately 3.61% following completion of the Share Offer and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme.

If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds to be received by our Company will be approximately HK\$7.8 million (based on the Offer price of HK\$0.60 per Offer Share, being the mid-point of the indicative Offer Price Range), after deducting all related expenses (including underwriting fees).

The net proceeds will be used in the same proportions as disclosed in “Statement of Business Objectives and Use of Proceeds” in this prospectus, on a pro-rata basis, irrespective of whether the Offer Size Adjustment Option is exercised.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

has been exercised. In the event that the Offer Size Adjustment Option has not been exercised by the Sole Bookrunner (for itself and on behalf of the Placing Underwriters), our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

PRICING AND ALLOCATION

We and the Sole Bookrunner (for itself and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, 18 April 2019, and in any event, not later than Friday, 26 April 2019.

The Offer Price will not be more than HK\$0.67 per Offer Share and is expected to be not less than HK\$0.53 per Offer Share, unless otherwise announced by no later than the morning of the last day for lodging applications under the Public Offer as further explained below. If you apply for the Offer Shares under the Public Offer, you must pay the maximum price of HK\$0.67 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$0.67, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see “How to Apply for Public Offer Shares” in this prospectus.

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of us, reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Public Offer publish a notice of the reduction on our website at www.novacontechgroup.com and the website of the Stock Exchange at www.hkexnews.hk (the contents of the website do not form a part of this prospectus). In addition, we will:

- (i) issue a supplemental prospectus updating investors of the reduction in the Offer Price Range together with an update of all financial and other information in connection with such changes;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (ii) extend the period under which the offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their existing subscriptions; and
- (iii) give potential investors who had applied for the Offer Shares the right to withdraw their applications given the change in circumstances.

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised Offer Price Range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Public Offer. Such notice will also confirm or revise, as appropriate, the working capital statement, the Share Offer statistics as currently set out in “Summary” in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with us and the Sole Bookrunner (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

If you have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Sole Bookrunner may, at its discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer (assuming the Offer Size Adjustment Option is not exercised).

The final Offer Price, the level of indication of interest in the Placing, the basis of allotment of Offer Shares available under the Public Offer and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer are expected to be made available in a variety of channels in the manner described in “How to Apply for Public Offer Shares — 11. Publication of Results” in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Division of the Stock Exchange granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option);
- the Offer Price having been agreed between us and the Sole Bookrunner (for itself and on behalf the Underwriters);
- the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, 15 May 2019, being the 30th date after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before Friday, 26 April 2019, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on our website at www.novacontechgroup.com and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in “How to Apply for Public Offer Shares — 13. Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to, among other conditions, us and the Sole Bookrunner (for itself and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the Placing Underwriting Agreement relating to the Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement, are summarised in “Underwriting” in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 2 May 2019, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 2 May 2019.

The Shares will be traded in board lots of 4,000 Shares each.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Sole Bookrunner, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Bookrunner may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR PUBLIC OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in us and/ or any of our subsidiaries;
- a Director or chief executive officer of us and/ or any of our subsidiaries;
- a core connected person (as defined in the GEM Listing Rules) of us or will become a core connected person of us immediately upon completion of the Share Offer;
- a close associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Monday, 15 April 2019 and 12:00 noon on Thursday, 18 April 2019 from:

- (i) any of the following offices of the Sole Bookrunner:

Dongxing Securities (Hong Kong) Company Limited
6805-6806A, 68/F
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	1 Garden Road, Hong Kong
Kowloon	Tsim Sha Tsui East Branch	Shop 3, LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East, Kowloon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 15 April 2019 until 12:00 noon on Thursday, 18 April 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — NOVACON TECHNOLOGY PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- 9:00 a.m. to 5:00 p.m., Monday, 15 April 2019
- 9:00 a.m. to 5:00 p.m., Tuesday, 16 April 2019
- 9:00 a.m. to 5:00 p.m., Wednesday, 17 April 2019
- 9:00 a.m. to 12:00 noon, Thursday, 18 April 2019

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 18 April 2019, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

HOW TO APPLY FOR PUBLIC OFFER SHARES

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Sole Bookrunner (or their agents or nominees), as agents of us, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of us, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to us, our Hong Kong Branch Share Registrar, receiving bank, the Sole Bookrunner, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of us, the Sole Bookrunner and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise us to place your name(s) or the name of the HKSCC Nominees, on our register of members as the holder(s) of any Public Offer Shares allocated to you, and us and/or our agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that we and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

HOW TO APPLY FOR PUBLIC OFFER SHARES

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to us. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 15 April 2019 until 11:30 a.m. on Thursday, 18 April 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 18 April 2019 or such later time as set out in “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR PUBLIC OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to us, the Sole Bookrunner and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that us, the Directors and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise us to place HKSCC Nominees' name on our register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/ or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of us, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to us, our Hong Kong Branch Share Registrar, receiving bank, the Sole Bookrunner, the Underwriters and/ or their respective advisers and agents;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of us agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with us, for itself and for the benefit of each Shareholder (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have

HOW TO APPLY FOR PUBLIC OFFER SHARES

done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to us or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/ or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/ Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, 15 April 2019 — 9:00 a.m to 8:30 p.m.
- Tuesday, 16 April 2019 — 8:00 a.m to 8:30 p.m.
- Wednesday, 17 April 2019 — 8:00 a.m. to 8:30 p.m.
- Thursday, 18 April 2019 — 8:00 a.m. to 12:00 noon

Note:

- (1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 15 April 2019 until 12:00 noon on Thursday, 18 April 2019 (24 hours daily, except on Thursday, 18 April 2019, the last application day).

HOW TO APPLY FOR PUBLIC OFFER SHARES

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 18 April 2019, the last application day or such later time as described in “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/ or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by us, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Bookrunner, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. We, the Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/ CCASS

HOW TO APPLY FOR PUBLIC OFFER SHARES

Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 18 April 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure and Conditions of the Share Offer — Pricing and Allocation” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 18 April 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 18 April 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

We expect to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 30 April 2019 on our website at www.novacontechgroup.com and the website of the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our website at www.novacontechgroup.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Tuesday, 30 April 2019;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result (or www.hkeipo.hk/IPOResult) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 30 April 2019 to 12:00 midnight on Tuesday, 7 May 2019;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 30 April 2019 to Monday, 6 May 2019 on a business day (excluding Saturday, Sunday and public holidays);
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 30 April 2019 to Friday, 3 May 2019 at all the receiving bank designated branches.

If we accept your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/ or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with us.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If we or our agents exercise their discretion to reject your application:

We, the Sole Bookrunner, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/ or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sole Bookrunner believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.67 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 30 April 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/ or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Tuesday, 30 April 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Share Offer has become unconditional and the right of termination described in “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 30 April 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/ or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 30 April 2019, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 30 April 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 30 April 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- If you are applying as a CCASS Investor Participant

We will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 30 April 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 30 April 2019, or such other date as notified by us in the newspapers as the date of despatch/collection of Share certificates/ e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 30 April 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via Electronic Application Instructions to HKSCC*

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 30 April 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Tuesday, 30 April 2019. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 30 April 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 30 April 2019. Immediately following the credit of the Public Offer

HOW TO APPLY FOR PUBLIC OFFER SHARES

Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 30 April 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Listing Division of the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NOVACON TECHNOLOGY GROUP LIMITED AND DONGXING SECURITIES (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of Novacon Technology Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-67, which comprises the combined statements of financial position as at 31 March 2017 and 2018 and 31 December 2018, the company statements of financial position as at 31 March 2018 and 31 December 2018, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-67 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 15 April 2019 (the "Prospectus") in connection with the proposed share offer of the Company on the GEM of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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 the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 March 2018 and 31 December 2018, and the combined financial position of the Group as at 31 March 2017 and 2018 and 31 December 2018, and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the nine months ended 31 December 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in

accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 24 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

15 April 2019

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended		Nine months ended	
		31 March		31 December	
		2017	2018	2017	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		<i>(Unaudited)</i>			
Revenue	5	44,255	43,474	33,795	32,502
Other income		367	30	25	41
Expenses					
Cost of sales of computer hardware and software		(124)	(926)	(736)	(1,042)
Subcontracting fee		(1,583)	—	—	—
License and subscription cost		(1,216)	(1,262)	(880)	(1,187)
Internet services cost		(4,447)	(1,842)	(1,359)	(1,471)
Employee benefit expenses	6	(12,605)	(12,718)	(8,436)	(9,054)
Depreciation of property and equipment	12	(997)	(1,168)	(861)	(987)
Amortisation of intangible assets	14	(1,338)	(2,123)	(1,585)	(2,028)
Rental expenses		(3,012)	(2,589)	(1,983)	(2,666)
Fair value adjustment to an investment property	13	—	(2,459)	—	3,400
Listing expenses		—	(6,785)	(2,361)	(6,778)
Other expenses	8	(3,187)	(2,118)	(1,506)	(1,955)
Finance costs	9	—	(21)	—	(181)
Profit before income tax		16,113	9,493	14,113	8,594
Income tax expense	10	(2,750)	(3,067)	(2,721)	(1,979)
Profit and total comprehensive income attributable to owners of the Company for the year/period		<u>13,363</u>	<u>6,426</u>	<u>11,392</u>	<u>6,615</u>
Earnings per share attributable to owners of the Company for the year/period:					
- Basic and diluted (expressed in HK\$ per share)	11	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		As at 31 December
	Note	2017	2018	2018
		HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Property and equipment	12	2,292	2,524	36,683
Investment property	13	—	31,610	—
Intangible assets	14	9,873	12,524	14,072
Deposits	16	865	865	53
Deferred income tax asset	21	—	20	210
		<u>13,030</u>	<u>47,543</u>	<u>51,018</u>
		-----	-----	-----
Current assets				
Trade receivables, deposits and prepayments	16	1,803	3,941	8,316
Contract assets	5	809	542	155
Income tax recoverable		—	—	111
Cash and cash equivalents	17	<u>28,441</u>	<u>14,647</u>	<u>12,360</u>
		<u>31,053</u>	<u>19,130</u>	<u>20,942</u>
		-----	-----	-----
Total assets		<u><u>44,083</u></u>	<u><u>66,673</u></u>	<u><u>71,960</u></u>
		-----	-----	-----
EQUITY				
Equity attributable to owners of the Company				
Combined capital	18	—	7,500	7,500
Retained earnings		<u>40,875</u>	<u>39,801</u>	<u>46,416</u>
Total equity		<u>40,875</u>	<u>47,301</u>	<u>53,916</u>
		-----	-----	-----
LIABILITIES				
Non-current liabilities				
Provisions for reinstatement costs		100	100	—
Deferred income tax liabilities	21	<u>262</u>	<u>246</u>	<u>237</u>
		<u>362</u>	<u>346</u>	<u>237</u>
		-----	-----	-----

		As at 31 March		As at 31 December
	Note	2017	2018	2018
		HK\$'000	HK\$'000	HK\$'000
Current liabilities				
Bank borrowing	19	—	12,417	12,070
Accruals and other payables	20	1,577	5,493	5,227
Amount due to a director	22	20	—	—
Income tax payable		863	1,030	40
Provisions for reinstatement costs		—	—	48
Contract liabilities	5	386	86	422
		<u>2,846</u>	<u>19,026</u>	<u>17,807</u>
Total liabilities		<u>3,208</u>	<u>19,372</u>	<u>18,044</u>
Total equity and liabilities		<u>44,083</u>	<u>66,673</u>	<u>71,960</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	As at 31 March 2018 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
ASSETS			
Current assets			
Investment in a subsidiary	1.2	*	*
Prepayments	16	<u>2,020</u>	<u>5,775</u>
Total assets		<u><u>2,020</u></u>	<u><u>5,775</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	*	*
Accumulated losses	28	<u>(6,785)</u>	<u>(13,647)</u>
Total equity		<u>(6,785)</u>	<u>(13,647)</u>
LIABILITIES			
Current liabilities			
Accruals	20	3,148	3,539
Amount due to Global eSolutions (HK) Limited	22	<u>5,657</u>	<u>15,883</u>
Total liabilities		<u><u>8,805</u></u>	<u><u>19,422</u></u>
Total equity and liabilities		<u><u>2,020</u></u>	<u><u>5,775</u></u>

* Less than HK\$1,000

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Combined capital HK\$'000 (Note 18)	Retained earnings HK\$'000	Total HK\$'000
For the year ended 31 March 2017			
At 1 April 2016	—	27,512	27,512
Total comprehensive income			
Profit and other comprehensive income for the year	—	13,363	13,363
At 31 March 2017	—	40,875	40,875
For the year ended 31 March 2018			
At 1 April 2017	—	40,875	40,875
Total comprehensive income			
Profit and other comprehensive income for the year	—	6,426	6,426
Transaction with owners in their capacity as owners			
Capitalisation from retained earnings	7,500	(7,500)	—
At 31 March 2018	7,500	39,801	47,301
For the nine months ended 31 December 2017 (unaudited)			
At 1 April 2017	—	40,875	40,875
Total comprehensive income			
Profit and other comprehensive income for the period	—	11,392	11,392
Transaction with owners in their capacity as owners			
Capitalisation from retained earnings	7,500	(7,500)	—
At 31 December 2017	7,500	44,767	52,267
For the nine months ended 31 December 2018			
At 1 April 2018	7,500	39,801	47,301
Total comprehensive income			
Profit and other comprehensive income for the period	—	6,615	6,615
At 31 December 2018	7,500	46,416	53,916

COMBINED STATEMENTS OF CASH FLOWS

	Note	Year ended		Nine months ended	
		31 March	31 March	31 December	31 December
		2017	2018	2017	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		<i>(Unaudited)</i>			
Cash flows from operating activities					
Cash generated from operations	25(a)	22,306	18,253	9,666	8,174
Hong Kong profits tax paid		(1,513)	(2,936)	(621)	(3,279)
Net cash generated from operating activities		<u>20,793</u>	<u>15,317</u>	<u>9,045</u>	<u>4,895</u>
Cash flows from investing activities					
Interest received		1	1	1	5
Purchases of property and equipment		(1,072)	(1,400)	(783)	(780)
Proceeds from disposals of property and equipment	25(b)	1	—	—	—
Additions of intangible assets		(4,082)	(4,774)	(3,686)	(3,576)
Acquisition of an investment property	13	—	(34,069)	—	—
Acquisition of a subsidiary, net of cash acquired	23	(533)	—	—	—
Net cash used in investing activities		<u>(5,685)</u>	<u>(40,242)</u>	<u>(4,468)</u>	<u>(4,351)</u>
Cash flows from financing activities					
Interest expense		—	(19)	—	(183)
Proceeds from a bank borrowing	25(d)	—	12,500	—	—
Repayment of a bank borrowing	25(d)	—	(85)	—	(345)
Payments of professional fee in connection with the listing		—	(1,265)	(810)	(2,303)
Net cash generated from/(used in) financing activities		<u>—</u>	<u>11,131</u>	<u>(810)</u>	<u>(2,831)</u>
Net increase/(decrease) in cash and cash equivalents		<u>15,108</u>	<u>(13,794)</u>	<u>3,767</u>	<u>(2,287)</u>
Cash and cash equivalents at beginning of the year/period		<u>13,333</u>	<u>28,441</u>	<u>28,441</u>	<u>14,647</u>
Cash and cash equivalents at end of the year/period	17	<u>28,441</u>	<u>14,647</u>	<u>32,208</u>	<u>12,360</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1 General information, reorganisation and basis of presentation****1.1 General information**

Novacon Technology Group Limited (the “Company”) was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Office E, 17th Floor, EGL Tower, 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and the companies shown in Note 1.2 below now comprising the Group (together, the “Group”) are principally engaged in the development and provision of financial trading solutions and development and supply of resource allocation, planning, scheduling and management of software and services (the “Listing Business”).

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”) as described below, the Listing Business was carried out by Global eSolutions (HK) Limited (“GES”), Real Logic Technology Company Limited (“RLT”) and Win Investment (HK) Limited (“Win Investment”), which are companies incorporated in Hong Kong (the “Operating Companies”). RLT and Win Investment are wholly owned subsidiaries of GES. The Operating Companies were held by Essential Strategy Investments Limited (“Essential Strategy”), as to 70% and Mr. Chung Chau Kan (“Mr. Chung”) as to 30% (collectively the “Shareholders”). At the beginning of the Track Record Period, Essential Strategy was owned by Mr. Wei Ming (“Mr. Wei”) as to 55% and Mr. Leung Tsz Fung David Ferreira (“Mr. Leung”) as to 45%. On 21 December 2016, Mr. Wei acquired the 45% interest in Essential Strategy from Mr. Leung. Since then, Essential Strategy has been wholly owned by Mr. Wei.

In preparation for the listing of the Company’s shares on the GEM of the Stock Exchange of Hong Kong Limited (the “Listing”), the Group underwent the Reorganisation, which principally involved the following steps:

- (a) On 7 February 2018, the Company was incorporated in the Cayman Islands and 1 share of HK\$0.01 was allotted and issued to the initial subscriber, which was then transferred to Essential Strategy. On the same day, 6 shares and 3 shares of the Company of HK\$0.01 each were allotted and issued to Essential Strategy and Expert Wisdom Holdings Limited (“Expert Wisdom”), a company wholly owned by Mr. Chung, respectively. Since then, the Company was owned as to 70% by Essential Strategy and as to 30% by Expert Wisdom.

- (b) On 21 February 2018, Motion Cast Limited (“Motion Cast”) was incorporated in the British Virgin Islands (“BVI”) and 1 share of US\$1.00 was allotted and issued to the Company. Since then, Motion Cast became a wholly-owned subsidiary of the Company.
- (c) On 21 March 2019, Motion Cast acquired the entire share capital of GES from Essential Strategy and Mr. Chung at a consideration settled by allotment and issue of 63 and 27 ordinary shares of HK\$0.01 each of the Company to Essential Strategy and Expert Wisdom, respectively. Since then, GES became an indirectly wholly-owned subsidiary of the Company.

Following the Reorganisation, the Listing Business continues to be carried out by the Operating Companies.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Registered/issued and paid-up capital	Effective interest held by the Group			Principal activities and place of operation	Name of statutory auditors		
			As at the				31 March		
			31 March 2017	December 2018	31 March 2018		2017	2018	
Directly owned:									
Motion Cast Limited (“Motion Cast”)	BVI 21 February 2018	1 ordinary shares US\$1	N/A	100%	100%	100%	Investment holding, Hong Kong	N/A	(b)
Indirectly owned:									
Global eSolutions (HK) Limited (“GES”)	Hong Kong 25 January 2006	100 ordinary shares HK\$7,500,000	100%	100%	100%	100%	Development and provision of financial trading solutions	(c)	(c)
Real Logic Technology Company Limited (“RLT”)	Hong Kong 2 October 2003	100,000 ordinary shares HK\$100,000	100%	100%	100%	100%	Development and supply of resource allocation, planning, scheduling and management of software and services	(d)	(c)
Win Investment (HK) Limited (“Win Investment”)	Hong Kong 25 October 2017	100 ordinary shares HK\$100	N/A	100%	100%	100%	Properties investment, Hong Kong	N/A	(c)

- (a) All companies comprising the Group have adopted 31 March as their financial year-end date.
- (b) No audited statutory financial statements have been issued as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.
- (c) The statutory financial statements were audited by PricewaterhouseCoopers, Certified Public Accountants in Hong Kong.
- (d) The statutory financial statements were audited by Unique & Partners CPA, Certified Public Accountants in Hong Kong.

1.3 *Basis of presentation*

Immediately prior to and after the Reorganisation, the Listing Business is conducted through the Operating Companies. Pursuant to the Reorganisation, the Operating Companies and the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business conducted by the Operating Companies and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the combined financial statements of the Group, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the combined financial statements of the Group for all years and periods presented.

Inter-company transactions and between group companies are eliminated on combination.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the Historical Financial Information. These policies have been consistently applied to all the years and periods presented, unless otherwise stated. The Historical Financial Information for the Group is consisting of the Company and its subsidiaries.

2.1 *Basis of preparation*

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA. In preparing the Historical Financial Information, the Group has consistently adopted the HKFRS which are effective for the accounting period beginning on 1 April 2018, including HKFRS 9, “Financial Instruments” and HKFRS 15, “Revenue from contracts with customers” throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, as modified by the investment property, which is measured at fair value.

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years and periods presented, unless otherwise stated.

The preparation of the Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

(i) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for these reporting periods and have not been early adopted by the Group.

		Effective for accounting period beginning on or after
HKAS 19 (Amendments)	Employee benefits	1 April 2019
HKAS 28 (Amendments)	Investments in associates and joint ventures	1 April 2019
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1 April 2019
HKFRS 16	Leases	1 April 2019
HK (IFRIC)-Int23	Uncertainty over income tax treatments	1 April 2019
Amendments to HKFRS	Annual Improvements to HKFRS 2015-2017 Cycle	1 April 2019
HKAS 1 and HKAS 8 (Amendments)	Definition of materiality	1 April 2020
HKFRS 3 (Amendments)	Definition of a business	1 April 2020
HKFRS 17	Insurance contracts	1 April 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

None of these HKFRS is expected to have a significant effect on the Historical Financial Information of the Group, except for the following:

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the

classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will both be presented as financing cash flows.

In contrast to lessees accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by HKFRS 16.

The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Furthermore, the Group intends not to record right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less on the balance sheet, as permitted under HKFRS 16.

As set out in Note 26, as of 31 March 2017 and 2018 and 31 December 2018, the Group's total operating lease commitments amounted to HK\$9,243,000, HK\$7,087,000 and HK\$645,000 respectively. The new standard is not expected to apply until the financial period beginning at 1 April 2019. The directors of the Company consider that HKFRS 16 will have impact on the financial position as mentioned above but no significant impact on the financial performance of the Group.

2.2 *Subsidiaries*

(a) *Consolidation*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

Business combination

The Group applies the acquisition method to account for business combinations other than transactions under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss the combined statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Separate financial statements*

Investment in a subsidiary in the Company's statement of financial position is accounted for at cost less impairment. Cost also includes direct attributable costs of investment in the Company's statement of financial position. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving dividends from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

2.3 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.4 *Foreign currency translation*

(a) *Functional and presentation currency*

Items included in the combined financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statements of comprehensive income.

All foreign exchange gains and losses are presented in the combined statements of comprehensive income within “other expenses”.

(c) *Group companies*

The results and financial position of all the Group’s entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.5 *Property and equipment*

Property and equipment are stated at historical cost less depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged in the combined statements of comprehensive income during the financial period in which they are incurred.

Leasehold improvements are depreciated over the shorter of their useful lives or unexpired period of the lease while depreciation on other property and equipment is calculated using the straight-line method to allocate their costs less residual values over their estimated useful lives, as follows:

Leasehold land classified as	Over the period of the lease
finance lease	
Building	40 years
Leasehold improvement	3 years or over the lease period, whichever is shorter
Furniture and fixtures	5 years
Office equipment	5 years
Computers	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in the combined statements of comprehensive income within "other expenses".

2.6 *Investment property*

Investment property, principally leasehold office buildings, is held for rental yields and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in the combined statements of comprehensive income.

A property shall be transferred to, or from, investment property, only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is an evidence of change in use.

2.7 *Intangible assets*

(a) *Goodwill*

Goodwill is measured as described in Notes 2.2(a) and 2.8. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) *Computer software systems*

Costs associated with maintaining software programmes are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(c) *Research and development*

Research expenditure and development expenditure that do not meet the criteria in (b) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

(d) *Amortisation methods and periods*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods. The useful lives of computer software systems are estimated based on historical experience, which of actual useful lives of similar assets and changes in technology; while the useful lives of customer contract is estimated based on the remaining legal contract duration before expiry.

Computer software systems	5 years
Customer contract	1.4 years

(e) *Customer contract*

Customer contract acquired in a business combination is recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment losses.

2.8 *Impairment of non-financial assets*

Goodwill and intangible assets, that have an indefinite useful life, or intangible assets, which are not ready to use, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 *Financial assets*

(a) *Classification*

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing the assets changes.

(b) *Recognition and measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in the combined statements of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the combined statements of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the combined statements of comprehensive income in the period in which it arises. Interest income from these financial assets is recognised in the combined statements of comprehensive income within "other income".

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the combined statements of comprehensive income. Dividends from such investments continue to be recognised in the combined statements of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the combined statements of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined statements of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Impairment of financial assets

The Group's financial assets measured at amortised cost are subject to HKFRS 9's new expected credit loss model. The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) set out the details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.12 Trade receivables

These amounts represent receivables due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 16 for further information about the Group's accounting for trade receivables and note 2.11 for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.14 *Combined capital/share capital*

Ordinary shares are classified as equity (note 18).

2.15 *Other payables*

Other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the combined statements of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.17 *Current and deferred income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and

associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis difference

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale. Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred income tax is recognised in the combined statements of comprehensive income.

2.18 *Employee benefits*

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end

of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of the accruals and other payables in the combined statements of financial position.

(b) *Pension obligation - Defined contribution plan*

The Group participates in a mandatory provident fund scheme (“MPF Scheme”) for its employees in Hong Kong.

MPF Scheme is a defined contribution scheme in accordance with the Mandatory Provident Fund Scheme Ordinance. Under the rules of MPF Scheme, the employer and its employees are required to contribute 5% of the employees’ salaries, up to a maximum of HK\$1,500 per month from 1 June 2014 onward, respectively, and thereafter contributions are voluntary. The assets of MPF Scheme are held separately from those of the Group in an independently administered fund.

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(d) *Bonus plans*

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.19 *Provisions*

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.20 *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Revenues are recognised when goods are transferred or services are rendered to the customer.

Depending on the terms of the contract and the laws that apply to the contract, service may be provided over time or at a point in time. Service is provided over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- time-based measure of progress; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

When determining the transaction price to be allocated from different performance obligations, the Group first determines the service fees that the Group entitles in the contract period and adjusts the transaction price for variable considerations and significant financing component, if any. The variable considerations relate to licensing and maintenance services contracts. Such variable considerations are measured based on transaction volume of customers. The Group includes in the transaction price the best estimated amount of variable considerations only for maintenance service contract, to the extent that it is highly probable that a significant reversal in amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

If contracts involve the provision of multiple services, the transaction price will be allocated from each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

A contract asset is the Group's right to consideration in exchange for the services that the Group has transferred to a customer. In addition, incremental costs incurred to obtain a new contract, if recoverable, are capitalised as contract costs and subsequently amortised when the related revenue is recognised.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

A contract liability is the Group's obligation to render the services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders the service to the customer. Contract liabilities mainly included the advance payments received from sales of hardware and software and provision of initial set up and customisation services.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) *Initial set up and customisation services*

The Group provides installation and customisation services of financial trading solutions and non-financial IT solutions. Initial set up and customisation services are generally provided on an on demand basis and could be completed in a short period of time. Revenue from providing such services is recognised in the accounting period in which the services are rendered, by using the input method for the specific transaction to measure the progress towards complete satisfaction of a performance obligation. Under input method, the progress is assessed on the basis of actual services costs incurred as a proportion of the total service costs to be incurred. Payment of the transaction is made upfront or due immediately when the installation services are provided to customers.

(b) *Licensing and maintenance services*

The Group licenses the right to access financial trading solutions and non-financial IT solutions and provides technical maintenance and support to licensees for licensed financial trading solutions and non-financial IT solutions for a specific period. Such services are transferred over time and revenue is recognised when the customers simultaneously receive and consume the benefits from the Group's performance of providing access to the financial software and maintenance period.

(c) *Sales of computer hardware and software*

The Group sells computer hardware which are mainly servers and network devices as well as third party computer software to customers for running the financial trading solutions.

Revenue is recognised at a point in time when computer hardware and/or software products are delivered and installed at the customers' specific location with their signed acceptance and the Group has present right to payment and the collection of the consideration is probable. Payment of the transaction is made upfront or due immediately when the sales transactions are completed.

2.21 *Operating leases (as the lessee)*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.22 *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 **Financial risk management**

3.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk), credit risk and liquidity risk. The Group adopts a conservative and balanced treasury policy which focuses on the financial risks factors as below and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Market risk*

(i) Foreign exchange risk

The Group's transactions are mainly denominated in HK\$ and United States dollar ("US\$"). The majority of assets and liabilities are denominated in HK\$ and US\$. There are no significant assets or liabilities denominated in other currencies.

Since HK\$ is pegged to US\$, the Group does not have significant currency risks and it is the Group's policy not to engage in speculative activities. The Group has not entered into any contracts to hedge its exposure for foreign exchange risk.

(ii) Cash flow interest rate risk

The Group's cash flow interest rate risks primarily relate to cash at banks and a bank borrowing. The Group does not enter into any contract for interest rate hedging purposes. However, management monitors the related interest rate risk exposure closely and will consider hedging significant interest rate risk exposure should the need arise.

Had interest rates been 100 basis points higher/lower than the prevailing interest rate for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018, with all other variables held constant, the post-tax profit and equity for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018, would have been approximately HK\$237,000 higher/lower, HK\$19,000 higher/lower and HK\$3,000 higher/lower, respectively, as a result of changes in interest income on cash at banks and interest expenses from a bank borrowing.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and contract assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

To manage the risk arising from cash at banks, the Group only transacts with reputable banks which are all high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

The Group has credit policy to monitor the level of credit risk. In general, the credit record and credit period for each customer or debtor are regularly assessed, based on the customer's or debtor's financial condition, their credit records and other factors such as current market condition. Our Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets from third parties. Our Group overall considers the shared credit risk characteristic and the days past due of the trade receivables and contract assets to measure the expected credit loss. Management, considered among other factors (including forward looking information, analysed historical pattern and concluded that the expected loss rate of trade receivables and contract assets are assessed to be less than 1%, during the Track Record Period. The loss allowance provision for these balances was not material during the Track Record Period.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined statements of financial position.

(c) *Liquidity risk*

The Group adopts a prudent liquidity risk management by maintaining sufficient cash and bank balances and ensuring the availability of bank facilities to meet its liquidity requirements in the short and long term.

Due to the dynamic nature of the businesses environment, the Group aims to maintain flexibility in funding by keeping sufficient banking facilities if necessary. The liquidity risk of the Group is primarily attributable to accruals and other payables, and a bank borrowing.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. As at 31 March 2018 and 31

December 2018, the bank borrowing with a repayment on demand clause, amounting to HK\$12,417,000 and HK\$12,070,000 respectively, is included in the “on demand” time band in the maturity analysis below. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 March 2017					
Accruals and other payables	—	879	—	—	879
Amount due to a director	20	—	—	—	20
At 31 March 2018					
Bank borrowing	12,417	—	—	—	12,417
Accruals and other payables	—	3,464	—	—	3,464
At 31 December 2018					
Bank borrowing	12,070	—	—	—	12,070
Accruals and other payables	—	3,927	—	—	3,927

Specifically, for a bank borrowing which contains a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest date in which the Group can be required to pay, that is if the lender was to invoke their unconditional rights to call the loans with immediate effect.

The table below summarises the maturity analysis of the bank borrowing (subjected to a repayment on demand clause) based on agreed scheduled repayments set out in the loan agreement. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000
At 31 March 2017	—	—	—	—
At 31 March 2018	794	794	2,381	11,776
At 31 December 2018	810	810	2,431	11,411

The Group maintains continuous communication with its bank and has obtained a letter from the bank, confirming that, subject to normal banking criteria and its periodic review, and in the absence of unforeseen circumstances, the facilities will not be demanded before 30 June 2020.

3.2 *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital return to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors capital on the basis of net debt to total capital ratio. Net debt is calculated as total borrowings (including bank borrowing as shown in the combined statement of financial position) less cash and bank balance. Total capital is calculated as "Total equity", as shown in the combined statements of financial position, plus net debt. As at 31 March 2017 and 2018 and 31 December 2018, the Group was in a net cash position.

3.3 *Fair value estimation*

(a) *Financial assets and liabilities*

As at 31 March 2017 and 2018 and 31 December 2018, the Group did not have any financial assets or financial liabilities that are measured at fair value.

The carrying values of receivables, payables and the bank borrowing are of a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(b) *Non-financial assets and liabilities*

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards.

As at 31 March 2018 and 31 December 2018, there was no non-financial asset or liability recognised and measured at fair value.

	<i>Notes</i>	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2018					
Investment property	13	<u>—</u>	<u>—</u>	<u>31,610</u>	<u>31,610</u>
At 31 December 2018					
Investment property	13	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Level 1: The fair value of instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for instruments held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of each reporting period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

(ii) Valuation techniques used to determine level 3 fair values

The Group obtains an independent valuation for its investment property at least annually or at the end of each reporting period.

At the end of each reporting period, the directors update their assessment of the fair value of investment property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is a recent price in an active market of similar properties.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 March 2017 and 31 March 2018 and the nine months ended 31 December 2018 for recurring fair value measurements:

	Investment property <i>HK\$'000</i>
For the years ended 31 March 2017 and 2018	
At 1 April 2016, 31 March 2017 and 1 April 2017	—
Addition (note (a))	34,069
Fair value changes recognised in profit or loss	<u>(2,459)</u>
At 31 March 2018	<u><u>31,610</u></u>
For the nine months ended 31 December 2018	
At 1 April 2018	31,610
Fair value changes recognised in profit or loss	3,400
Transferred to property and equipment (Note 12 and (b))	<u>(35,010)</u>
At 31 December 2018	<u><u>—</u></u>

Note:

- (a) The amount included the initial consideration for an investment property amounted to HK\$31,372,000 and stamp duty and legal fee paid amounted to HK\$2,697,000, totalling HK\$34,069,000. As at 31 March 2018, the fair value of the investment property amounted to HK\$31,610,000.
- (b) On 15 October 2018, the property was reclassified as property and equipment in the combined statements of financial position and the fair value of the property was HK\$35,010,000, which was determined by an independent valuer.

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value			Unobservable inputs (Note)	Range of inputs (probability-weighted average)			Relationship of inputs to fair value
	31 March		31 December		31 March		31 December	
	2017	2018	2018		2017	2018	2018	
	HK\$'000	HK\$'000	HK\$'000					
Commercial building located in Hong Kong	N/A	31,610	N/A	Market approach. The key input is price per square foot of comparable properties, adjusted for location and time factor	N/A	Price per square foot, using market direct comparable and taking into account of location and time factor. Adjusted price per square foot ranged from HK\$12,883 to HK\$13,963 and from HK\$13,951 to HK\$15,079 as at 31 March 2018.	N/A	At 31 March 2018, slight increase in the adjustments to price per square foot will significantly increase the fair value

Note: There were no significant inter-relationships between unobservable inputs that materially affect fair value.

(v) Valuation processes

The Group engages an external independent and qualified valuer to determine the fair value of the Group's investment property at each of the reporting period end or measurement date. As at 31 March 2018, the fair value of the investment property was determined by an independent valuer.

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the Historical Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, or presentation of the Historical Financial Information within the next financial year are discussed below.

(a) Capitalisation of development costs incurred on computer software systems

Development costs incurred on computer software systems are capitalised as intangible assets when recognition criteria as detailed in Note 2.7(b) are fulfilled. Management has applied its judgement in determining whether these software products could generate probable future economic

benefits to the Group based on the historical experience and the prospects of the markets. Any severe change in market performance or technology advancement will have an impact on the development costs capitalised.

(b) *Estimate of useful lives of intangible assets*

The Group is required to estimate the useful lives of systems development costs in order to ascertain the amount of amortisation charged for each reporting period.

The useful lives are estimated at the time development costs incurred after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including declines in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

5 Revenue and segment information

	Year ended 31 March		Nine months ended 31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Licensing and maintenance services	38,881	38,349	29,482	28,021
Initial set up and customisation services	5,209	3,964	3,376	3,221
Sales of computer hardware and software	<u>165</u>	<u>1,161</u>	<u>937</u>	<u>1,260</u>
	<u>44,255</u>	<u>43,474</u>	<u>33,795</u>	<u>32,502</u>

(a) *Disaggregation of revenue from contracts with customers*

During the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018, all sources of revenue were recognised over time, except for revenue from sales of computer hardware and software which was recognised at a point in time.

(b) *Contract assets and liabilities*

		At 31 March		At 31 December
	Note	2017	2018	2018
		HK\$'000	HK\$'000	HK\$'000
Contract assets	(i)	809	542	155
Contract liabilities	(ii)	<u>386</u>	<u>86</u>	<u>422</u>

Note:

- (i) Contract assets represent revenue recognised prior to the date on which it is invoiced to customers. As at 31 March 2017 and 2018 and 31 December 2018, the contract assets mainly consisted of unbilled amount resulting from initial set up and customisation services. Contract assets decreased by HK\$267,000 and HK\$387,000 during the year ended 31 March 2018 and the nine months ended 31 December 2018 respectively and such decreases were primarily due to timing of issue of sales invoices. There was no impairment loss recognised on any contract assets during the Track Record Period.
- (ii) Contract liabilities represent advance payments received from customers for goods or services that have not yet been transferred to the customers. As at 31 March 2017 and 2018 and 31 December 2018, the contract liabilities mainly included the advance payments received from sales of computer hardware and software and provision of initial set up and customisation services. During the year ended 31 March 2018, contract liabilities decreased by HK\$300,000 and such decrease was primarily due to the completion of delivery of computer hardware and software. During the nine months ended 31 December 2018, contract liabilities increased by HK\$336,000 and such increase was primarily due to advance payments received from customers for provision of initial set up and customisation services of financial trading solutions.
- (iii) During the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018, all carried-forward contract liabilities at the beginning of financial period were fully recognised as revenue in the period.
- (iv) As at 31 March 2017 and 2018 and 31 December 2018, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was HK\$1,862,000, HK\$841,000 and HK\$2,538,000 respectively. Management expects that the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the related services, mainly related to provision of maintenance services, are provided over the next 4, 3 and 5 years for the years ended 31 March 2017 and 2018 and nine months ended 31 December 2018 respectively.

The Group has elected the practical expedient for not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for revenue contracts which have an original expected duration of one year or less.

(c) *Segment information*

The executive directors have been identified as the chief operating decision-makers (“CODM”) of the Group who review the Group’s internal reporting in order to assess performance and allocate resources. For the years ended 31 March 2017 and 2018 and nine months ended 31 December 2017 and 2018, the directors considered that the Group’s operations were operated and managed as a single segment. No separate segment information was presented for the financial years/periods.

The Group domiciles and operates in Hong Kong. All revenue and non-current assets of the Group was generated and were located in Hong Kong respectively during the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018.

- (d) *Certain customers contributed more than 10% of the total sales of the Group during the years ended 31 March 2017 and 2018 and nine months ended 31 December 2017 and 2018. The amount of sales of these customers are disclosed as follows:*

	Year ended 31 March		Nine months ended 31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Customer A	8,177	5,975	4,497	6,186
Customer B	4,577	N/A	N/A	3,547
Customer C	N/A	N/A	N/A	3,474

N/A: The revenue of the particular customer for the particular year was less than 10% of the Group's revenue for the particular year/period.

6 Employee benefit expenses (including directors' emoluments)

	Year ended 31 March		Nine months ended 31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Salaries, bonuses and allowances	15,986	16,887	11,686	12,152
Pension costs - defined contribution plans	594	559	420	372
Staff welfare and benefits	45	20	16	12
	16,625	17,466	12,122	12,536
Less: staff costs capitalised as development costs of computer software systems	(4,020)	(4,748)	(3,686)	(3,482)
Net expenses (<i>Note</i>)	12,605	12,718	8,436	9,054

Note: During the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018, employee benefit costs related to research and development staff, amounting to HK\$4,234,000, HK\$3,328,000, HK\$2,085,000 and HK\$1,244,000 respectively, were recognised as expenses in the combined statements of comprehensive income.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors whose emoluments are reflected in the analysis shown in Note 7 during the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018. The emoluments payable to the remaining three individuals for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018 are as follows:

	Year ended 31 March		Nine months ended 31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Salaries, bonuses and allowances	2,335	2,978	1,916	2,788
Pension costs - defined contribution plans	54	54	41	41
Staff welfare and benefits	<u>8</u>	<u>1</u>	<u>—</u>	<u>—</u>
	<u>2,397</u>	<u>3,033</u>	<u>1,957</u>	<u>2,829</u>

The emoluments fell within the following band:

Emolument band	Year ended 31 March		Nine months ended 31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Nil - HK\$1,000,000	3	2	3	2
HK\$1,000,001 - HK\$1,500,000	—	—	—	—
HK\$1,500,001 - HK\$2,000,000	<u>—</u>	<u>1</u>	<u>—</u>	<u>1</u>

7 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of each director for the year ended 31 March 2017 is set out below:

For the year ended 31 March 2017	Fees <i>HK\$'000</i>	Salary <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Employer's contribution to a retirement benefit scheme <i>HK\$'000</i>	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors						
Mr. Chung Chau Kan (chairman) (Note (ii))	—	799	160	18	—	977
Mr. Wong Wing Hoi (Note (ii))	—	599	94	18	—	711
Non-executive director						
Mr. Wei Ming (Note (iii))	—	—	—	—	—	—
	—	1,398	254	36	—	1,688

The remuneration of each director for the year ended 31 March 2018 is set out below:

For the year ended 31 March 2018	Fees <i>HK\$'000</i>	Salary <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Employer's contribution to a retirement benefit scheme <i>HK\$'000</i>	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors						
Mr. Chung Chau Kan (chairman) (Note (ii))	—	970	730	18	—	1,718
Mr. Wong Wing Hoi (Note (ii))	—	626	149	18	—	793
Non-executive director						
Mr. Wei Ming (Note (iii))	—	—	—	—	—	—
	—	1,596	879	36	—	2,511

The remuneration of each director for the nine months ended 31 December 2017 is set out below:

For the nine months ended 31 December 2017 (unaudited)	Fees <i>HK\$'000</i>	Salary <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Employer's contribution to a retirement benefit scheme <i>HK\$'000</i>	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors						
Mr. Chung Chau Kan (chairman) (Note (ii))	—	731	375	14	—	1,120
Mr. Wong Wing Hoi (Note (ii))	—	474	25	14	—	513
Non-executive director						
Mr. Wei Ming (Note (iii))	—	—	—	—	—	—
	<u>—</u>	<u>1,205</u>	<u>400</u>	<u>28</u>	<u>—</u>	<u>1,633</u>

The remuneration of each director for the nine months ended 31 December 2018 is set out below:

For the nine months ended 31 December 2018	Fees <i>HK\$'000</i>	Salary <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Employer's contribution to a retirement benefit scheme <i>HK\$'000</i>	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors						
Mr. Chung Chau Kan (chairman) (Note (ii))	—	917	735	14	—	1,666
Mr. Wong Wing Hoi (Note (ii))	—	505	20	14	—	539
Non-executive director						
Mr. Wei Ming (Note (iii))	—	—	—	—	—	—
	<u>—</u>	<u>1,422</u>	<u>755</u>	<u>28</u>	<u>—</u>	<u>2,205</u>

Notes:

- (i) The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Operating Companies and no directors waived any emolument during the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018.

No director fees were paid to these directors in their capacity as directors of the Company and no emoluments were paid by the Company or the Operating Companies to the directors as an inducement to join the Company or the Operating Companies, or as compensation for loss of office during the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018.

- (ii) Mr. Chung Chau Kan and Mr. Wong Wing Hoi were appointed as executive directors of the Company on 7 February 2018.
- (iii) Mr. Wei Ming was appointed as a non-executive director of the Company on 7 February 2018.
- (iv) Mr. Wu Kin San Alfred, Mr. Moo Kai Pong and Mr. Lo Chi Wang were appointed as the Company's independent non-executive directors on 29 March 2019. During the Track Record Period, the independent non-executive directors had not been appointed and had not received any remuneration.

(b) ***Directors' retirement benefits and termination benefits***

None of the directors received or will receive any retirement benefits or termination benefits during the Track Record Period.

(c) ***Consideration provided to third parties for making available directors' services***

No consideration was made to third parties for making available directors' services during the Track Record Period.

(d) ***Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year/period or at any time during the Track Record Period.***

No loans, quasi-loans and other dealings were made available in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) ***Directors' material interests in transactions, arrangements or contracts***

Save as disclosed in Notes 22, 23 and 27, no other transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiary was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each reporting period or at any time during the Track Record Period.

8 Other expenses

	Year ended 31 March		Nine months ended 31 December	
	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000
			<i>(Unaudited)</i>	
Advertising expenses	177	212	182	151
Auditor's remuneration				
- Audit services	355	100	80	300
- Non-audit services	320	54	40	42
Building management fees	459	456	332	507
Entertainment expenses	118	124	77	156
Exchange loss/(gain), net	7	(181)	(5)	11
Insurance expenses	106	143	99	129
Telephone and utilities	325	236	173	171
Loss on write-off of property and equipment	43	—	—	—
Loss on disposal of property and equipment	1	—	—	—
Legal and professional fee	468	299	262	129
Provision for doubtful receivables	360	—	—	—
Property agent commission	—	314	—	—
Others	448	361	266	359
Total other expenses	<u>3,187</u>	<u>2,118</u>	<u>1,506</u>	<u>1,955</u>

9 Finance costs

	Year ended 31 March		Nine months ended 31 December	
	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000
			<i>(Unaudited)</i>	
Finance costs on				
- Bank borrowing	—	47	—	275
Amounts capitalised (Note)	<u>—</u>	<u>(26)</u>	<u>—</u>	<u>(94)</u>
Finance costs	<u>—</u>	<u>21</u>	<u>—</u>	<u>181</u>

Note: The amounts represent borrowing costs capitalised as development costs of intangible assets. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings. During the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018, the capitalisation rate was N/A, 2.33%, N/A and 3.05% respectively.

10 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018. The amount of tax charged to the combined statements of comprehensive income represents:

	Year ended 31 March		Nine months ended 31 December	
	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000
				(Unaudited)
Hong Kong profits tax				
- Current year	2,723	3,103	2,782	2,178
Deferred income tax	27	(36)	(61)	(199)
Income tax expense	<u>2,750</u>	<u>3,067</u>	<u>2,721</u>	<u>1,979</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	Year ended 31 March		Nine months ended 31 December	
	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000
				(Unaudited)
Profit before income tax	16,113	9,493	14,113	8,594
Calculated at a tax rate of 16.5%	2,658	1,567	2,329	1,418
Income not subject to tax	—	(30)	—	(562)
Expenses not deductible for tax purpose	120	1,590	392	1,123
Tax concession	(28)	(60)	—	—
Income tax expense	<u>2,750</u>	<u>3,067</u>	<u>2,721</u>	<u>1,979</u>

11 Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Group's reorganisation and the preparation of the results for each of the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018 on a combined basis as disclosed in Note 1.3 above.

12 Property and equipment

	Land and building <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computers <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016						
Cost	—	534	2,913	1,520	1,570	6,537
Accumulated depreciation	—	(349)	(2,267)	(664)	(1,000)	(4,280)
Net book amount	<u>—</u>	<u>185</u>	<u>646</u>	<u>856</u>	<u>570</u>	<u>2,257</u>
Year ended 31 March 2017						
Opening net book amount	—	185	646	856	570	2,257
Additions	—	80	8	379	605	1,072
Acquisition of a subsidiary (Note 23)	—	—	—	5	—	5
Depreciation	—	(57)	(391)	(247)	(302)	(997)
Disposals						
- Cost	—	—	—	(118)	—	(118)
- Accumulated depreciation	—	—	—	116	—	116
Write-off						
- Cost	—	(240)	(5)	—	(1,009)	(1,254)
- Accumulated depreciation	—	197	5	—	1,009	1,211
Closing net book amount	<u>—</u>	<u>165</u>	<u>263</u>	<u>991</u>	<u>873</u>	<u>2,292</u>
At 31 March 2017 and 1 April 2017						
Cost	—	374	2,916	1,786	1,166	6,242
Accumulated depreciation	—	(209)	(2,653)	(795)	(293)	(3,950)
Net book amount	<u>—</u>	<u>165</u>	<u>263</u>	<u>991</u>	<u>873</u>	<u>2,292</u>
Year ended 31 March 2018						
Opening net book amount	—	165	263	991	873	2,292
Additions	—	—	5	1,395	—	1,400
Depreciation	—	(59)	(251)	(469)	(389)	(1,168)
Disposals						
- Cost	—	—	(2)	—	—	(2)
- Accumulated depreciation	—	—	2	—	—	2
Closing net book amount	<u>—</u>	<u>106</u>	<u>17</u>	<u>1,917</u>	<u>484</u>	<u>2,524</u>
At 31 March 2018						
Cost	—	374	2,919	3,181	1,166	7,640
Accumulated depreciation	—	(268)	(2,902)	(1,264)	(682)	(5,116)
Net book amount	<u>—</u>	<u>106</u>	<u>17</u>	<u>1,917</u>	<u>484</u>	<u>2,524</u>

APPENDIX I
ACCOUNTANT'S REPORT

	Land and building <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computers <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Total <i>HK\$'000</i>
Nine months ended 31 December 2017 (unaudited)						
Opening net book amount	—	165	263	991	873	2,292
Additions	—	—	5	778	—	783
Depreciation	—	(45)	(188)	(336)	(292)	(861)
Disposals						
- Cost	—	—	(2)	—	—	(2)
- Accumulated depreciation	—	—	2	—	—	2
Closing net book amount	<u>—</u>	<u>120</u>	<u>80</u>	<u>1,433</u>	<u>581</u>	<u>2,214</u>
At 31 December 2017						
Cost	—	374	2,919	2,564	1,166	7,023
Accumulated depreciation	—	(254)	(2,839)	(1,131)	(585)	(4,809)
Net book amount	<u>—</u>	<u>120</u>	<u>80</u>	<u>1,433</u>	<u>581</u>	<u>2,214</u>
Nine months ended 31 December 2018						
Opening net book amount	—	106	17	1,917	484	2,524
Additions	—	44	14	78	—	136
Transferred from investment property (Note 13)	35,010	—	—	—	—	35,010
Depreciation	(241)	(27)	(5)	(423)	(291)	(987)
Disposals						
- Cost	—	—	(73)	(5)	—	(78)
- Accumulated depreciation	—	—	73	5	—	78
Closing net book amount	<u>34,769</u>	<u>123</u>	<u>26</u>	<u>1,572</u>	<u>193</u>	<u>36,683</u>
At 31 December 2018						
Cost	35,010	418	2,860	3,254	1,166	42,708
Accumulated depreciation	(241)	(295)	(2,834)	(1,682)	(973)	(6,025)
Net book amount	<u>34,769</u>	<u>123</u>	<u>26</u>	<u>1,572</u>	<u>193</u>	<u>36,683</u>

The land and building was pledged as security against the bank borrowing (Note 19) as at 31 December 2018.

13 Investment property

	Investment property HK\$'000
At fair value	
For the years ended 31 March 2017 and 2018	
At 1 April 2016, 31 March 2017 and 1 April 2017	—
Addition (Note (a))	34,069
Fair value changes recognised in profit or loss	<u>(2,459)</u>
At 31 March 2018	<u>31,610</u>
For the nine months ended 31 December 2018	
At 1 April 2018	31,610
Fair value changes recognised in profit or loss	3,400
Transferred to property and equipment (Note 12 and (c))	<u>(35,010)</u>
At 31 December 2018	<u>—</u>

Notes:

- (a) The amount included the initial consideration for an investment property amounted to HK\$31,372,000 and stamp duty and legal fee paid amounted to HK\$2,697,000. As at 31 March 2018, the fair value of the investment property amounted to HK\$31,610,000.
- (b) Amounts recognised in profit or loss for an investment property.

	Year ended 31 March		Nine months ended 31 December	
	2017	2018	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Direct operating expenses from property that generated rental income	—	(22)	—	(69)
Fair value change recognised in profit or loss	—	<u>(2,459)</u>	—	<u>3,400</u>
	<u>—</u>	<u>(2,481)</u>	<u>—</u>	<u>3,331</u>

- (c) On 15 October 2018, the property was reclassified as property and equipment in the combined statements of financial position, as management of the Group had passed a resolution to change the usage of the property from earning rental to self-use as operating office and started to negotiate with the landlord to early terminate the rental agreement of the leased office. According to the surrender agreement, dated 9 November 2018, entered between the Group and the landlord, rental and building management deposits of HK\$767,000 are forfeited by the Group as a compensation for the early termination. The deposits were recognised as expenses during the nine months ended 31 December 2018. At the date of reclassification, the fair value of the property was HK\$35,010,000, which was determined by an independent valuer.

14 Intangible assets

	Goodwill <i>HK\$'000</i>	Computer software systems <i>HK\$'000</i>	Capitalised development costs <i>HK\$'000</i>	Customer contract <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016					
Cost	—	2,048	4,882	—	6,930
Accumulated amortisation	—	(512)	—	—	(512)
Net book amount	<u>—</u>	<u>1,536</u>	<u>4,882</u>	<u>—</u>	<u>6,418</u>
Year ended 31 March 2017					
Opening net book amount	—	1,536	4,882	—	6,418
Additions	—	—	4,082	—	4,082
Acquisition of a subsidiary (Note 23)	110	—	—	601	711
Transfer	—	4,809	(4,809)	—	—
Amortisation	—	(1,160)	—	(178)	(1,338)
Closing net book amount	<u>110</u>	<u>5,185</u>	<u>4,155</u>	<u>423</u>	<u>9,873</u>
At 31 March 2017 and 1 April 2017					
Cost	110	6,857	4,155	601	11,723
Accumulated amortisation	—	(1,672)	—	(178)	(1,850)
Net book amount	<u>110</u>	<u>5,185</u>	<u>4,155</u>	<u>423</u>	<u>9,873</u>
Year ended 31 March 2018					
Opening net book amount	110	5,185	4,155	423	9,873
Additions	—	—	4,774	—	4,774
Transfer	—	1,866	(1,866)	—	—
Amortisation	—	(1,700)	—	(423)	(2,123)
Closing net book amount	<u>110</u>	<u>5,351</u>	<u>7,063</u>	<u>—</u>	<u>12,524</u>
At 31 March 2018					
Cost	110	8,723	7,063	601	16,497
Accumulated amortisation	—	(3,372)	—	(601)	(3,973)
Net book amount	<u>110</u>	<u>5,351</u>	<u>7,063</u>	<u>—</u>	<u>12,524</u>

	Goodwill <i>HK\$'000</i>	Computer software systems <i>HK\$'000</i>	Capitalised development costs <i>HK\$'000</i>	Customer contract <i>HK\$'000</i>	Total <i>HK\$'000</i>
Nine months ended					
31 December 2017					
(unaudited)					
Opening net book amount	110	5,185	4,155	423	9,873
Additions	—	—	3,686	—	3,686
Transfer	—	1,866	(1,866)	—	—
Amortisation	—	(1,263)	—	(322)	(1,585)
Closing net book amount	<u>110</u>	<u>5,788</u>	<u>5,975</u>	<u>101</u>	<u>11,974</u>
At 31 December 2017					
Cost	110	8,723	5,975	601	15,409
Accumulated amortisation	—	(2,935)	—	(500)	(3,435)
Net book amount	<u>110</u>	<u>5,788</u>	<u>5,975</u>	<u>101</u>	<u>11,974</u>
Nine months ended					
31 December 2018					
Opening net book amount	110	5,351	7,063	—	12,524
Additions	—	—	3,576	—	3,576
Transfer	—	6,074	(6,074)	—	—
Amortisation	—	(2,028)	—	—	(2,028)
Closing net book amount	<u>110</u>	<u>9,397</u>	<u>4,565</u>	<u>—</u>	<u>14,072</u>
At 31 December 2018					
Cost	110	14,797	4,565	601	20,073
Accumulated amortisation	—	(5,400)	—	(601)	(6,001)
Net book amount	<u>110</u>	<u>9,397</u>	<u>4,565</u>	<u>—</u>	<u>14,072</u>

(a) *Goodwill*

Goodwill of HK\$110,000 arose from the acquisition of RLT. On 27 October 2016, GES entered into a sale and purchase agreement with Ms. Yip Kim Kam, who is a close family member of a director of GES, to acquire the entire equity interest in RLT at a cash consideration of HK\$650,000. The acquisition was completed on 27 October 2016 (Note 23).

(b) *Computer software systems*

Computer software systems are internally developed systems and the costs of the systems represent all direct costs incurred in the development. The systems are amortised over the estimated useful life of 5 years.

(c) *Capitalised development costs*

Capitalised development costs represent all direct costs incurred for the development of computer software systems. Such capitalised costs will not be subject to amortisation until the underlying computer software under development are ready for use. It will be tested for impairment annually and whenever there is an indication that it may be impaired.

(d) *Customer contract*

The customer contract arose from the acquisition of RLT which was completed on 27 October 2016. The customer contract represents a service contract signed between RLT and its main contractor to develop a timetabling software and has met the recognition criteria of intangible assets to recognise separately from the goodwill. This intangible asset is amortised over the expected useful life of 1.4 years.

(e) *Impairment test*

Goodwill and capitalised development costs not ready for use are tested annually based on the recoverable amount of the CGU to which the intangible asset is related.

There are two identified CGUs which include the (i) financial IT solutions CGU and (ii) non-financial IT solutions CGU. As at 31 December 2018, Goodwill amounted HK\$110,000 were allocated to the non-financial IT solutions CGU and capitalised development costs amounted HK\$4,565,000 were allocated to the financial IT solutions CGU for impairment testing.

The recoverable amount of each CGU is determined based on a value-in-use calculation which uses cash flow projection based on a five-year financial budgets approved by the directors. Assumed growth rate is used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a five-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments and achievement of business targets.

For financial IT solutions CGU, the pre-tax discount rate applied to cash flow projections was around 18.37%, 17.95% and 17.95%, and the cash flows beyond the five-year period are extrapolated using an annual growth rate of 2%, 2% and 2%, for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018, respectively.

For non-financial IT solutions CGU, the pre-tax discount rate applied to cash flow projections was around 20.38%, 20.01% and 20.01%, for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018, respectively.

As at 31 March 2017 and 2018, and 31 December 2018, the directors assessed the recoverable amount of each CGU and determined that no impairment loss was recognised for the goodwill and capitalised development costs as the recoverable amounts exceeded the carrying amounts.

The estimated recoverable amount shall exceed its carrying amount (i.e. the headroom) as listed in below table:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
Financial IT solutions CGU	52,230	53,794	53,650
Non-financial IT solutions CGU	426	569	484

The directors of the Company performed sensitivity analysis based on the assumptions that revenue growth rate or pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would decrease to the amounts as follows:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
Financial IT solutions CGU			
- Revenue growth rate per annum decrease by 1%	42,780	43,838	43,907
- Pre-tax discount rate increase by 1%	48,372	49,462	49,116
Non-financial IT solutions CGU			
- Revenue growth rate per annum decrease by 1%	388	551	467
- Pre-tax discount rate increase by 1%	402	548	472

The directors of the Company have not identified any reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGUs to exceed their respective recoverable amounts as of 31 March 2017 and 2018, and 31 December 2018, respectively.

15 Financial instruments by category

	Financial assets measured at amortised cost		
	As at 31 March		As at 31 December
	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets included in the combined statements of financial position			
Trade receivables, deposits and prepayments (excluding prepayments) (Note 16)	2,498	2,470	1,725
Cash and cash equivalents (Note 17)	<u>28,441</u>	<u>14,647</u>	<u>12,360</u>
	<u>30,939</u>	<u>17,117</u>	<u>14,085</u>
 Financial liabilities at amortised cost			
	As at 31 March		As at 31 December
	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	Liabilities included in the combined statements of financial position		
Amount due to a director (Note 22)	20	—	—
Accruals and other payables (excluding accrued payroll and employee benefits) (Note 20)	879	3,464	3,927
Bank borrowing (Note 19)	<u>—</u>	<u>12,417</u>	<u>12,070</u>
	<u>899</u>	<u>15,881</u>	<u>15,997</u>

16 Trade receivables, deposits and prepayments

The Group

	As at 31 March		As at 31 December
	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	1,633	1,378	1,396
Deposits	865	1,092	329
Prepayments	<u>170</u>	<u>2,336</u>	<u>6,644</u>
	2,668	4,806	8,369
Less: non-current portion of deposits	<u>(865)</u>	<u>(865)</u>	<u>(53)</u>
Trade receivables, deposits and prepayments - current	<u>1,803</u>	<u>3,941</u>	<u>8,316</u>

The Company

	As at 31 March	As at 31 December
	2018	2018
	HK\$'000	HK\$'000
Prepaid listing expenses - current	2,020	5,757
Other prepayment	<u>—</u>	<u>18</u>
	<u>2,020</u>	<u>5,775</u>

The carrying amounts of the Group's trade receivables, deposits and prepayments approximated their fair values as at 31 March 2017 and 2018 and 31 December 2018.

Credit period ranging from 0 days to 45 days were granted to the customers. As at 31 March 2017 and 2018 and 31 December 2018, the ageing analysis of trade receivables by the invoice date was as follows:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
Less than 30 days	1,317	991	719
31 days to 90 days	290	307	503
Over 90 days	<u>26</u>	<u>80</u>	<u>174</u>
	<u>1,633</u>	<u>1,378</u>	<u>1,396</u>

Movements in provision for doubtful receivables during the Track Record Period are as follows:

	HK\$'000
As at 1 April 2017	—
Provision for doubtful receivables	360
Write-off of trade receivables	<u>(360)</u>
As at 31 March 2017 and 2018, and 31 December 2018	<u>—</u>

During the year ended 31 March 2017, the Group fully wrote off trade receivables of HK\$360,000, mainly due from a customer which encountered financial difficulty and subsequently went bankrupt.

The Group's trade receivables were denominated in the following currencies:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
US\$	1,231	1,171	1,330
HK\$	402	181	66
Japanese yen ("JPY")	<u>—</u>	<u>26</u>	<u>—</u>
	<u>1,633</u>	<u>1,378</u>	<u>1,396</u>

The maximum exposure to credit risk at the reporting date was the fair value of the receivables mentioned above. The Group did not hold any collateral as security.

17 Cash and cash equivalents

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
Cash at banks	<u>28,441</u>	<u>14,647</u>	<u>12,360</u>
Maximum exposure to credit risk	<u>28,441</u>	<u>14,647</u>	<u>12,360</u>

The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
HK\$	4,893	5,934	4,635
US\$	23,009	7,847	6,713
JPY	342	647	792
Renminbi ("RMB")	<u>197</u>	<u>219</u>	<u>220</u>
	<u>28,441</u>	<u>14,647</u>	<u>12,360</u>

18 Combined capital/share capital

The Group - Combined capital

The reorganisation has not been completed as at 31 December 2018. As mentioned in Note 1.3 above, the Historical Financial Information has been prepared as if the Group structure after the Reorganisation had been in existence throughout the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018.

Combined capital and retained earnings as at 31 March 2017 and 2018 and 31 December 2018 represent the combined share capital and retained earnings of the companies now comprising the Group. Apart from profit and total comprehensive income and capitalisation of retained earnings stated below, there were no other movements in combined capital and retained earnings during the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018.

Upon the written resolution passed through on 29 December 2017, the share capital of GES increased to HK\$7,500,000 by way of capitalisation of its retained earnings of HK\$7,499,900, without allotment or issuance of any new shares to the shareholders. As a result, the combined capital of the Group increased to HK\$7,500,010.

The Company - Share capital

The Company was incorporated on 7 February 2018 with an authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. On the same day, 10 shares of the Company of HK\$0.01 each were allotted and issued. On 21 March 2019, as part of the Reorganisation, the Company issued 63 shares and 27 shares to Essential Strategy and Expert Wisdom, respectively, as the consideration for acquisition of the subsidiaries now comprising the Group (Note 1.2).

19 Bank borrowing

	As at 31 March	31 December
	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
		As at
		2018
		<i>HK\$'000</i>
Bank borrowing	<u>—</u>	<u>12,417</u>
		<u>12,070</u>

As at 31 March 2018 and 31 December 2018, the Group had aggregated bank facilities of approximately, HK\$20,417,000 and HK\$20,070,000 respectively, for a revolving loan and a term loan. Unutilised facilities as at the same date amounted to approximately HK\$8,000,000 and HK\$8,000,000 respectively.

As at 31 March 2018, the bank borrowing was secured by a corporate guarantee from GES, personal guarantee from the directors of GES and an investment property with fair value amounted to HK\$31,610,000 (Note 13).

As at 31 December 2018, the bank borrowing was secured by a corporate guarantee from GES, personal guarantee from the directors of GES and the land and building with carrying amount of HK\$34,769,000 (Note 12).

The personal guarantee provided by the directors of GES will be replaced by a corporate guarantee provided by the Company upon the Listing.

As at 31 March 2018 and 31 December 2018, the Group's bank borrowing contractually due for repayment after one year, amounting to HK\$12,417,000 and HK\$12,070,000 respectively, contained a repayable on demand clause and was classified as current liabilities. The following table is prepared based on the schedule repayment date set out in the relevant agreement and ignore the effect of any repayment on demand right:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
			HK\$'000
Within one year	—	492	490
Between one and five years	—	2,088	2,098
Over five years	—	9,837	9,482
	<u>—</u>	<u>12,417</u>	<u>12,070</u>

The carrying amount of the bank borrowing was denominated in HK\$.

During the year ended 31 March 2018 and the nine months ended 31 December 2018, the effective interest rate of the bank borrowing was 2.33% and 3.05% respectively.

20 Accruals and other payables

The Group

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
			HK\$'000
Accrued payroll and employee benefits	698	2,029	1,300
Accrued listing expenses	—	3,148	3,539
Accrued expenses and other payables	<u>879</u>	<u>316</u>	<u>388</u>
Accruals and other payables	<u>1,577</u>	<u>5,493</u>	<u>5,227</u>

The Company

	As at	As at
	31 March	31 December
	2018	2018
	HK\$'000	HK\$'000
Accrued listing expenses	<u>3,148</u>	<u>3,539</u>

The carrying amounts of the accruals and other payables were denominated in HK\$.

21 Deferred income tax asset and liabilities

Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis.

For the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018, deferred income tax was calculated in full on temporary differences under the liability method using a principal tax rate of 16.5%.

(i) Deferred income tax asset

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
			<i>HK\$'000</i>
Tax losses	—	90	210
	—	90	210
Set-off of deferred income tax liabilities pursuant to set-off provisions	—	(70)	—
Net deferred income tax asset	<u>—</u>	<u>20</u>	<u>210</u>

The analysis of deferred income tax assets is as follow:

	As at 31 March		As at
	2017	2018	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	2018
			<i>HK\$'000</i>
Deferred income tax asset to be recovered within 12 months	<u>—</u>	<u>90</u>	<u>210</u>

The movements in deferred income tax asset during the years, without taking into consideration the offsetting of balance within the same tax jurisdiction were as follows:

Deferred income tax asset

	Tax losses		
	Year ended		Nine months
	31 March		ended
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
	HK\$'000	HK\$'000	HK\$'000
At beginning of the year	—	—	90
Credited to profit or loss	—	90	120
	<u>—</u>	<u>90</u>	<u>120</u>
At end of the year	<u>—</u>	<u>90</u>	<u>210</u>

(ii) Deferred income tax liabilities

	As at		
	As at 31 March		31 December
	2017		2018
	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000
Property and equipment	192	246	237
Investment property	—	70	—
Intangible assets	70	—	—
	<u>262</u>	<u>316</u>	<u>237</u>
Set-off of deferred income tax assets pursuant to set-off provisions	—	(70)	—
	<u>262</u>	<u>246</u>	<u>237</u>

	As at		
	As at 31 March		31 December
	2017		2018
	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000
Deferred income tax liabilities to be recovered within 12 months	214	142	116
Deferred income tax liabilities to be recovered after more than 12 months	48	174	121
	<u>262</u>	<u>316</u>	<u>237</u>

The movements in deferred income tax liabilities during the years, without taking into consideration the offsetting of balance within the same tax jurisdiction were as follows:

Deferred income tax liabilities

	Property and equipment		Investment property		Intangible assets		Total	
	Year ended 31 March	Nine months ended 31 December	Year ended 31 March	Nine months ended 31 December	Year ended 31 March	Nine months ended 31 December	Year ended 31 March	Nine months ended 31 December
	2018	2018	2018	2018	2017	2018	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of the year	135	246	—	70	—	70	135	262
Acquisition of a subsidiary (Note 23)	—	—	—	—	100	—	100	—
Charged/(credited) to profit or loss	57	(131)	—	52	(30)	(70)	27	54
Transfer	—	122	—	(122)	—	—	—	—
At end of the year	192	246	—	70	70	—	262	316

22 Amount due to related parties*The Group - Amount due to a director*

As at 31 March 2017, the amount due to a director was unsecured, interest-free, and repayable on demand. The balance was denominated in HK\$. During the year ended 31 March 2018, the amount was fully settled.

The Company - Amount due to Global eSolutions (HK) Limited

As at 31 March 2018 and 31 December 2018, the amount due to GES was unsecured, interest-free, and repayable on demand. The balance was denominated in HK\$.

23 Business combination

On 27 October 2016, GES entered into a sale and purchase agreement with Ms. Yip Kim Kam, who is a close family member of Mr. Chung, the director of the Company, to acquire 100% equity interests in RLT for a cash consideration of HK\$650,000. The acquisition was completed on 27 October 2016.

As a result of the acquisition, the Group was expected to increase its presence in non-financial IT solution market. The goodwill of approximately HK\$110,000 arising from the acquisition is attributable to the synergies from combining the operations of the Group and RLT. None of the goodwill recognised is expected to be deductible for income tax expenses.

	<i>HK\$'000</i>
As at the acquisition date, 27 October 2016	
Cash consideration	650
Fair value of identifiable net assets acquired (see below)	<u>(540)</u>
Goodwill (Note 14)	<u><u>110</u></u>

Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Fair value <i>HK\$'000</i>
Cash and cash equivalents	117
Property and equipment (Note 12)	5
Intangible assets (Note 14)	601
Contract assets	327
Prepayments	10
Current tax assets	4
Other payables	(340)
Contract liabilities	(84)
Deferred income tax liabilities (Note 21)	<u>(100)</u>
Total identifiable net assets acquired	<u><u>540</u></u>

The net cash outflow as a result of the acquisition is analysed as follows:

	<i>HK\$'000</i>
Cash consideration	650
Less: cash and cash equivalents held by RLT as at 27 October 2016	<u>(117)</u>
Net cash outflow from the acquisition	<u><u>533</u></u>

Acquisition-related costs of HK\$44,000 has been charged to "other expenses" in the combined statement of comprehensive income for the year ended 31 March 2017.

The revenue included in the combined statements of comprehensive income for the period from 27 October 2016 to 31 March 2017 contributed by RLT was HK\$959,000. RLT also contributed profit of HK\$174,000 over the same period.

Had RLT been combined from 1 April 2016, the combined statement of comprehensive income would show pro-forma revenue of HK\$44,785,000 and profit of HK\$13,536,000 for the year ended 31 March 2017.

The fair values of the following identifiable assets and liabilities have been determined on the following basis:

- (a) The fair value of financial assets and prepayments are estimated at the present value of future cash flows, discounted at the market rate of interest at the date of acquisition.

- (b) The fair value of financial liabilities and accrued payroll and employee benefits are estimated, based on the present value of future principal and interest cash flows that are discounted at the market rate of interest at the date of acquisition.

- (c) The fair value of current tax assets and deferred income tax liabilities are recognised and measured in accordance with HKAS 12 Income taxes.

24 Dividend

No dividend was paid or declared by the Company or the companies now comprising the Group during each of the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018.

25 Notes to the combined statements of cash flows

(a) Cash generated from operations

	Year ended		Nine months ended	
	31 March		31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Profit before income tax	16,113	9,493	14,113	8,594
Adjustments for:				
- Bank interest income	(1)	(1)	(1)	(5)
- Interest expense (Note 9)	—	21	—	181
- Depreciation of property and equipment (Note 12)	997	1,168	861	987
- Amortisation of intangible assets (Note 14)	1,338	2,123	1,585	2,028
- Write-off of property and equipment (Note 12)	43	—	—	—
- Loss on disposal of property and equipment (Note 8)	1	—	—	—
- Provision for doubtful receivables (Note 8)	360	—	—	—
- Fair value changes to an investment property	—	2,459	—	(3,400)
Operating profit before working capital changes	18,851	15,263	16,558	8,385
Changes in working capital:				
- Trade receivables, deposits and prepayments	5,858	(2,138)	(8,551)	(2,919)
- Contract assets	(321)	267	709	387
- Contract liabilities	(2,092)	(300)	(284)	336
- Accruals and other payables	10	5,181	1,254	1,985
- Amount due to a director	—	(20)	(20)	—
Cash generated from operations	<u>22,306</u>	<u>18,253</u>	<u>9,666</u>	<u>8,174</u>

(b) *In the combined statements of cash flows, proceeds from disposal of property and equipment comprise:*

	Year ended		Nine months ended	
	31 March		31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Net book value (Note 12)	2	—	—	—
Loss on disposals of property and equipment (Note 8)	(1)	—	—	—
Proceeds from disposals of property and equipment	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>

(c) *Major non-cash transactions*

Upon the written resolution passed through on 29 December 2017, the combined capital of the Group increased to HK\$7,500,000 by way of capitalisation of retained earnings of HK\$7,500,000.

(d) *The reconciliation of liabilities arising from financing activities is as follows:*

	Bank Borrowing (current) HK\$'000
For the years ended 31 March 2017 and 2018	
At 1 April 2016, 31 March 2017 and 1 April 2017	—
Cash flows	
- Proceeds from a bank borrowing	12,500
- Repayment of a bank borrowing	(85)
Non-cash change	
- Accrued interest expense	<u>2</u>
At 31 March 2018	<u>12,417</u>
For the nine months ended 31 December 2018	
At 1 April 2017, 31 December 2017 and 1 April 2018	
Cash flows	12,417
- Repayment of a bank borrowing	(345)
- Payment of interest expense	<u>(2)</u>
At 31 December 2018	<u>12,070</u>

26 Operating lease commitments - as lessee

As at 31 March 2017 and 2018 and 31 December 2018, the Group had future aggregate minimum lease payments under non-cancellable operating lease in respect of an office premise and data centre facilities as follows:

	As at 31 March		As at
	2017	2018	31 December
	HK\$'000	HK\$'000	2018
No later than one year	3,107	3,757	645
Later than one year and no later than five years	<u>6,136</u>	<u>3,330</u>	<u>—</u>
	<u>9,243</u>	<u>7,087</u>	<u>645</u>

27 Related party transactions

As at 31 March 2018 and 31 December 2018, the directors considered Mr. Wei Ming and Essential Strategy, which is incorporated in BVI, as the ultimate controlling shareholder and immediate holding company of the Company respectively.

(a) Significant related party transactions

Save as disclosed in Notes 22 and 23, the Group had the following related party transactions during the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2017 and 2018.

Name of party	Nature of transaction	Year ended		Nine months ended	
		31 March		31 December	
		2017	2018	2017	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Mr. Wei Chun Pong, Benjamin (Note a)	Employee benefits payable	291	307	208	227
RLT (Note b)	Management service fee receivable	<u>320</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>611</u>	<u>307</u>	<u>208</u>	<u>227</u>

Notes:

- (a) Mr. Wei Chun Pong, Benjamin is a close family member of Mr. Wei, the director of the Company. The above transaction was conducted in the normal course of business of the Company and charged at terms mutually agreed by the parties concerned or in accordance with the terms of the underlying agreements, where appropriate.

- (b) Pursuant to the management service agreement signed between the GES and RLT on 1 April 2016, GES received management service income of HK\$320,000 from RLT during the period from 1 April 2016 to the acquisition date by GES on 27 October 2016 (the “pre-acquisition period”). During the pre-acquisition period, the then director of RLT was a close family member of a director of GES. The transaction was carried out in the ordinary course of business and conducted at price mutually agreed between the relevant parties.

(b) **Key management compensation**

Key management includes executive directors of the Company and the senior management of the Group.

Compensation of key management personnel of the Group, including directors' emoluments as disclosed in Note 7 to the Historical Financial Information, was as follows:

	Year ended		Nine months ended	
	31 March		31 December	
	2017	2018	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Salaries, bonuses and allowances	3,389	4,838	3,105	4,468
Pension costs - defined contribution plans	72	72	54	54
Staff welfare and benefits	1	1	—	—
	3,462	4,911	3,159	4,522

28 Movement of accumulated losses of the Company

	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the years ended 31 March 2017 and 2018		
At 1 April 2016, 31 March 2017 and 1 April 2017	—	—
Total comprehensive loss		
Loss and other comprehensive loss of the year	<u>(6,785)</u>	<u>(6,785)</u>
At 31 March 2018	<u><u>(6,785)</u></u>	<u><u>(6,785)</u></u>
For the nine months ended 31 December 2018		
At 1 April 2018	(6,785)	(6,785)
Total comprehensive loss		
Loss and other comprehensive loss of the period	<u>(6,862)</u>	<u>(6,862)</u>
At 31 December 2018	<u><u>(13,647)</u></u>	<u><u>(13,647)</u></u>

29 Contingent liability

The Group did not have any contingent liability as at 31 March 2017 and 2018 and 31 December 2018.

30 Events after the balance sheet date

- (a) The Reorganisation as summarised in Note 1.2 was completed as at the date of this report.
- (b) On 29 March 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by creation of additional 9,962,000,000 shares.
- (c) By a shareholder's resolution dated 29 March 2019 and conditional on the share premium account of the Company being credited as a result of the share offer, the Company will issue additional 299,999,900 shares, credited as fully paid, to the existing shareholders of the Company, by way of capitalisation of HK\$2,999,999 standing to the credit of our Company's share premium account.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information sets out in this Appendix does not form part of the Accountant’s Report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of our Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed “Financial Information” in this prospectus and the “Accountant’s Report” set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2018 as if the Share Offer had taken place on 31 December 2018.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 December 2018 or at any future dates following the Share Offer. It is prepared based on the combined net assets of the Group as at 31 December 2018 as set out in the Accountant’s Report of the Group, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant’s Report.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 December 2018 (Note 1) HK\$’000	Estimated net proceeds from the Share Offer (Note 2) HK\$’000	Unaudited pro forma adjusted net tangible assets attributable to the owners of the Company HK\$’000	Unaudited pro forma adjusted net tangible assets per share (Note 3) HK\$
Based on an Offer Price of HK\$0.53 per Share	<u>39,844</u>	<u>32,627</u>	<u>72,471</u>	<u>0.181</u>
Based on an Offer Price of HK\$0.67 per Share	<u>39,844</u>	<u>44,737</u>	<u>84,581</u>	<u>0.211</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited combined net tangible assets attributable to the owners of the Company as at 31 December 2018 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 December 2018 of HK\$53,916,000, with an adjustment for the intangible assets as at 31 December 2018 of HK\$14,072,000.
- (2) The estimated net proceeds from the Share Offer range of HK\$0.53 per Share and HK\$0.67 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately HK\$13,563,000 which have been accounted for in the combined financial information of the Group prior to 31 December 2018) payable by the Company subsequent to 31 December 2018.
- (3) The unaudited pro forma net tangible assets per Shares is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 400,000,000 Shares were in issue assuming that the Share Offer has been completed on 31 December 2018 but takes no account of any Share which be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.
- (4) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2018.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the year ended 31 March 2019 has been prepared in accordance with Rule 4.29(8) of the Listing Rules and on the basis set out in the note below for the purpose of illustrating the effect of the Share Offer and Capitalisation Issue as if they had taken place on 1 April 2018. The unaudited pro forma estimated earnings per Share has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Share Offer and Capitalisation Issue or for any future periods.

Profit estimate for the year ended 31 March 2019

Estimated consolidated profit attributable to

owners of the Company for the year ended 31 March 2019 ⁽¹⁾ . Not less than HK\$6.5 million

Unaudited pro forma estimated earnings per share

for the year ended 31 March 2019 ⁽²⁾ Not less than HK\$0.01

Notes:

- (1) The bases on which the above profit estimate has been prepared are summarised in Part A of Appendix III to this prospectus. The Directors have prepared the estimated consolidated profit attributable to owners of the Company for the year ended 31 March 2019 based on the audited combined results for the nine months ended 31 December 2018 and the unaudited consolidated results based on management accounts of our Group for the three months ended 31 March 2019.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated consolidated profit for the year ended 31 March 2019 attributable to owners of the Company by the weighted average number of 400,000,000 shares that had been assumed in issue for the year, assuming that a total of 100,000,000 shares under the Shares Offer and 299,999,900 shares under the Capitalisation Issue had been in issue as at 1 April 2018. The calculation of the estimated earnings per Share does not take into account any Shares which may be allotted or issued pursuant to the exercise of the Offer Size Adjustment Option or the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Novacon Technology Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Novacon Technology Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2018 and the pro forma estimated earnings per share for the year ended 31 March 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-3 of the Company's prospectus dated 15 April 2019, in connection with the proposed share offer of the Company. 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.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed share offer on the Group's financial position as at 31 December 2018 and the Group's estimated earnings per share for the year ended 31 March 2019 as if the proposed share offer had taken place at 31 December 2018 and 1 April 2018, respectively. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the nine months ended 31 December 2018, on which an accountant's report has been published, and the Group's profit estimate for the year ended 31 March 2019, respectively.

Directors' Responsibility 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 ("HKICPA").

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 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 Accountant's 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 accountant plans and performs 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 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed share offer at 31 December 2018 or 1 April 2018 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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, 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 by the directors of the Company 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.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 15 April 2019

The estimate of the consolidated profit attributable to owners of our Company for the year ended 31 March 2019 is set out in the section headed “Financial Information — Profit Estimate for FY2019” in this prospectus.

A. BASES

Our Directors have prepared the estimate of the consolidated profit attributable to owners of the Company for the year ended 31 March 2019 (the “**Profit Estimate**”) based on the audited combined results of our Group for the nine months ended 31 December 2018 and the unaudited consolidated results based on the management accounts of our Group for the three months ended 31 March 2019.

The Profit Estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently we adopted as summarised in the Accountant’s Report as set out in Appendix I to this prospectus.

B. LETTER FROM OUR REPORTING ACCOUNTANT

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

The Board of Directors
Novacon Technology Group Limited

Dongxing Securities (Hong Kong) Company Limited

15 April 2019

Dear Sirs,

Novacon Technology Group Limited (the “**Company**”)

Profit Estimate for Year Ended 31 March 2019

We refer to the estimate of the consolidated profit attributable to owners of the Company for the year ended 31 March 2019 (the “**Profit Estimate**”) set forth in the section headed “Financial Information — Profit Estimate for FY2019” in the prospectus of the Company dated 15 April 2019 (the “**Prospectus**”).

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited combined results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the nine months ended 31 December 2018 and the unaudited consolidated results based on the management accounts of the Group for the three months ended 31 March 2019.

The Company’s directors are solely responsible for the Profit Estimate.

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 Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our firm applies Hong Kong Standard on Quality Control 1 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 Accountant's Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountant's report dated 15 April 2019, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

C. LETTER FROM THE SOLE SPONSOR ON PROFIT ESTIMATE

The following is the text of a letter, prepared for inclusion in this prospectus, received by our Directors from the Sole Sponsor, in connection with the estimate of the consolidated profit attributable to owners of our Company for the year ended 31 March 2019.



The Board of Directors
Novacon Technology Group Limited

15 April 2019

Dear Sirs,

We refer to the estimate of the consolidated profit attributable to owners of Novacon Technology Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 March 2019 (the “**Profit Estimate**”), as set out in “Financial Information” in the prospectus issued by the Company dated 15 April 2019.

The Profit Estimate, for which you, as the directors of the Company are solely responsible, has been prepared by you based on the audited combined results of the Group for the nine months ended 31 December 2018 and the unaudited consolidated results based on the management accounts of the Group for the three months ended 31 March 2019.

We have discussed with you the bases upon which the Profit Estimate has been made, we have also considered the letter dated 15 April 2019 addressed to you and us from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Profit Estimate, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
Dongxing Securities (Hong Kong) Company Limited
Anthony Tsang **Brenda Wong**
Executive Director *Director*

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2019 of the property interest of the Company.



23rd Floor, Siu On Centre, No. 188 Lockhart Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388

info@avaval.com

www.avaval.com

15 April 2019

The Board of Directors
Novacon Technology Group Limited
Office E, 17th Floor
EGL Tower
No. 83 Hung To Road
Kwun Tong, Kowloon
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Novacon Technology Group Limited (“Novacon” or the “Company”) for us to carry out the valuation of the property interest held by the Company and its subsidiaries (hereinafter together referred to as the “Group”) in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 January 2019 (the “valuation date”).

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

BASIS OF VALUATION

In valuing the property interest, we have complied with all the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”), the HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

VALUATION METHODOLOGY

In valuing the property interest, we have valued by market approach by making reference to comparable market transactions in our assessment of the property interest. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

TITLE INVESTIGATION

In preparing our valuation, we have carried out land searches at the Land Registry of Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain any amendment which does not appear on the copies handed to us. We are not aware of any title defects, easements or right of way affecting the property and our valuation assume that none exists, except only where otherwise stated.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the property being appraised. The inspection was carried out by Mr. David He (Valuer of AVISTA Valuation Advisory Limited) on 12 March 2018. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the property is free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the property taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverised fly ash, or any other deleterious material has been used in the construction of the property. We are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the property.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the area provided to us is correct. Based on our experience of valuation of similar property, we consider the assumptions so made to be reasonable. We have also conducted area measurements on the building plan from the Buildings Department for cross checking purpose.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interest. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal, identification of property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

VALUATION ASSUMPTIONS

We have assumed that the respective title owner of the property has an enforceable title of the property interest and has free and uninterrupted rights to occupy, use, sell, lease, charge, mortgage or otherwise dispose of the property without the need of seeking further approval from and paying additional premium to the Hong Kong Government for the unexpired land use term as granted. Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the property are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assume the property will be used for the purposes for which the property is designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the property described and that no encroachment or trespass exists, unless noted in the report.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have further assumed that the property was not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the property in between the date of our inspection and the valuation date.

CURRENCY

Unless otherwise stated, all amounts are denominated in Hong Kong Dollar (HKD). The valuation certificate is attached hereby.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years' experience in the valuation of property including Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

VALUATION CERTIFICATE

The property interest held and occupied by the Group in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value
			Attributable to the Company as at 31 January 2019 HKD
Office E on 17th Floor, EGL Tower, No.83 Hung To Road, Hong Kong	The property comprises 1 office unit on the 17th floor of a 29-storey office building completed in 2007.	As at the valuation date, the property was occupied by the Group for office purpose.	34,570,000 (100% interest attributable to the Company: 34,570,000)
341/32000th shares of the remaining portion of Kwun Tong Inland Lot No. 234	The property has a total saleable area of approximately 2,355 sq. ft. The property is held under the government lease with a lease term of 21 years renewable for 16 years commencing from 1 July 1960.		

Notes:

- The registered owner of the property is Win Investment (HK) Limited, a wholly-owned subsidiary of the Group, registered via Memorial No. 18022302280217 dated 31 January 2018 for a consideration of HKD31,372,000.
- The property is subject to an Occupation Permit via Memorial No. 07051701580012 dated 10 May 2007.
- The property is subject to a Deed of Mutual Covenants via Memorial No. 07091802030474 dated 3 September 2007.
- A mortgage in favour of China Construction Bank (Asia) Corporation Limited is registered via Memorial No. 18022302280225 dated 31 January 2018.
- The property lies within an area zoned "Other Specified Uses (Business)" under Kwun Tong (South) OZP Plan No. S/K14S/22.
- In our valuation, we have made reference to the transaction records of some office comparable to the property based on similar locality and similar usage. We have adopted the range of unit rate from HKD14,000 per sq. ft. to HKD16,000 per sq. ft. on the saleable area. The unit rates assumed by us are consistent with the said transaction record. Due adjustments to the unit rates of those transaction record have been made to reflect factors including but not limited to time, floor and size in arriving at the key assumptions.
- The list of comparable market transactions considered by us in performing the valuation of the property is listed below:

No.	Address	Date of Instrument	Saleable Area (sq. ft.)	Unit Price per	
				Price (HKD)	Saleable Area (HKD/sq. ft.)
1	Unit C, 28th Floor, EGL Tower, No.83 Hung To Road, Kwun Tong, Hong Kong	27 January 2017	1,323	15,695,000	11,863
2	Unit B, 20th Floor, EGL Tower, No.83 Hung To Road, Kwun Tong, Hong Kong	22 November 2016	1,270	15,000,000	11,811

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 February 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “Memorandum”) and its Amended and Restated Articles of Association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 29 March 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

- (a) **Shares**
 - (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

- (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) *Transfer of shares*

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) *Power of the Company to purchase its own shares*

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(vi) *Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) *Calls on shares and forfeiture of shares*

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) **Directors**

(i) *Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(iv) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings and extraordinary general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up,

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 23 February 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) **Economic Substance Requirements**

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is

**APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND THE CAYMAN ISLANDS COMPANY LAW**

tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection — Documents Available for Inspection" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 February 2018.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 17 April 2018 and its principal place of business in Hong Kong is Office E, 17th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong. In connection with such registration, our Company has appointed Mr. Chung of Flat A, 30/F, Tower 6B, Lions Rise, 8 Muk Lun Street, Wong Tai Sin, Kowloon, Hong Kong as its authorized representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and our constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix V to this prospectus.

2. Changes in the share capital of our Company

- (a) As at the date of incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the same day, one subscriber Share with a par value of HK\$0.01 was allotted and issued as fully paid to an Independent Third Party, as the initial subscriber. On the same day, (i) the said one Share was transferred to Essential Strategy at par value of HK\$0.01; (ii) six Shares were allotted and issued as fully paid, to Essential Strategy; and (iii) three Shares were allotted and issued as fully paid, to Expert Wisdom. Upon completion of the above transfer, our Company was owned as to 70% by Essential Strategy and as to 30% by Expert Wisdom.
- (b) On 21 March 2019, Essential Strategy and Mr. Chung (as transferors), Motion Cast (as transferee), Expert Wisdom, our Company and GES entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Motion Cast acquired the entire issued share capital of GES, which comprised (i) 70 ordinary shares held by Essential Strategy; and (ii) 30 ordinary shares held by Mr. Chung. The shares were transferred to Motion Cast in consideration of the allotment and issue of 63 Shares and 27 Shares, credited as fully paid, to Essential Strategy and Expert Wisdom, respectively.
- (c) On 29 March 2019, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional of 9,962,000,000 Shares.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 400,000,000 Shares will be allotted and issued as fully paid or credited as fully paid, and 9,600,000,000 Shares will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in “A. Further Information about our Company — 5. Written resolutions of our Shareholders passed on 29 March 2019” and “A. Further Information about our Company — 6. Repurchase of the Shares” in this appendix below and the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration to our Company’s share capital since its incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. Further details are set out in “History, Development and Reorganisation — Reorganisation” in this prospectus.

4. Changes in share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in “History, Development and Reorganisation — Reorganisation” and “History, Development and Reorganisation — Our Corporate Development — GES” in this prospectus, there has been no alteration to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

5. Written resolutions of our Shareholders passed on 29 March 2019

Written resolutions of our Shareholders were passed on 29 March 2019 approving, among others, the following:

- (a) the Memorandum was adopted as the memorandum of association of our Company with immediate effect and the Articles were adopted as the articles of association of our Company with effect from the Listing Date;

- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional of 9,962,000,000 Shares of HK\$0.01 each, all of which shall rank pari passu in all respects with the existing Shares as at the date of passing of such resolutions; and
- (c) conditional upon (aa) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme; (bb) the Offer Price having been duly determined and the execution and delivery of the Underwriting Agreements on the respective dates as specified in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in each of the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:
- (i) the Share Offer and the grant of the Offer Size Adjustment Option by our Company were approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer subject to the terms and conditions as stated in this prospectus; (bb) implement the Share Offer and the Listing; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to allot and issue a total of 299,999,900 Shares credited as fully paid at par to Essential Strategy and Expert Wisdom in proportion to their then respective shareholdings in our Company by way of capitalisation of the sum of HK\$2,999,999.00 standing to the credit of the share premium account of our Company and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares;
- (iii) the rules of the Share Option Scheme were approved and adopted, and our Board (or any committee thereof established by our Board) was authorised, at its sole discretion, to (aa) administer the Share Option Scheme; (bb) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (cc) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any option(s) granted thereunder; and (dd) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;

- (iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of the Offer Size Adjustment Option or any option which may be granted under the Share Option Scheme or under the Capitalisation Issue or the Share Offer, Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate number of issued Shares immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme); and (bb) the aggregate number of issued Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first;
- (v) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the GEM Listing Rules (or of such other stock exchange), Shares in aggregate not exceeding 10% of the aggregate number of issued Shares immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first; and
- (vi) a general unconditional mandate as referred to in sub-paragraph (iv) above was extended by the addition to the aggregate number of issued Shares which may be allotted or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of issued Shares repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate number of issued Shares immediately after completion of the Capitalisation Issue and the Share Offer (without

taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme).

6. Repurchase of the Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on 29 March 2019, a general unconditional mandate to repurchase our Company's securities (the "Repurchase Mandate") was given to our Directors, the details of which are set out in "A. Further Information about our Company — 5. Written resolutions of our Shareholders passed on 29 March 2019" above in this appendix.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the Companies Law, the GEM Listing Rules and any other laws and regulations applicable to our Company from time to time in force. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of profits of our Company, out of the share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Articles and the Companies Law, out of the capital. Any amount of premium payable on the repurchase over the par value of the shares to be repurchased must be out of profits of our Company, out of our Company's share premium account before or at the time the Shares are repurchased, or, subject to the Articles and the Companies Law, out of the capital.

(iii) *Trading restrictions*

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate number of issued shares of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on GEM if the result of the repurchase would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not repurchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) *Status of repurchased shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed.

Under the Companies Law, a company's repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) *Suspension of repurchase*

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on

the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(vi) *Reporting requirements*

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) *Connected parties*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person which includes a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his securities to the company.

(b) *Reasons for repurchase*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) *Share capital*

Exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), could accordingly result in up to 40,000,000 Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in "A. Further Information about our Company — 5. Written resolutions of our Shareholders passed on 29 March 2019" in this appendix.

(d) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in our Company's voting rights increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

Our Company has not made any repurchase of our own securities since our incorporation.

No core connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

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

- (a) bought and sold notes dated 27 October 2017 in respect of the transfer of one share of WIL from Ho Wing Sum to GES at a consideration of HK\$1.00;
- (b) an instrument of transfer dated 27 October 2017 in respect of the transfer of one share of WIL from Ho Wing Sum to GES at a consideration of HK\$1.00;
- (c) a provisional agreement for sale and purchase dated 1 November 2017 entered into between GOLDEN ORCHID LIMITED, as the vendor, WIL, as the purchaser, and RICACORP PROPERTIES LIMITED, as the agent, in relation to the sale and purchase of a property situated at Office E on 17th Floor, EGL Tower No. 83 Hung To Road, Kowloon for a total consideration of HK\$31,372,000.00;




- (d) an agreement dated 14 November 2017 entered into between GOLDEN ORCHID LIMITED, as the vendor, and WIL, as the purchaser, in relation to the sale and purchase of a property situated at Office E on 17th Floor, EGL Tower (東瀛遊廣場), No.83 Hung To Road, Kowloon, Hong Kong for a total consideration of HK\$31,372,000.00;
- (e) deed of assignment dated 31 January 2018 entered into between GOLDEN ORCHID LIMITED and WIL, in relation to the assignment of a property situated at Office E on 17th Floor, EGL Tower (東瀛遊廣場), No.83 Hung To Road, Kowloon, Hong Kong, from GOLDEN ORCHID LIMITED to WIL, for a total consideration of HK\$31,372,000.00;
- (f) the Reorganisation Agreement;
- (g) the Deed of Indemnity;
- (h) the Deed of Non-Competition; and
- (i) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which, in the opinion of our Directors, are material to our Group's business:

Trademark	Owner	Class	Place of registration	Registration Number	Expiry date
	GES	9,42	Hong Kong	302670624	11 July 2023
A 	GES	9	Hong Kong	303263913	11 January 2025
B 					
A 	GES	9	Hong Kong	303784375	22 May 2026
B 					

Trademark	Owner	Class	Place of registration	Registration Number	Expiry date
	GES	9	Hong Kong	304400252	15 January 2028
	GES	9	Hong Kong	304400270	15 January 2028
	GES	9	Hong Kong	304470705	22 March 2028

(b) *Domain names*

As at the Latest Practicable Date, our Company had registered the following domain names, which in the opinion of our Directors, are material to the business of our Company:

Domain name	Registered owner	Expiry date
novacontechgroup.com	GES	30 April 2020
ges.com.hk	GES	22 March 2020
reallogictech.com	RLT	20 September 2019

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests and short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and our Company's associated corporations after completion of the Capitalisation Issue and the Share Offer*

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or

which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, will be as follows:

Name	Capacity/ nature of interest	Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer <i>(Note 1)</i>	Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Mr. Wei <i>(Note 2)</i>	Interest in a controlled corporation	210,000,000(L)	52.5%
Mr. Chung <i>(Note 3)</i>	Interest in a controlled corporation	90,000,000(L)	22.5%

Notes:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
2. Our Company will be owned as to 52.5% by Essential Strategy immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Essential Strategy is wholly-owned by Mr. Wei. Under the SFO, Mr. Wei is deemed to be interested in the same number of Shares held by Essential Strategy.
3. Our Company will be owned as to 22.5% by Expert Wisdom immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Expert Wisdom is wholly-owned by Mr. Chung. Under the SFO, Mr. Chung is deemed to be interested in the same number of Shares held by Expert Wisdom.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), so far as our Directors are aware, the following persons (not being our Directors or chief executive) will have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/nature of interest	Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer <i>(Note 1)</i>	Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Essential Strategy <i>(Note 2)</i>	Beneficial owner	210,000,000(L)	52.5%
Ms. Wong <i>(Note 3)</i>	Interest of spouse	210,000,000(L)	52.5%
Expert Wisdom <i>(Note 4)</i>	Beneficial owner	90,000,000(L)	22.5%
Ms. Yip <i>(Note 5)</i>	Interest of spouse	90,000,000(L)	22.5%

Notes:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
2. Our Company will be owned as to 52.5% by Essential Strategy immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Essential Strategy is wholly-owned by Mr. Wei. Under the SFO, Mr. Wei is deemed to be interested in the same number of Shares held by Essential Strategy.
3. Mr. Wei and Ms. Wong are spouses. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares which Mr. Wei is interested.
4. Our Company will be owned as to 22.5% by Expert Wisdom immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme). Expert Wisdom is wholly-owned by Mr. Chung. Under the SFO, Mr. Chung is deemed to be interested in the same number of Shares held by Expert Wisdom.
5. Mr. Chung and Ms. Yip are spouses. Under the SFO, Ms. Yip is deemed to be interested in the same number of Shares which Mr. Chung is interested.

(b) *Negative statement regarding interests in securities*

None of our Directors or chief executive of our Company will immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme) has any discloseable interests (as referred to in (a) above) other than as disclose at (a) above.

Our Directors are not aware of any persons (other than our Directors or the chief executive of our Company) who will immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (a) above.

2. Particulars of Director's service agreements and letters of appointment

(a) *Executive Directors*

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date, subject to the provision of retirement and rotation of Directors under the Articles of Association.

(b) *Non-executive Director and independent non-executive Directors*

Each of our non-executive Director and our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of three years commencing from the Listing Date, subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed in this prospectus, none of our Directors has entered or is proposed to enter into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

During FY2017, FY2018 and 9M2019, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors (other than bonuses and contributions to pension schemes) were approximately HK\$1,398,000, HK\$1,596,000 and HK\$1,422,000, respectively.

During FY2017, FY2018 and 9M2019, the aggregate of contributions to pension schemes for our Directors were approximately HK\$36,000, HK\$36,000 and HK\$28,000, respectively.

During FY2017, FY2018 and 9M2019, the aggregate of discretionary bonuses paid for to our Directors were approximately HK\$254,000, HK\$879,000 and HK\$755,000, respectively.

None of our Directors or any past director(s) of any member of our Group has been paid any sum of money for FY2017, FY2018 and 9M2019 (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emolument for FY2017, FY2018 and 9M2019.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	<i>HK\$</i>
Executive Directors	
Mr. Chung Chau Kan	1,188,480
Mr. Wong Wing Hoi	791,676
Non-executive Director	
Mr. Wei Ming	—
Independent non-executive Directors	
Mr. Moo Kai Pong	120,000
Mr. Lo Chi Wang	120,000
Mr. Wu Kin San Alfred	120,000

Each of our executive Directors, non-executive Director and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group's business and operations.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in FY2017, FY2018 and 9M2019 by our Group to our Directors.

4. Related party transactions

Details of the related party transactions are set out under note 27 to the Accountant's Report set out in Appendix I to this prospectus.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO), immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, in each case once the Shares are listed;
- (b) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors or the experts under “E. Other Information — 7. Qualifications of experts” in this appendix below has been directly or indirectly interested in the promotion of, or in any asset(s) which has or have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor the experts named under “E. Other Information — 7. Qualifications of experts” in this appendix below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Group’s business; and
- (e) none of the experts named under “E. Other Information — 7. Qualifications of experts” in this appendix below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME**1. Summary of terms of the Share Option Scheme****(a) Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the “**Invested Entity**”). As at the Latest Practical Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

(b) Who may join

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any person belonging to the following classes:

- (i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)), any of our subsidiaries (within the meaning of Companies Ordinance) or any Invested Entity (an “**eligible employee**”);
- (ii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iii) any customer of any member of our Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and
- (vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group, and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly-owned by one or more eligible participants.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to such eligible participant's contribution to the development and growth of our Group.

(c) *Maximum number of Shares*

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if the grant of such options will result in the limit referred herein being exceeded.
- (ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Group) to be granted under the Share Option Scheme and any other share option schemes of our Group shall not in aggregate exceed 10% of the share capital of our Company in issue as at the date on which dealings in the Shares first commence on the Stock Exchange, being 40,000,000 Shares (“**General Scheme Limit**”).
- (iii) Subject to (i) above and without prejudice to (iv) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group shall not exceed 10% of the share capital of our Company in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.
- (iv) Subject to (i) above and without prejudice to (iii) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (iii) above to eligible participants specifically identified by our Company before such approval is sought.

(d) *Maximum entitlement of each eligible participant*

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Group (including both exercised or outstanding options) to each eligible participant who accepts the offer for the grant of an option under the Share Option Scheme (a “grantee”) in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the share capital of our Company in issue, such further grant shall be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(e) *Grant of options to core connected persons*

- (i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates shall be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of an option under the Share Option Scheme).
- (ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% of the share capital of our Company in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK\$5 million;

such further grant of options shall be approved by our Shareholders in general meeting. The proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting.

For the purpose of seeking the approval of our Shareholders under paragraphs (c), (d) and (e) above, our Company shall send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders’ meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

(f) *Time of acceptance and exercise of an option*

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participant concerned (and by no other person) for a period of up to 21 days from the date, which shall be a Business Day, on which the offer is made to the eligible participant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on GEM or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) *Performance targets*

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(h) *Subscription price for Shares*

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph (t) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (iii) the nominal value of a Share.

For the purpose of calculating the subscription price where our Company has been listed for less than five Business Days, the Offer Price shall be used as the closing price for any Business Day falling within the period before the Listing Date.

(i) ***Ranking of Shares***

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of our Company for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(j) ***Restrictions on the time of grant of options***

For so long as the Shares are listed on the Stock Exchange, an offer may not be made after inside information has come to our Company's knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to announce our results for any year, half-year or quarter-year period under Rules 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no offer for the grant of an option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the GEM Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

(k) ***Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) *Rights of ceasing employment*

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(m) *Rights on death, ill-health or retirement*

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(n) *Rights on dismissal*

In respect of a grantee who is an eligible employee, the date on which the grantee ceases to be an eligible employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an eligible employee.

(o) *Rights on breach of contracts*

In respect of a grantee other than an eligible employee, the date on which our Directors shall at their absolute discretion determine that (aa) such grantee has committed any breach of any contract entered into between such grantee on one part and our Group or any Invested Entity on the other part; or (bb) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cession of its relation with our Group or by any other reason whatsoever, such option shall lapse as a result of any event specified in sub-paragraphs (aa) to (cc) above.

(p) *Rights on takeover*

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(q) *Rights on winding up*

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of our Shares in issue on the day prior to the date of such resolution.

(r) *Rights on compromise or arrangement between our Company and its members or creditors*

In the event of a compromise or arrangement between our Company and our members or creditors in connection with a scheme for our reconstruction or amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, we shall give notice thereof to all grantees on the same date as we give notice of the meeting to our Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his personal representative(s)) may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two Business Days (excluding any period(s) of closure of the share registers of our Company) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the share registers of our Company) immediately prior to the date of the proposed

meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options (to the extent not already exercised) shall lapse and determine.

(s) *Grantee being a company wholly-owned by eligible participants*

If the grantee is a company wholly-owned by one or more eligible participants:

- (i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to any conditions or limitations as they may impose.

(t) *Adjustment of the subscription price*

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

- (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised); and/or
- (ii) the subscription price of any option; and/or
- (iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which such grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;

- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with the GEM Listing Rules and any relevant rules, codes and guidance notes issued by the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

(u) ***Cancellation of options***

Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or any other limits approved by our Shareholders pursuant to paragraph (c)(ii) or (c)(iv) above.

(v) ***Termination of the Share Option Scheme***

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) ***Right of personal to the grantee***

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(x) *Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q), (r) and (s) above; (iii) upon commencement of the winding up of the Company; or (iv) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (w) above.

(y) *Others*

- (i) The Share Option Scheme is conditional upon:
 - (a) the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and
 - (b) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of our Shareholders.
- (ii) The provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the articles of association for the time being of our Company for a variation of the rights attached to the Shares.
- (iii) subject to paragraph (v) below, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) The terms of the Share Option Scheme and/or any options amended must comply with the applicable requirements of the GEM Listing Rules.
- (v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (collectively, the “**Indemnifiers**”) have, under the Deed of Indemnity, given joint and several indemnities to our Company (for ourselves and as trustee for our subsidiaries) in connection with, among other things:

- (a) any taxation (including estate duty) and taxation claim falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the Share Offer becomes unconditional; and
- (b) all costs which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any litigation, arbitration and/or legal proceedings against any member of our Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of our Group occurred at any time on or before the date on which the Share Offer becomes unconditional, if any.

The Indemnifiers will, however, not be liable under the Deed of Indemnity to the extent that, among others:

- in relation to items (a) and (b) above, provision has been made for such liability in the audited combined accounts of our Company or any member of our Group for the Track Record Period;
- in relation to item (a) above, the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- in relation to item (a) above, the taxation liability arises in the ordinary course of business of any member of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

To the best knowledge of our Directors, save as disclosed in this prospectus, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its results of operations or financial condition.

3. Application for listing of Shares

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned herein and any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Dongxing Securities as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

5. Preliminary expenses

The estimated preliminary expenses relating to the incorporation of our Company are approximately HK\$45,000 and are payable by our Company.

6. Promoter

Our Company does not have any promoter.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Dongxing Securities (Hong Kong) Company Limited	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
ALI BUDIARDJO, NUGROHO, REKSODIPUTRO	Legal advisers as to Indonesian law
AVISTA Valuation Advisory Limited	Property valuer
PricewaterhouseCoopers	Certified public accountants
Frost & Sullivan Limited	Independent professional industry consultant

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of their reports and/or letter or opinion (as the case may be) and reference to their respective names included in the form and context in which they respectively appears.

9. Fees of the Sole Sponsor

The Sole Sponsor will receive a fee of HK\$6.5 million to act as the sponsor to our Company in connection with the Listing.

10. Independence of the Sole Sponsor

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sponsor of the Listing; and
- (b) by way of the compliance advisory fee to be paid to Dongxing Securities as our Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the Listing, any interest in any class of securities of our Company or any of our subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in our Company or any other companies comprising our Group. The Sole Sponsor is independent from our Group under Rule 6A.07 of the GEM Listing Rules.

11. **Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. **Share register**

The register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and the branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

13. **Taxation of holders of Shares**

(a) ***Hong Kong***

Dealings in Shares registered on our Company's branch register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) ***The Cayman Islands***

Under the current Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

(c) ***Consultation with professional advisers***

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercising any rights attaching to them.

14. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;
- (b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2018, being the date on which the latest audited financial information of our Group was reported in the Accountant's Report set out in Appendix I to this prospectus;
- (d) our Directors confirm that our Company has no outstanding convertible debt securities or debentures;
- (e) our Directors confirm that there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.

15. Bilingual prospectus

Pursuant to section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) copies of the **WHITE, YELLOW and GREEN** Application Forms;
- (ii) the written consents referred to in “Statutory and General Information — E. Other Information — 8. Consents of experts” in Appendix VI to this prospectus; and
- (iii) copies of the material contracts referred to in “Statutory and General Information — B. Further Information about the Business of our Group — 1. Summary of material contracts” in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of ONC Lawyers at 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (i) the Memorandum of Association and the Articles of Association;
- (ii) the audited financial statements of the companies comprising our Group for FY2017 and FY2018, except for those companies for which there are no statutory audit requirements in their respective jurisdictions of incorporation;
- (iii) the Accountant’s Report for FY2017, FY2018 and 9M2019 from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (iv) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (v) the respective letters on the profit estimate of our Group from PricewaterhouseCoopers and the Sole Sponsor for the year ended 31 March 2019, the text of which is set out in Appendix III to this prospectus;
- (vi) the property valuation report prepared by AVISTA Valuation Advisory Limited dated 15 April 2019, the text of which is set out in Appendix IV to this prospectus;
- (vii) the letter of advice prepared by Conyers Dill & Pearman, the legal advisers to our Company as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix V to this prospectus;
- (viii) the Companies Law;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (ix) the material contracts referred to in “Statutory and General Information — B. Further Information about the Business of our Group — 1. Summary of material contracts” in Appendix VI to this prospectus;
- (x) the service agreements with the executive Directors and the appointment letters with the non-executive Director and the independent non-executive Directors referred to in “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Director’s service agreements and letters of appointment” in Appendix VI to this prospectus;
- (xi) the written consents referred to in “Statutory and General Information — E. Other Information — 8. Consents of experts” in Appendix VI to this prospectus;
- (xii) the rules of the Share Option Scheme;
- (xiii) the written legal opinion prepared by ALI BUDIARDJO, NUGROHO, REKSODIPUTRO, the legal advisers to our Company as to Indonesian law relating to, among other things, the legality and compliance of our Group’s business in Indonesia; and
- (xiv) the independent market research report entitled “Hong Kong and Asia Financial Trading Solutions Market Study” dated 15 April 2019, commissioned by our Company and prepared by Frost & Sullivan Limited.

Novacon Technology Group Limited
連成科技集團有限公司