

eBROKER GROUP LIMITED

電子交易集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8036

SHARE OFFER

Sole Sponsor



Sole Lead Manager



Joint Bookrunners



IMPORTANT

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

eBROKER GROUP LIMITED

電子交易集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares	:	230,000,000 (subject to the Adjustment Options)
Number of Placing Shares	:	207,000,000 Shares (subject to reallocation and the Adjustment Options)
Number of Hong Kong Offer Shares	:	23,000,000 Shares (subject to reallocation)
Offer Price	:	Not more than HK\$0.44 per Offer Share and expected to be not less than HK\$0.28 per Offer Share (payable in full upon application and subject to refund), plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%
Nominal value	:	HK\$0.001 per Share
Stock code	:	8036

Sole Sponsor



Sole Lead Manager



Joint Bookrunners



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 section headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Monday, 11 February 2019 or such later time as may be agreed between the parties, but in any event, no later than 12:00 noon (Hong Kong time) on Wednesday, 13 February 2019. If, for any reason, the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by 12:00 noon (Hong Kong time) on Wednesday, 13 February 2019, or such later date as may be agreed by the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk factors" in this prospectus.

Prospective investors of the Hong Kong Offer Shares should note that the Hong Kong Underwriter(s) are entitled to terminate their obligations under the Hong Kong Underwriting Agreement by notice in writing to be given by the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) upon the occurrence of any of the events set forth in the section headed "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be affected, sold, pledged or transferred within the United States, except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any US securities law.

30 January 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 high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 companies listed on GEM.

EXPECTED TIMETABLE⁽¹⁾

A separate announcement will be issued if there is any change to the following expected timetable:

2019

Hong Kong Public Offering commences and **WHITE** and
YELLOW Application Forms available from 9:00 a.m. on
Wednesday, 30 January

Latest time to complete electronic applications
under **HK eIPO White Form** service through
the designated website **www.hkeipo.hk**⁽²⁾⁽³⁾ 11:30 a.m. on
Friday, 8 February

Application lists open⁽³⁾ 11:45 a.m. on
Friday, 8 February

Latest time to: (1) lodge **WHITE** and **YELLOW**
Application Forms; (2) complete payment of
HK eIPO White Form applications by effecting
internet banking transfer(s) or PPS payment
transfer(s); and (3) give **electronic application**
instructions to HKSCC⁽³⁾⁽⁴⁾ 12:00 noon on
Friday, 8 February

Application lists close⁽³⁾ 12:00 noon on
Friday, 8 February

Price Determination Date⁽⁵⁾ Monday, 11 February

(1) Announcement of:

- the final Offer Price;
- the level of indication of interest in the Placing;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of Hong Kong Offer Shares

to be published (i) on the Stock Exchange's website at
www.hkexnews.hk⁽⁶⁾⁽⁷⁾; (ii) on our website at
www.ebrokersystems.com⁽⁶⁾⁽⁷⁾ Monday, 18 February

EXPECTED TIMETABLE⁽¹⁾

- (2) Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including the website of the Stock Exchange at **www.hkexnews.hk**⁽⁶⁾⁽⁷⁾ and our website at **www.ebrokersystems.com**⁽⁶⁾⁽⁷⁾ (further information is set forth in the section headed "How to apply for Hong Kong Offer Shares – Publication of results" in this prospectus) from Monday, 18 February
- (3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**⁽⁶⁾⁽⁷⁾ and our website at **www.ebrokersystems.com**⁽⁶⁾⁽⁷⁾ from Monday, 18 February
- Results of allocations in the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID/Business Registration Number" function from Monday, 18 February
- Despatch/Collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁸⁾⁽⁹⁾ Monday, 18 February
- Share certificates to be despatched or deposited into CCASS on or before⁽⁹⁾ Monday, 18 February
- Dealings in our Shares on GEM expected to commence⁽⁹⁾ 9:00 a.m. on Tuesday, 19 February

The application for the Hong Kong Offer Shares will commence on Wednesday, 30 January 2019 through Friday, 8 February 2019, being longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Monday, 18 February 2019. Investors should be aware that the dealings in the Shares on GEM are expected to commence on Tuesday, 19 February 2019.

Notes:

1. All dates and times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Hong Kong Public Offering, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus.

EXPECTED TIMETABLE⁽¹⁾

2. You will not be permitted to submit your application 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 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 8 February 2019, the application lists will not open or close on that day. Further information is set forth in the section headed “How to apply for Hong Kong Offer Shares – Effect of bad weather on the opening of the application lists” in this prospectus.
4. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for Hong Kong Offer Shares – Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus.
5. The Price Determination Date is expected to be on or around Monday, 11 February 2019. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, 13 February 2019 between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not proceed and will lapse accordingly.
6. The announcement will be available for viewing on the Stock Exchange’s website at **www.hkexnews.hk** and our website at **www.ebrokersystems.com**.
7. None of the website or any of the information contained on the website form part of this prospectus.
8. Refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$0.44 per Offer Share.
9. The share certificates for the Hong Kong Offer Shares are expected to be despatched to the Shareholders on Monday, 18 February 2019. The share certificates for the Hong Kong Offer Shares will only become valid if the Hong Kong Public Offering becomes unconditional. No temporary documents or evidence of title will be issued.

Applicants who apply on **WHITE** Application Forms or through the **HK eIPO White Form** service for 1,000,000 Shares or more under the Hong Kong Public Offering and have provided all information required by the Application Forms may collect refund cheques and (where applicable) share certificates in person 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 Monday, 18 February 2019. Identification and (where applicable) authorisation documents acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Shares or more under the Hong Kong Public Offering and have provided all information required by the Application Forms may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant’s stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Shares is the same as that for applicants who apply on **WHITE** Application Forms.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for Hong Kong Offer Shares – Applying by giving **electronic application instructions** to HKSCC via CCASS” in this prospectus for details.

If an applicant has applied for less than 1,000,000 Hong Kong Offer Shares, the share certificate (where applicable) and/or refund cheque will be despatched by ordinary post (at the applicant’s own risk) to the address specified on the Application Form.

EXPECTED TIMETABLE⁽¹⁾

Uncollected share certificates (where applicable) and refund cheques will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to apply for Hong Kong Offer Shares – Despatch/collection of share certificates and refund monies" in this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title provided that (i) the Share Offer has become unconditional; and (ii) the right of termination as described in the section headed "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus has not been exercised and has lapsed.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any securities 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.

You should rely on the information contained in this prospectus to make your investment decision.

Our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Underwriters, any of their respective directors, officers, employees, agents, affiliates or representatives of any of them or any other person or parties involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As the following is only a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment in companies listed on GEM. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before making any decision to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this prospectus.

OVERVIEW

We are a financial technology solution provider focusing on the provision of financial software solution services to primarily financial institutions (including mainly brokerage firms, proprietary trading firms and wealth management companies) in Hong Kong. Since 2000, after the introduction of the third generation of AMS by HKEX, we launched *eBrokerSys*, our OMS with straight through processing and automated capabilities for Exchange Participants. Our software solutions perform a variety of functions for both front office operations and back office operations. For front office operations, our services include trading execution, fund management, credit control, risk management and cyber security. For back office operations, our services include clearing and settlement of trading orders, portfolio risk reporting and colocation service. Our services are designed to serve Exchange Participants by providing them with among others, equities and futures trading execution services and clearing service as well as settlement service to retail and institutional clients.

In addition to our commitment in local exchanges, we also develop software solutions that address the increasingly sophisticated and varied needs of prospective clients and respond to technological advances of other exchanges and the demands for trading in other leading exchanges such as CME by launching a global derivatives trading platform with pre-trade and post-trade risk management capabilities. We were certified by CME as an independent software vendor in January 2013, being the first vendor in Hong Kong to obtain this certification.

Our revenue amounted to approximately HK\$47.9 million, HK\$48.7 million and HK\$35.9 million for the two years ended 31 December 2017 and the eight months ended 31 August 2018, respectively.

SUMMARY

The following table sets forth our revenue by business lines during Track Record Period:

	For the year ended 31 December				For the eight months ended 31 August			
	2016		2017		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					<i>(unaudited)</i>			
Front office solution service income								
– Trading Solutions	24,741	51.7	25,474	52.3	16,955	51.9	17,685	49.2
– Algo Solutions	1,552	3.2	1,515	3.1	1,010	3.1	928	2.6
– Investment Solutions	485	1.0	574	1.2	323	1.0	680	1.9
Sub-total:	26,778	55.9	27,563	56.6	18,288	56.0	19,293	53.7
Back office solution service income*								
– Global Backoffice System	10,848	22.7	11,551	23.8	7,643	23.4	8,052	22.4
– Hong Kong Data Centres Hosting and Exchange Colocation Services	446	0.9	356	0.7	280	0.8	153	0.4
Sub-total:	11,294	23.6	11,907	24.5	7,923	24.2	8,205	22.8
Installation and customisation service income	5,855	12.2	4,560	9.4	3,414	10.4	4,921	13.7
Managed cloud service income	828	1.8	2,231	4.6	1,362	4.2	1,899	5.3
Others	3,119	6.5	2,404	4.9	1,691	5.2	1,612	4.5
Total	47,874	100.0	48,665	100.0	32,678	100.0	35,930	100.0

* The income from our Group's existing business of the Portfolio Risk Reporting System was nil during the Track Record Period.

The following table sets forth our revenue by types of clients during Track Record Period:

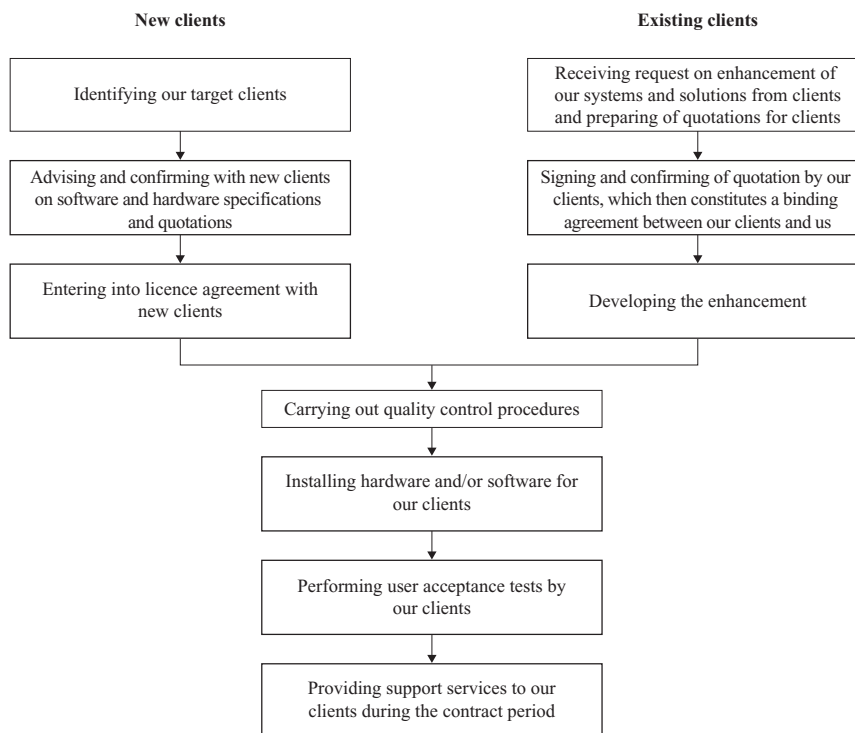
	For the year ended 31 December				For the eight months ended 31 August			
	2016		2017		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					<i>(unaudited)</i>			
Brokerage firms	41,110	85.9	44,441	91.3	30,030	91.9	32,174	89.5
Proprietary trading firms	4,718	9.9	2,772	5.7	1,888	5.8	2,219	6.2
Wealth management companies	2,010	4.2	1,451	3.0	759	2.3	1,537	4.3
Others	36	–	1	–	1	0.0	–	–
Total	47,874	100.0	48,665	100.0	32,678	100.0	35,930	100.0

The net profit margin of our Group (excluding Listing expenses and one-off other income in 2016 relating to the reversal of over-provision of listing expenses in 2013) from continuing operations for the two years ended 31 December 2017 and the eight months ended 31 August 2018 were 29.9%, 25.9% and 29.1%, respectively.

SUMMARY

OUR OPERATION PROCESS

Our operation process is set out below:



Further information is set forth in the section headed “Business – Operation process” in this prospectus.

OUR MARKET POSITION

Financial institutions in the top-tier and middle-tier segment are served by large international financial technology vendors. Some mid-tier and most lower-tier clients will rely on local and regional BSS vendors, the corresponding market share of local and regional BSS vendors is approximately 45% of the total market. The estimated ranking of our Group is the third among financial trading software solution providers primarily serving Category B and C EPs, with approximately 2.4% estimated shares of the market of financial trading software solutions in Hong Kong.

Further information is set forth in the section headed “Industry overview – Competitive landscape of financial trading and settlement software system industry in Hong Kong” in this prospectus.

OUR COMPETITIVE STRENGTHS

Our Directors consider that we possess the following competitive strengths:

- We offer a wide range of financial software solutions.
- We are an experienced financial technology solution provider.
- We are a market innovator in the financial technology market.
- We have an experienced management team and application development team with sound industry knowledge and technical know-how.
- We have a proven track record and client loyalty.

Further information is set forth in the section headed “Business – Competitive strengths” in this prospectus.

OUR BUSINESS STRATEGIES

Our business objective is to grow our existing business through diversification of our revenue streams and expansion of our client base by expanding product offerings and features. We will endeavour to achieve our business objective by implementing the following business strategies:

- Expand our business in Wealth Management Solution.
- Improve user trading applications.

SUMMARY

- Expand our managed cloud services to local brokerage firm clients.
- Establish our research and development centre in the PRC.

Further information is set forth in the section headed “Business – Our business strategies” in this prospectus.

OUR CLIENTS

Our Directors are of the view that our target clients are primarily Category B and Category C Exchange Participants, which, to the best belief and knowledge of our Directors, are small to medium-sized brokerage firms. In order to broaden our client base, we also try to target clients who are proprietary trading firms and wealth management companies which are not Exchange Participants.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, the revenue generated from our five largest clients amounted to approximately HK\$13.2 million, HK\$11.6 million and HK\$9.6 million, representing approximately 27.5%, 23.9% and 26.8% of our total revenue from continuing operations respectively and the revenue generated from our largest client amounted to approximately HK\$3.7 million, HK\$3.4 million and HK\$2.4 million, representing approximately 7.6%, 7.0% and 6.7% of our total revenue from continuing operations during the Track Record Period, respectively.

Further information is set forth in the section headed “Business – Clients” in this prospectus.

OUR SUPPLIERS

We have maintained stable commercial relationships with our major suppliers, most of which have started business relationships with us before the Track Record Period. Our suppliers are generally telecommunication service providers as well as hardware and/or software vendors providing us with their data service, bandwidth, internet lines, leased lines, routers and servers.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our purchase of products and services from our five largest suppliers amounted to approximately HK\$7.4 million, HK\$9.5 million and HK\$6.9 million, representing approximately 92.1%, 93.0% and 92.5% of our total purchase and cost of services from continuing operations respectively. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our purchase from the largest supplier amounted to approximately HK\$5.3 million, HK\$7.6 million and HK\$5.6 million, respectively, representing approximately 65.8%, 74.7% and 74.8% of our total purchase, respectively.

Further information is set forth in the section headed “Business – Suppliers” in this prospectus.

RELIANCE ON OUR LARGEST SUPPLIER

With a view to enhancing our operational efficiency, we also outsource the development of part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work to the Technical Service Providers, which used to be our related parties prior to the Reorganisation ^{Note}, while our AD Team is still responsible for: (i) direct communication with clients; (ii) design of the individual modules and their respective interface; and (iii) development of certain core modules of our financial software such as those for the operation of order management of our financial software. Selection of the Technical Service Providers was made subsequent to a tender process which was a closed tender by invitation. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, the amount of purchase from the Technical Service Providers accounted for approximately 65.8%, 74.7% and 74.8% of our total purchase, respectively. Our Directors consider that the services provided by the Technical Service Providers are routine in nature without any inspiration or expertise such as system design and system interface which we have, therefore, we have continued our relationship with the Technical Service Providers by the service contracts simply for the purposes of maintaining our established business relationship and stability of supply of services by the Technical Service Providers.

Further information is set forth in the sections headed “Business – Suppliers – Reliance on our largest supplier” and “Business – Procurement” in this prospectus.

Note: Such related party connection arose because Shenzhen Yiboke was a wholly-owned subsidiary of Brilliant Technology, which was an indirect wholly-owned subsidiary of Front Office Technology (HK), which in turn was owned as to approximately 83.34% by Capital Master and 16.66% jointly by Mr. Chan and Ms. Cheung. Pursuant to the Reorganisation, Capital Master has disposed of its interests in our Company and as a result, the Technical Service Providers have ceased to be connected persons and related parties of our Company.

SUMMARY

SALES AND MARKETING

We participate in conferences, seminars and exhibitions of the industry so as to strengthen our relationships with our business partners and promote our products and services to potential clients. Referral of new clients by existing clients as a result of departure of employees of and business expansion by existing clients or setting up of new EPs by owners of existing clients is the major channel in expanding our client base. Currently, our primary sales and marketing activities focus in Hong Kong. However, due to the growth of financial products and financial industry in the PRC, we anticipate that there will be an increasing demand for electronic trading platform solutions in the future.

Further information is set forth in the section headed “Business – Sales and marketing” in this prospectus.

PRINCIPAL RISK FACTORS

There are various risks involved in our business and operations and in connection with investment in our Shares. The major and material risks are summarised below:

- A loss of key employees with technical skills and/or financial and securities trading knowledge may have an adverse effect on our business, financial performance and future prospects.
- We rely on key management personnel and may not be able to attract and retain talented personnel.
- We rely on the finance and securities trading industry and its market participants, any market consolidation may adversely affect our business development.
- The financial technology market is increasingly competitive.
- We may fail to renew any of our existing commercial agreements or enter into new agreements on acceptable terms with our clients, or may fail to solicit new clients and win new contracts.
- We may not be able to keep up with rapid changes in technology and client demands.

Further information is set forth in the section headed “Risk factors” in this prospectus.

LEGAL COMPLIANCE

Our Directors confirm that we have complied in all material respects with the applicable laws, rules and regulations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

SHAREHOLDERS INFORMATION

Controlling Shareholders

Immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), our Company will be owned as to approximately 33.49% by Quantsmile (BVI) which will be held as to approximately 50.85% by Eagle Business Consulting, approximately 25.42% jointly by Mr. Chan and Ms. Cheung and approximately 23.73% by Supergrand. Eagle Business Consulting will be in turn held as to approximately 95.19% by Good Steward Foundation, approximately 4.76% by Ms. Cheung (the spouse of Mr. Chan) and approximately 0.05% by Mr. Ng.

In addition, Eagle Business Consulting will also directly hold approximately 18.10% interests in our Company immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

Further information on our Controlling Shareholders is set out in the section headed “Relationship with our Controlling Shareholders – Our Controlling Shareholders” in this prospectus.

Pre-IPO Investor

On 10 June 2016, Financial Data Technologies acquired 9,151,917 shares of HK\$0.01 each in the share capital of our Company and 3,848,083 shares of HK\$0.01 each in the share capital of our Company from Capital Master and Silver Richland, respectively, in aggregate representing 13.0% of the then issued share capital of our Company (“**Pre-IPO Investment**”), at a total consideration of HK\$45,500,000. Financial Data Technologies would be interested in approximately 10.57% of the issued share capital of our Company immediately after completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any

SUMMARY

options which may be granted under the Share Option Scheme). Under the Pre-IPO Investment, Financial Data Technologies undertakes not to dispose of any Shares held by it for a period of 180 days from the Listing Date.

The Financial Data Technologies' group has investment in various sectors such as, financial technology, corporate finance advisory services and asset management. Further information on the Pre-IPO Investment is set forth in the section headed "History, Reorganisation and Group structure – Pre-IPO Investment" in this prospectus.

CONNECTED TRANSACTIONS

Easy System Design and Beevest Securities are connected persons of our Company under Rule 20.27(1) of the GEM Listing Rules upon Listing.

The total rent paid by eBroker Systems to Easy System Design under the tenancy agreements (also represented rental expense of our Group) for the two years ended 31 December 2017 and the eight months ended 31 August 2018 amounted to HK\$1,445,000, HK\$1,620,000 and HK\$1,080,000, respectively. As at 31 December 2016 and 2017 and 31 August 2018, our Group did not have any payable nor receivable balance with Easy System Design.

The service fees credited to income from Beevest Securities (also represented revenue of our Group) for the two years ended 31 December 2017 and the eight months ended 31 August 2018 amounted to approximately HK\$2,162,000, HK\$1,818,000 and HK\$1,077,600, respectively. As at 31 December 2016 and 2017 and 31 August 2018, our Group had approximately HK\$153,000, HK\$135,000 and HK\$674,000 trade receivable balances from Beevest Securities, respectively.

Further information on the connected transactions is set forth in the section headed "Connected transactions" in this prospectus.

SUMMARY OF KEY OPERATIONAL AND FINANCIAL INFORMATION

Summary of consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Revenue from continuing operations	47,874	48,665	32,678	35,930
Profit before tax from continuing operations	9,604	12,104	9,449	6,806
Profit for the year/period from continuing operations	6,643	9,877	7,823	4,795
Non-HKFRS measures				
Add: Listing expenses	8,753	2,722	318	5,649
Less: Other income – reversal of over-provision of listing expenses for listing application in prior years	(1,088)	–	–	–
Profit for the year/period (excluding Listing expenses and one off other income) from continuing operations				
(Note)	14,308	12,599	8,141	10,444

Note:

- (1) Profit for the year/period (excluding Listing expenses and one-off other income in 2016 relating to the reversal of over-provision of listing expenses in 2013 which is not in ordinary course of business of our Group and is non-recurring in nature) from continuing operations is not a measure required by, or presented in accordance with HKFRS. We present this financial measure because they are used by our management to evaluate our operating performance and our Directors consider that such non-HKFRS measure is useful for investors to assess our Group's financial performance on an ongoing basis, exclusive of Listing expenses and other income in 2016 relating to the reversal of over-provision of listing expenses in 2013 as one-off items.

SUMMARY

- (2) For the year ended 31 December 2016, the profit for the year (excluding Listing expenses and one-off other income relating to the reversal of over-provision of listing expenses in 2013 which is not in ordinary course of business of our Group and is non-recurring in nature) from continuing operations of approximately HK\$14.3 million is calculated from profit and total comprehensive income for the year attributable to owners of our Company from continuing operations of approximately HK\$6.6 million adjusted by deducting other income of reversal of over-provision of listing expenses in 2013 of approximately HK\$1.0 million and adding back Listing expenses of approximately HK\$8.7 million.
- (3) For the year ended 31 December 2017, the profit for the year (excluding Listing expenses) from continuing operations of approximately HK\$12.6 million is calculated from profit and total comprehensive income for the year attributable to owners of our Company from continuing operations of approximately HK\$9.9 million adjusted by adding back Listing expenses of approximately HK\$2.7 million.
- (4) For the eight months ended 31 August 2017 and 31 August 2018, the profits for the respective periods (excluding Listing expenses) from continuing operations of approximately HK\$8.1 million and HK\$10.4 million were calculated from profit and total comprehensive income for the period attributable to owners of our Company from continuing operations of approximately HK\$7.8 million and HK\$4.8 million respectively adjusted by adding back Listing expenses of approximately HK\$0.3 million and HK\$5.6 million, respectively.

Summary of consolidated statements of financial position

	As at 31 December		As at 31 August
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	475	487	415
Current assets	22,385	32,204	39,253
Current liabilities	7,200	7,154	9,336
Net current assets	15,185	25,050	29,917
Net assets	15,577	25,454	30,249

Summary of consolidated statements of cash flows:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Net cash generated from operating activities	5,926	9,373	9,319	1,793
Net cash used in investing activities	(267)	(237)	(76)	(36)
Net cash used in financing activities	(1,124)	—	—	—
Net increase in cash and cash equivalents	4,535	9,136	9,243	1,757
Cash and cash equivalents at the beginning of the year/period	10,367	14,902	14,902	24,038
Cash and cash equivalents at the end of the year/period	14,902	24,038	24,145	25,795

KEY FINANCIAL RATIOS

	As at 31 December		As at 31 August
	2016	2017	2018
Current ratio ⁽¹⁾	3.1 times	4.5 times	4.2 times
Gearing ratio ⁽²⁾	N/A	N/A	N/A
Return on total assets ⁽³⁾	29.1%	30.2%	18.1%
Net profit margin ⁽⁴⁾	13.9%	20.3%	13.3%

SUMMARY

Notes:

1. Current ratio is calculated by total current assets over total current liabilities as at the end of the relevant year or period.
2. Gearing ratio is calculated as total interest-bearing borrowings divided by total equity as at the end of the relevant year or period and multiplied by 100%. There was no interest-bearing borrowing as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively.
3. Return on total assets is calculated by profit after taxation from continuing operations for the year or period attributable to owners of our Company over total assets at the end of the relevant year or period and multiplied by 100%. Annualised figures are used so as to be comparable with annual data.
4. Net profit margin is calculated by net profit after tax from continuing operations attributable to owners of our Company over revenue from continuing operations of the relevant year or period and multiplied by 100%.

OFFER STATISTICS

	Based on the minimum Offer Price of HK\$0.28	Based on the maximum Offer Price of HK\$0.44
Market capitalisation of our Shares ⁽¹⁾	HK\$344.4 million	HK\$541.2 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$0.061	HK\$0.087

Notes:

1. The calculation of the market capitalisation is based on 1,230,000,000 Shares expected to be in issue immediately following completion of the Share Offer. Please refer to the section headed "Share capital" in this prospectus for further details.
2. The unaudited pro forma adjusted net tangible assets per Share is arrived on the basis that 1,230,000,000 Shares expected to be in issue immediately following the completion of the Share Offer. Please refer to Appendix IIA to this prospectus for further details.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2018

Estimated unaudited consolidated profit attributable to owners of our Company (<i>Note 1</i>)	Not less than HK\$0.8 million
Unaudited pro forma estimated earnings per Share (<i>Note 2</i>)	Not less than HK0.065 cent

Notes:

- (1) The bases on which the above profit estimate for the year ended 31 December 2018 has been prepared are summarized in Appendix IIB to this prospectus. Our Directors have prepared the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2018 based on the audited consolidated results of our Group for the eight months ended 31 August 2018 and the unaudited consolidated results based on the management accounts of our Group for the three months ended 30 November 2018 and an estimate of consolidated results of the Group for the remaining one month ended 31 December 2018.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated results for the year ended 31 December 2018 attributable to owners of our Company, assuming that a total of 1,230,000,000 Shares had been in issued during the entire year. The calculation of the estimated earnings per Share does not take into account of any Shares which may be allotted and issued upon the exercise of option that may be granted under the Share Option Scheme, or any Shares which may be issued or repurchased pursuant to the Company's general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus.

LISTING EXPENSES

Our Directors estimate that we will incur a total amount of expenses of approximately HK\$43.3 million in relation to the Listing (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme) based on an Offer Price of HK\$0.36 (being the mid-point of the indicative Offer Price range stated in this prospectus), of which (i) approximately HK\$17.2 million will be accounted for as a deduction from equity upon Listing in connection with the issue of Offer Shares; and (ii) approximately HK\$26.1 million has been or will be charged to our profit or loss comprising (a) approximately HK\$8.7 million had been recognised in the year ended 31 December 2016; (b) approximately

SUMMARY

HK\$2.7 million had been recognised in the year ended 31 December 2017; (c) approximately HK\$12.9 million will be recognised in the year ending 31 December 2018; and (d) approximately HK\$1.8 million that will be recognised in the year ending 31 December 2019. Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and result of operations for the years ended 31 December 2016 and 2017 have been, and the year ending 31 December 2018 and 31 December 2019 will be, significantly and adversely affected by the expenses in relation to the Listing. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

RECENT DEVELOPMENT

Our business operation have been stable after the Track Record Period. To the best of our Director's knowledge, there was no material change in the general market conditions that had affected or would affect our Group's business operations or financial condition materially and adversely.

Our Group is expected to maintain a stable revenue for the year ending 31 December 2018. Our Directors expect that the profit of our Group for the year ending 31 December 2018 will be lower than that for the year ended 31 December 2017 mainly because of the Listing expenses. For the year ending 31 December 2019, our Directors expect that the net profit margin of our Group will be lower than that for the Track Record Period, mainly due to the increase in staff cost as a result of the increase in headcount as part of the expansion plan and the establishment of research and development centre in the PRC. Further information on the expansion plan and the establishment of research and development centre are set forth in the sections headed "Future plans and use of proceeds" and "Business – Research and development centre in the PRC" in this prospectus.

Subsequent to the Track Record Period and up to 30 January 2019, save for Listing expenses as disclosed in the section headed "Financial information – Listing expenses" in this prospectus, we did not have any significant non-recurrent items in our consolidated statement of profit or loss and other comprehensive income.

Our Directors confirm that, save for the Listing expenses, as far as they are aware, there had been no material adverse change in our financial or trading position or prospects since 31 August 2018, being the date to which our Company's latest audited consolidated financial statements were made up, up to 30 January 2019. As far as the Directors are aware, there was no material change in the general market conditions that had affected or would affect our Group's business operations or financial condition materially and adversely.

DIVIDEND

During the Track Record Period, no dividend was declared or paid by our Group. As at the Latest Practicable Date, we had no intention to declare any dividend prior to the Listing. We may distribute dividend by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval.

Our Board will review the dividend policy from time to time. Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to any applicable laws and regulations including the Companies Law, and our Articles which also require the approval of our Shareholders. The amount of any dividend to be declared and paid in the future will depend on, among others, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirement and other relevant factors. Our Board has not adopted any dividend policy for the time being and does not have any pre-determined dividend ratio. Our Board will consider the relevant factors when determining the dividend to be declared if any. 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

STATEMENT OF BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF NET PROCEEDS FROM THE SHARE OFFER

We estimate the net proceeds of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme) which we will receive, assuming an Offer Price of HK\$0.36, being the mid-point of the indicative Offer Price range, will be approximately HK\$39.5 million, after deduction of the estimated underwriting fees and other related expenses borne by our Group in connection with the Listing. The following table sets forth the proposed allocation of net proceeds from the Share Offer:

	From the Listing Date to 30 June 2019 HK\$'000	From 1 July 2019 to 31 December 2019 HK\$'000	From 1 January 2020 to 30 June 2020 HK\$'000	From 1 July 2020 to 31 December 2020 HK\$'000	From 1 January 2021 to 30 June 2021 HK\$'000	From 1 July 2021 to 31 December 2021 HK\$'000	From 1 January 2022 to 30 June 2022 HK\$'000	Total HK\$'000	Percentage of net proceeds from the Share Offer %
1. Expand our business in Wealth Management Solution	550	660	786	786	905	905	–	4,592	11
2. Improve our user trading applications	400	1,770	2,393	2,548	2,531	1,670	–	11,312	29
3. Expand our managed cloud services to local brokerage firm clients	415	630	915	651	964	674	–	4,249	11
4. Establish our research and development centre in the PRC	17,994	–	–	–	–	–	–	17,994	46
5. General working capital	220	219	219	219	219	219	–	1,315	3
Total:	19,579	3,279	4,313	4,204	4,619	3,468	–	39,462	100

If the Offer Price is finally determined to be more than HK\$0.36, being the mid-point of the indicative Offer Price range, the above proposed allocation of the net proceeds will increase on a *pro rata* basis. If the Offer Price is finally determined to be less than the mid-point of the indicative Offer Price range, the above allocation of the net proceeds will decrease on a *pro rata* basis and we plan to finance such shortfall by internal generated financial resources and/or other financings, as and when appropriate.

THE SHARE OPTION SCHEME

In order to incentivise our Directors, senior management and other employees for their contribution to our Group and to attract and retain suitable personnel to our Group, we have conditionally adopted the Share Option Scheme on 22 January 2019. The principal terms of the Share Option Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the following meanings. Certain other terms are explained in the section headed “Glossary of technical terms” in this prospectus.

“Accountants’ Report”	the accountants’ report prepared by the reporting accountants as set out in Appendix I to this prospectus
“Adjustment Options”	the Offer Size Adjustment Option and the Over-allotment Option, as the case may be
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s), and GREEN Application Form(s), or where the context so requires, any of them, for the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 22 January 2019, with effect from the Listing Date and as amended, supplemented or otherwise modified from time to time
“associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Beevest Securities”	Beevest Securities Limited (蜂投證券有限公司), a company incorporated in Hong Kong with limited liability on 20 June 1992 and an indirect wholly-owned subsidiary of Financial Data Technologies
“Board”	the board of Directors
“Brilliant Tech (BVI)”	Brilliant Tech (BVI) Limited, a company incorporated in the BVI with limited liability on 14 June 2011 and a wholly-owned subsidiary of Front Office Technology (BVI)
“Brilliant Technology”	Brilliant Technology Limited (光輝科技有限公司), a company incorporated in Hong Kong with limited liability on 15 September 1999 and a wholly-owned subsidiary of Brilliant Tech (BVI)
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Capital Master”	Capital Master Limited (溢本有限公司), a company incorporated in Hong Kong with limited liability on 10 September 1996, which is owned by Mr. Ng and Ms. Tse in equal shares

DEFINITIONS

“Category A Exchange Participants”	the 14 largest firms in Hong Kong by market turnover, which are primarily investment banks and other large international financial institutions
“Category B Exchange Participants”	the 15th to 65th largest firms in Hong Kong by market turnover, which are primarily midsize financial institutions and regional banks
“Category C Exchange Participants”	all stockbrokers other than Category A Exchange Participants and Category B Exchange Participants, which are primarily local financial institutions and retail brokers
“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 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 Law” or “Cayman Islands Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Registry”	the Companies Registry of Hong Kong

DEFINITIONS

“Company” or “our Company”	eBroker Group Limited (電子交易集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 23 May 2016
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and in the context of our Company means Quantsmile (BVI), Mr. Chan, Ms. Cheung, Eagle Business Consulting and Good Steward Foundation
“Copyright Ordinance”	Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Cybersecurity Guidelines”	the Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading published by the SFC in October 2017
“Deed of Indemnity”	the deed of indemnity dated 22 January 2019 given by each of our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), containing the indemnities more particularly referred to in the section headed “Other information – Estate duty, tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 22 January 2019 given by each of our Controlling Shareholders in favour of our Company, as further described under the section headed “Relationship with our Controlling Shareholders – Non-competition undertaking” in this prospectus
“Director(s)”	the director(s) of our Company
“Eagle Business Consulting”	Eagle Business Consulting Limited (如鷹企業顧問有限公司), one of our Controlling Shareholders and a company incorporated in Hong Kong with limited liability on 31 May 1999, which is held as to approximately 95.19% by Good Steward Foundation, 4.76% by Ms. Cheung and 0.05% by Mr. Ng
“Easy System Design”	Easy System Design Company Limited (依時系統設計有限公司), a company incorporated in Hong Kong with limited liability on 21 September 1998, and a wholly-owned subsidiary of eBroker (Cayman)

DEFINITIONS

“eBroker (Cayman)”	eBroker Limited (電子交易有限公司), an exempted company incorporated in the Cayman Islands as an investment holding company with limited liability on 14 June 2011, which is owned as to approximately 41.19% by Quantsmile (BVI), 31.42% by Capital Master, 3.85% by Silver Richland, 8.72% by Glory Sight Holdings Limited (being one of our Minority Shareholders), and 14.82% by the Minority Shareholders
“eBrokerKey”	a mobile application developed by us under our cyber security solutions for generating authentication passwords for accessing <i>eBrokerSys</i> and other trading systems developed by our Group
“eBrokerSys”	an OMS developed by us
“eBrokerSys (BVI)”	eBrokerSys (BVI) Limited, a company incorporated in the BVI with limited liability on 14 June 2011 and a wholly-owned subsidiary of our Company
“eBroker Systems”	eBroker Systems Limited (電子交易系統有限公司), a company incorporated in Hong Kong with limited liability on 3 May 2000 and a wholly-owned subsidiary of eBrokerSys (BVI)
“eBroker Systems (HK)”	eBroker Systems (HK) Limited (電子交易系統(香港)有限公司) (formerly known as L & K Systems Limited (洛基系統有限公司)), a company incorporated in Hong Kong with limited liability on 18 April 1989 and a wholly-owned subsidiary of eBroker Systems
“ES Transfer”	the disposal of 100% issued share capital of Easy System Design by eBroker Systems to eBroker (Cayman). For further details, please refer to the section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus
“Ever-Long Securities”	Ever-Long Securities Company Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
“Financial Data Technologies”	Financial Data Technologies Limited, a company incorporated in the BVI with limited liability on 16 July 2013 and is wholly owned by Mr. Nie Lehui

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“Front Office Technology (BVI)”	Front Office Technology (BVI) Limited, a company incorporated in the BVI with limited liability on 10 June 2011 and a wholly-owned subsidiary of Front Office Technology (HK)
“Front Office Technology (HK)”	Front Office Technology (HK) Company Limited (電子交易科技(香港)有限公司), a company incorporated in Hong Kong with limited liability on 7 June 1999 which is owned as to approximately 83.34% by Capital Master and 16.66% jointly by Mr. Chan and Ms. Cheung
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM Website”	www.hkgem.com , being the internet website operated by the Stock Exchange for the purposes of GEM
“Good Steward Foundation”	Good Steward Foundation Limited (好管家基金會有限公司), one of our Controlling Shareholders, a company limited by guarantee and incorporated in Hong Kong on 7 February 2012. It is a charitable company exempt from tax under Section 88 of the Inland Revenue Ordinance and was founded by Mr. Liew (our company secretary and financial controller) and Ms. Wen. Upon Listing, Mr. Liew will resign as a member of Good Steward Foundation and Mr. Chan will be appointed as one of the members
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“GreySpark”	GreySpark Partners (HK) Limited, an Independent Third Party and an industry consultant commissioned by us for the preparation of an industry report, a summary of which is set forth in the section headed “Industry overview” in this prospectus
“GreySpark Report”	the market research report commissioned by us and prepared by GreySpark on the financial trading and settlement software system industry in Hong Kong, a summary of which is set forth in the section headed “Industry overview” in this prospectus

DEFINITIONS

“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the companies which carried on the business of the present subsidiaries of our Company at the relevant time
“Hard Underwriting Agreement (I)”	an underwriting agreement dated 29 January 2019 and entered into between our Company and Head & Shoulders Securities, pursuant to which Head & Shoulders Securities agreed to assume, on a fully underwritten basis, an underwriting commitment to subscribe, or procure subscribers to subscribe, 158,580,000 Offer Shares pursuant to the terms and subject to the conditions mentioned therein and in connection with the Share Offer
“Hard Underwriting Agreement (II)”	an underwriting agreement dated 29 January 2019 and entered into between our Company and Sinomax Securities, pursuant to which Sinomax Securities agreed to assume, on a fully underwritten basis, an underwriting commitment to subscribe, or procure subscribers to subscribe, 35,710,000 Offer Shares pursuant to the terms and subject to the conditions mentioned therein and in connection with the Share Offer
“Hard Underwriting Agreement (III)”	an underwriting agreement dated 29 January 2019 and entered into between our Company and Ever-Long Securities, pursuant to which Ever-Long Securities agreed to assume, on a fully underwritten basis, an underwriting commitment to subscribe, or procure subscribers to subscribe, 35,710,000 Offer Shares pursuant to the terms and subject to the conditions mentioned therein and in connection with the Share Offer
“Hard Underwriting Agreements”	Hard Underwriting Agreement (I), Hard Underwriting Agreement (II) and Hard Underwriting Agreement (III)
“Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong

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“ HK eIPO White Form ”	the application for the Hong Kong Offer Shares to be issued in the own name of the applicant by submitting application online at the designated website of the 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 of the HK eIPO White Form at www.hkeipo.hk
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKMA”	Hong Kong Monetary Authority
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
“Hong Kong Offer Shares”	the 23,000,000 new Shares being offered by our Company for subscription under the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by members of the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions described in the section headed “Structure and conditions of the Share Offer” in this prospectus and the Application Forms
“Hong Kong Underwriter(s)”	the underwriters of the Hong Kong Public Offering named in the section headed “Underwriting – Hong Kong Underwriter(s)” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 29 January 2019 in respect of the Hong Kong Public Offering and made between our Company, the Controlling Shareholders, the executive Directors, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s), particulars of which are summarised in the section headed “Underwriting” in this prospectus

DEFINITIONS

“Independent Third Party”	an individual or a company who is not connected with (within the meaning of the GEM Listing Rules) the directors, chief executive or substantial Shareholders of our Company, its subsidiaries or any of their respective associates
“Inland Revenue Ordinance”	Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Joint Bookrunners”	Ever-Long Securities, Head & Shoulders Securities and Sinomax Securities
“Latest Practicable Date”	21 January 2019, being the latest practicable date prior to the publication of this prospectus for ascertaining certain information contained in this prospectus
“Listing”	the listing of our Shares on GEM
“Listing Date”	the date on which dealings in our Shares first commence on GEM, which is expected to be 19 February 2019
“Macau”	the Macau Special Administrative Region of the PRC
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company (as amended from time to time), a summary of which is set out in Appendix III to this prospectus
“Minority Shareholders”	a total of 111 Shareholders including Mr. Lo, Ms. Cheung, Mr. Liew, our other senior management team as well as individuals and corporate entities who are Independent Third Parties (including certain employees and former employees of Front Office Technology (HK) and its subsidiaries). Further details of whom are set out in the section headed “History, Reorganisation and Group structure” in this prospectus
“Mr. Chan”	Mr. Chan Lap Tak, Douglas (陳立德), our executive Director, Chairman and one of our Controlling Shareholders
“Mr. Liew”	Mr. Liew Swee Yean (劉瑞源), our company secretary and financial controller, a member of our senior management
“Mr. Lo”	Mr. Lo Chi Ho (盧志豪), our executive Director and chief executive officer

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“Mr. Ng”	Mr. Ng Chung Fai, Nicholas (伍仲輝)
“Ms. Cheung”	Ms. Cheung Mee Kuen, Amy (張美娟), the spouse of Mr. Chan and one of our Controlling Shareholders
“Ms. Tse”	Ms. Tse Suk May, Brenda (謝淑薇), the spouse of Mr. Ng
“Ms. Wen”	Ms. Wen Xiumei, a co-founder of Good Steward Foundation and an Independent Third Party
“Offer Price”	the final offer price per Offer Share (excluding brokerage, SFC transaction levy, and Stock Exchange trading fee) which is expected to be not more than HK\$0.44 and not less than HK\$0.28 and is expected to be determined on the Price Determination Date
“Offer Shares”	the Hong Kong Offer Shares and the Placing Shares, together with, where relevant, such additional new Shares to be issued pursuant to the exercise of any of the Adjustment Options
“Offer Size Adjustment Option”	the option to be granted by our Company to the Placing Underwriters, exercisable by the Sole Lead Manager (for itself and on behalf of the Placing Underwriters) prior to Listing, at its sole and absolute discretion, whereby our Company may be required to allot and issue up to 34,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the Offer Price, as described in the section headed “Structure and conditions of the Share Offer” in this prospectus, in the event that the final Offer Price is less than HK\$0.435
“Over-allotment Option”	the option to be granted by our Company to the Placing Underwriters, exercisable by the Sole Lead Manager (for itself and on behalf of the Placing Underwriters), at its sole and absolute discretion, whereby our Company may be required to allot and issue up to 34,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the Offer Price to cover over-allocations in the Placing, if any, as described in the section headed “Structure and conditions of the Share Offer” in this prospectus, in the event that the final Offer Price is HK\$0.435 or above

DEFINITIONS

“Placing”	the conditional placing of the Placing Shares at the Offer Price to selected professional, institutional and other investors as set forth in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Shares”	207,000,000 new Shares under the Placing, subject to reallocation and the Adjustment Options as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the underwriting agreement relating to the Placing expected to be entered into on or about the Price Determination Date by, among others, our Company, the Controlling Shareholders, the executive Directors, the Sole Sponsor and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“PRC”	the People’s Republic of China which, for the purposes of this prospectus, excludes Hong Kong, Macau and Taiwan
“Price Determination Date”	the date, expected to be on or about Monday, 11 February 2019 or such other date as may be agreed between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company, on which the final Offer Price is fixed for the purposes of the Share Offer
“Quantsmile (BVI)”	Quantsmile (BVI) Limited, one of our Controlling Shareholders, a company incorporated in the BVI with limited liability on 14 June 2011 which is owned as to approximately 23.73% by Supergrand, 25.42% jointly by Mr. Chan and Ms. Cheung and 50.85% by Eagle Business Consulting
“Quantsmile (HK)”	Quantsmile (HK) Limited (量盈(香港)有限公司), a company incorporated in Hong Kong with limited liability on 3 November 2003 which has 205,000,000 shares in issue, of which 99,990,000 ordinary “A” shares are held by Front Office Technology (HK), 10,000 ordinary “A” shares are held by Mr. Chan; and 105,000,000 class “B” convertible preferred shares are held by Front Office Technology (HK)

DEFINITIONS

“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation arrangements undergone by our Group in preparation for the Listing, particulars of which are set forth under the section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus
“Repeat Client(s)”	client(s) from whom our Group had generated income in the previous year and who remain(s) as our client(s) in the current year
“RMB”	Renminbi, the lawful currency of the PRC
“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 and supplemented from time to time
“Share Offer”	the Hong Kong Public Offering and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 22 January 2019, the principal terms of which are set forth under the section headed “Share Option Scheme” in Appendix IV to this prospectus
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Yiboke”	Shenzhen Yiboke Financial Engineering Systems Company Limited (深圳易博科金融工程系統有限公司), a company established in the PRC on 20 November 2003 and a wholly-owned subsidiary of Brilliant Technology
“Silver Richland”	Silver Richland Limited, a company incorporated in the BVI with limited liability on 16 August 2001 which is wholly owned by Mr. Ng
“Sinomax Securities”	Sinomax Securities Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“Sole Lead Manager”	Head & Shoulders Securities

DEFINITIONS

“Sole Sponsor” or “RHB Capital”	RHB Capital Hong Kong Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
“sq. ft.”	square foot (feet)
“Stabilising Manager”	Head & Shoulders Securities
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between Eagle Business Consulting and the Stabilising Manager on or about the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Supergrand”	Supergrand Corporation, a company incorporated in the BVI with limited liability on 3 December 1992, which is held as to 50% by Mr. Su Kee Ying, Albert and 50% by Mr. Wong Tit Shing
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Technical Service Providers”	Brilliant Technology together with its wholly-owned subsidiary, Shenzhen Yiboke, to which we outsource the development of part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work, our Group continued our relationship with the Technical Service Providers by a service contract dated 28 July 2016 for a term of three years ending 31 December 2018 and a service contract dated 6 November 2018 for a term of one year ending 31 December 2019

DEFINITIONS

	The Technical Service Providers used to be our related party prior to the Reorganisation. Such related party connection arose because Shenzhen Yiboke was a wholly-owned subsidiary of Brilliant Technology, which was an indirect wholly-owned subsidiary of Front Office Technology (HK), which in turn was owned as to approximately 83.34% by Capital Master and 16.66% jointly by Mr. Chan and Ms. Cheung. As Capital Master has disposed of its interests in our Company pursuant to the Reorganisation, as a result, the Technical Service Providers have ceased to be connected persons and related parties of our Company
“T G Securities”	T G Securities Limited (滙澤證券有限公司), a company incorporated in Hong Kong with limited liability on 9 January 2002 which has 27,000,000 shares in issue, of which one share is held by Front Office Technology (HK) and 26,999,999 shares are held by Quantsmile (HK)
“Track Record Period”	the two financial years ended 31 December 2017 and the eight months ended 31 August 2018
“Underwriters”	the Hong Kong Underwriter(s) and the Placing Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.” or “US” or “USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or U.S. dollars”	United States dollars, the lawful currency of the United States
“Winner Star Technology”	Winner Star Technology Limited (凱星科技有限公司), a company incorporated in Hong Kong with limited liability on 18 November 2010, which is owned as to 49% by eBroker Systems and 51% by Megahub Limited, an Independent Third Party
“WHITE Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by applicants who are members of the public in Hong Kong and require such Hong Kong Offer Shares to be issued in their own name(s)

DEFINITIONS

“**YELLOW** Application Form(s)” the form(s) of application for the Hong Kong Offer Shares for use by applicants who are members of the public in Hong Kong and require such Hong Kong Offer Shares to be deposited directly into CCASS

“%” per cent.

Unless otherwise specified, for the purposes of this prospectus and for the purposes of illustration only, Hong Kong dollar amounts have been translated using the following rates:

HK\$1.17 = RMB1.00

HK\$7.78 = US\$1.00

No representation is made that any amounts in HK\$ or US\$ were or could have been converted at the above rates or at any other rates or at all.

All figures are covered (where relevant) for the purposes of this prospectus from square metres to square feet at 1 square metre = 10.76391 square feet.

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.

If there is any inconsistency between the Chinese name of the entities or enterprises established in China, PRC nationals, PRC government entities or PRC laws and regulations and their English translations, the Chinese names shall prevail. English translations of names of entities or enterprises established in China and PRC laws and regulations are for identification purpose only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. These terms and their meanings may or may not correspond to standard industry meanings or usage of these terms.

“algo trading”	also known as “algorithmic trading”, the trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price, or quantity of the order or how to manage the order after its submission, with limited or no human intervention
“algorithm”	a process or set of rules to be followed in calculations or other problem-solving operations by a computer
“AMS”	the abbreviation for “Automatic Order Matching and Execution System”, an electronic stock trading system developed by the Stock Exchange
“AMS/3.8”	an upgraded version of the third generation system of AMS, which was introduced by HKEX in 2011
“Application Programming Interface” or “API”	a method of communication between various software components in a computer system
“application”	a functional system made up of software or hardware, or a combination of both, that performs a specific task
“back up”	an act which helps a user to protect his/her data if his/her hard disk fails or files are accidentally erased due to hardware or storage media failure; a user can create a duplicate copy of the data on his/her hard disk and then archive it on another storage device, such as a hard disk or a tape
“BSS”	the abbreviation for “Broker Supplied System”, being a front office solution either developed in-house by the EP or a third-party software package acquired from commercial vendors, enabling the EP to connect its trading facilities to the OG or OCG to conduct trading in the securities market
“Central Gateway” or “CG”	Central Gateway, a new generation of market access interface developed by HKEX to replace Network Gateway

GLOSSARY OF TECHNICAL TERMS

“CME”	Chicago Mercantile Exchange
“colocation”	a data centre facility in which a business can rent space for servers and other computing hardware
“Common Reporting Standard”	an information standard for the automatic exchange of information (AEOI)
“database”	a structured and organised collection of information and data stored in computer systems that can be easily accessed, managed and updated
“DCASS”	Derivatives Clearing and Settlement System, the clearing and settlement system for the derivatives products of HKEX and launched in April 2004
“DDoS attack”	the abbreviation for “distributed denial-of-service attack”, a form of cyber-attack which originates from many different sources with the intention of disrupting services of a server by creating incoming traffic flooding
“Distributed Ledger Technology”	a technology which supports networks of databases that (1) enable participants to create, disseminate and store information in a secure and efficient manner and (2) can operate smoothly and securely without necessarily being controlled and administered by a central party that is known and trusted by every participant
“DMA”	the abbreviation for “Direct Market Access”, which allows investors to trade financial instruments by way of electronic trading and interact directly with the order book of an exchange
“ETF”	the abbreviation for “exchange traded funds”
“Exchange Traded Funds”	passively-managed and open-ended funds traded on the securities market of HKEX
“Exchange Participant(s)” or “EP(s)”	a person or an institution which, in accordance with the rules of the Stock Exchange, or whose name is entered in a register kept by the Stock Exchange as a person or institution which, may trade through the Stock Exchange
“Faster Payment System”	a system launched in September 2018 by the HKMA which supports the use of mobile phone numbers or email addresses for payments in Hong Kong dollar and Renminbi anytime and anywhere

GLOSSARY OF TECHNICAL TERMS

“FIX”	the abbreviation for “Financial Information eXchange”, a series of messaging specifications for the electronic communication of trade-related messages
“GBS”	Global Backoffice System, one of our back office solution
“GUI”	the abbreviation for graphical user interface
“hardware”	mechanical devices, such as the CPU, monitor, modem, printers, disk drives that comprise a computer system and are capable of performing communication, computation and control functions
“high frequency trading”	computerised trading using proprietary algorithms
“HKATS”	the abbreviation for “Hong Kong Futures Automated Trading System”, the electronic trading platform for futures and options on HKFE
“HKEX”	Hong Kong Exchanges and Clearing Limited
“Hong Kong Futures Exchange” or “HKFE” or “Futures Exchange”	Hong Kong Futures Exchange Limited
“Internet” or “internet”	international network that links together computers and allows data to be transferred between each computer using the same protocols
“IP”	the abbreviation for “internet protocol”
“ISV” or “independent software vendor”	vendor which makes and sells software products that run on one or more computer hardware or operating system platforms
“IT” or “I.T.”	the abbreviation for “information technology”
“LaaS”	the abbreviation for “Logging As A Service”, an IT architectural model for receiving different types of log files from various sources and for analysis or use by another server
“latency”	an expression of the amount of time required for data to transfer from one point to another
“LME”	the London Metal Exchange

GLOSSARY OF TECHNICAL TERMS

“low latency infrastructure”	an infrastructure which facilitates high-frequency trading. The lower the latency, the higher the frequency in which trading can implement
“Market Datafeed System”	the information system that HKEX uses to transmit real-time securities market data to the market
“market maker”	a firm that is ready to buy and sell a particular stock on a regular and continuous basis at a publicly quoted price
“network”	the linking of a number of devices, such as computers, workstations and printers, into a network (system) for the purpose of sharing resources and information
“networking”	a technique for distributing data processing functions through communications facilities (the interconnection of two or more networks)
“NG” or “Network Gateway”	a Windows-based device through which brokers are provided with access to HKEX’s trading system for derivatives trading, and enables them to transmit and receive orders/transactions and data electronically
“OAPI”	the abbreviation for “Omnet application programming interface”, the connectivity provided by DCASS that allows EPs to connect their own back office applications and third party back office applications on a host-to-host basis
“OG” or “Open Gateway”	a Windows-based device through which brokers are provided with access to HKEX’s trading system for securities trading, and enables them to transmit and receive orders/transactions and data electronically
“OMD”	the abbreviation for “Orion Market Data”, low-latency market data disseminated by HKEX which include a range of datafeed products with different content and other features to meet the varying needs of information vendors, Exchange Participants and investors
“OMS” or “Order Management System”	a computer software system running on a group of servers for order entry and processing from pre-trade checks through execution, to straight-through processing, post-trade processing, compliance, performance reporting

GLOSSARY OF TECHNICAL TERMS

“Open Application Programming Interface” or “Open API”	a tool that uses a common or universal language or structure to promote more universal access to other computer software
“operating system”	a master control program that manages and coordinates a computer’s internal functions and provides a means of control to a computer’s operations and file system
“Orion Central Gateway” or “OCG”	a new generation of market access interface developed by HKEX to replace Open Gateway
“OTC”	the abbreviation for “over the counter”
“per user request”	the latest market data of a single security or a futures/ options contract to be returned to the user upon each request initiated by the user
“platform”	a computing environment which allows the development and execution of computer application
“processing”	the manipulation of data by a computer in accordance with its instructions or programming
“program trading”	a process executed by computer program, which allows trading of a large number of securities simultaneously
“protocol”	a set of rules or standards designed to enable computers to connect with one another and to exchange information
“router”	a system that controls message distribution between multiple optional paths in a network, which uses routing protocols to gain information about the network, routing metrics and algorithms to select the “best route”
“routing”	a process of delivering a message across a network or networks
“securities”	has the meaning ascribed thereto under the SFO
“server”	a network device that provides service to the network users by managing shared resources
“software”	a system or utility or application program expressed in a computer readable language

GLOSSARY OF TECHNICAL TERMS

“SPAN”	the abbreviation for “Standard Portfolio Analysis of Risk”, which is a system that used to evaluate risk for the derivatives
“sponsored DMA”	the abbreviation for “sponsored direct market access”, which is an electronic access management solution designed for EPs allowing their clients to place direct orders in the identities of the EPs to the exchanges
“streaming data”	the latest market data of one or more securities or futures/options contracts to be returned to the user automatically whenever there is any update from the market
“storage”	an electronic memory device
“STP” or “straight through processing”	straight through processing, which enables the entire trade process to be conducted electronically without the need for manual intervention
“tape”	a medium for data storage
“Two-factor Authentication” or “2FA”	a security mechanism which requires the adoption of any two of the following authentication factors for accessing a database, operating system, or platform: (1) “what a client knows”; (2) “what a client has”; and (3) “who a client is”.
“wealth management”	a comprehensive professional service covering financial, investment, accounting, tax and other related advices
“workstation”	a sophisticated standalone computer used for a specific purposes (for example, trading, settlement process) by users

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our Group's business strategies and plan of operations;
- our Group's capital expenditure plan;
- the amount and nature of, and potential for, future development of our Group's business;
- our Group's operations and business prospects;
- our Group's dividend policy;
- projects under construction or planning;
- the regulatory environment of our Group's industry in general; and
- future development in our Group's industry.

The words "aim", "anticipate", "believe", "can", "could", "estimate", "expect", "intend", "may", "might", "plan", "seek", "ought to", "should", "will", "would" and similar expressions, as they relate to our Group, are intended to identify a number of these forward-looking statements. These forward-looking statements, reflecting our Group's current views with respect to future events, are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the GEM Listing Rules, our Company does not intend to publicly 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 our Company expects, or at all. Accordingly, Shareholders and prospective investors should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations, and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We may fail to renew any of our existing commercial agreements or enter into new agreements on acceptable terms with our clients, or may fail to solicit new clients and win new contracts

All of our revenue is derived from the provision of software solution services to financial institutions in Hong Kong. Whilst payment for our on-site deployments is due shortly following successful installation of software and/or hardware, our licence agreements with clients generally last for two years and we render invoices on a monthly basis. Therefore, we depend on continuing relationships with our clients to maintain our recurring revenue streams. Given that we operate in a competitive industry which is characterised by rapidly evolving technological trends and changing client requirements, our ability to maintain our existing agreements and renew our licence agreements with our clients are critical to maintain adequate cash flow, which may have impacts on our need to source alternative funding for cash flow purposes. There can be no assurance that we can maintain all existing client relationships or, when our licence agreements expire, that we will have the opportunities to renew or that they will necessarily be renewed on reasonable and acceptable commercial terms. Further, there can be no assurance that we will be able to negotiate commercially acceptable licensing or other agreements with our clients. A failure to renew any of our existing licence agreements or to enter into new licence agreements on reasonable and acceptable commercial terms with our clients or a failure to solicit new clients and win new contracts on comparable terms could adversely affect our business, financial performance and results of operations.

We rely on the finance and securities trading industry and its market participants, any market consolidation may adversely affect our business development

During the Track Record Period, all our clients were engaged in the finance and securities trading industry. Any economic downturn might have material adverse impact on the business of our clients. In the event that our clients become less profitable due to the

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economic conditions or the constraints in the finance and securities trading industry, the demand for our software solution services may decrease and our financial performance may be adversely affected.

Our Group's clients are generally small to medium-sized brokerage firms which may face competition from larger brokers that have more capital, resources or experience. The possible consolidation of the brokerage industry in Hong Kong may lead to a reduction in the number of players in the industry. Should the number of our potential and existing clients and/or their size of operations decrease, our business and our future growth may be adversely affected.

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

The market for our software solution services is characterised by rapidly-changing information technology and frequent introduction of new products. The demand for upgrades of our software solution services may also rise or fall along with overall economic growth and business investment environment. Our success will depend upon our technical know-how on new information technologies, our ability to respond and adapt quickly to information technology changes, as well as our capability to understand the changing needs, preferences and requirements of our clients, particularly when they face the introduction of new products and upgrade of trading platforms by stock exchanges around the world. If we fail to keep up with changes in information technology and introduction of new products, or keep pace with new developments and trends in the information technology market and the demands of our clients, our ability to respond effectively to client demands may be affected, which may undermine our future development and have an adverse impact on our business and financial results.

A loss of key employees with technical skills and/or financial and securities trading knowledge may have an adverse effect on our business, financial performance and future prospects

We are a financial technology solution provider for the finance and securities trading industry and we need employees with requisite software programming and financial and securities trading knowledge to design and improve our software solution services, their sales and execution. During the Track Record Period, we primarily offered our software solution services to financial institutions in Hong Kong and our personnel who have sufficient knowledge in the operation of trading network enhanced our competitiveness in the industry. Our experienced personnel provide high level expertise for the design, upgrade and maintenance of our software solution services. Our technicians, sales and other professional staff have been integral to our business success so far. Our ability to develop new software solutions, enhance our existing software solutions and obtain new clients depends on our management's ability to attract, train, motivate, retain and, where necessary, find adequate replacements for our highly-skilled professionals. There is no assurance that we will be successful in hiring, motivating and retaining staff with the appropriate level of professional or technical skills and an inability to do so will adversely affect our business, financial condition and results of operation, and may have an adverse effect on our ability to compete with our competitors and, in turn, adversely affect our financial performance and future prospects.

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We rely on key management personnel and may not be able to attract and retain talented personnel

Our future success depends heavily upon the continued services of our senior management. Our executive Directors and many of our senior management have been with our Group for over five years. In particular, we rely on the experience of Mr. Chan, our Chairman and executive Director who has been responsible for the operational management of our Group. We also rely on Mr. Lo, our executive Director and chief executive officer who has been responsible for developing our software solutions with the latest technology. Their experience has helped us develop our business strategies, market our products and cultivate and maintain our business relationships with our clients. If any of them is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all and our business, financial condition and results of operations may be materially and adversely affected. We may have to incur additional expenses to recruit, train and retain personnel and may not be able to achieve our strategic objectives at a similar cost.

We are dependent on our largest supplier, the Technical Service Providers, for the supply of certain development work of part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, the purchase from the Technical Service Providers, which used to be our related parties prior to the Reorganisation, accounted for approximately 65.8%, 74.7% and 74.8% of our total purchase, respectively. Accordingly, we are dependent on the supply of certain development work of part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work from the Technical Service Providers. Any shortage or delay in the supply of such application development, testing and day-to-day customer support work from them or any deterioration in our relationships with the Technical Service Providers may materially and/or adversely affect our business and/or our ability to fulfil our clients' demand if we cannot secure alternative sources of supply immediately. We cannot assure you that we are able to respond to such shortage or delay in supply by finding alternative suppliers on comparable commercial terms within a short period of time, and as such, our clients may choose to source products from other solution service providers, causing a shortfall in our sales that could materially and adversely affect our business and financial results.

For information on the reasons for and other details of our reliance, see the section headed "Business – Suppliers – Reliance on our largest supplier" in this prospectus.

We may be exposed to infringement or misappropriation claims by third parties which, if successful, could require us to pay significant damages awards

We adopt and use "🌐BrokerSystems" as our business logo but are unable to register "🌐BrokerSystems" as a trademark in Hong Kong. As advised by Wilkinson & Grist, legal advisers to our Company relating to the use of our trademark in Hong Kong, the chance of obtaining registration of our trademark is low as the letters and words of our trademark will be perceived to be descriptive of the goods and services that our Company offers and the

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trademark is devoid of any distinctive character. However, we may become the subject of legal proceedings and claims from time to time alleging trademark infringement if any mark that is identical or similar to “BrokerSystems” is registered as a trademark in Hong Kong or other jurisdiction by other(s). Any such claims, regardless of merit, may involve us in time-consuming and costly litigation or investigation, divert significant management and staff resources, require us to enter into expensive royalty or licensing arrangements, prevent us from using important technologies, content or other intellectual property, result in monetary liability or otherwise disrupt our operations.

We may experience operational and system failures

Our business operations are highly dependent on the reliability of the computer system, hosted environment, infrastructure and equipment, which include the network, communication equipment, servers, data centres, computer hardware and software where data is stored. Since technology advances rapidly, we may not be able to remain competitive and further costs may be required for the development or maintenance of a more competitive computer system. 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 visitors or other internet users. Our data centre is susceptible to damage through human error, fire, earthquakes, 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 services provided through our securities trading facilities 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 our Group caused by operational and system failures could have an adverse effect on our business, financial performance and results of operations.

Reduced spending of our clients on I.T. products and services may affect our business

Our Group’s business and revenue growth not only depends on our ability to attract clients to our software solution services, but also on the level of spending on I.T. products, systems and solutions of our clients. Any general economic, business or industry conditions that cause our clients or potential clients to reduce or delay their investments in I.T. products and services could harm our business. If there is a significant economic downturn in Hong Kong and/or the global market or a significant reduction in clients’ demands, our business may be adversely affected.

Product liability and related claims may be asserted against us and our reputation may be damaged as a result of errors or other problems with our software solution services

Many of the software solutions which we develop are critical to the operations of our clients. Though we take reasonable steps to ensure that our software solutions are virus-free before delivery and installation, we cannot warrant that our software solutions will be virus-free. Any error, failure or bug in our solutions, including security vulnerability, could disrupt or cause loss of or damage to the data maintained by our clients which in turn may adversely affect the operations of our clients. In the event of sub-standard performance, we

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may carry out a range of rectification work for our clients at our expense, in which case we may incur costs in correcting the defects or errors. Defects or errors that may be contained in our software may also affect our relationships with our clients and result in negative publicity which may adversely affect our reputation. Failure of our software to perform to specification or causing disruption of the operations of our clients could result in product liability claims by our clients and/or compensation payable to our clients. The occurrence of errors or other problems may also cause us to lose market share and impair our reputation.

We are subject to the credit risk of our clients

Our profitability is affected by the risk of our clients defaulting on the amounts that they owe to us. Generally, we offer credit to our clients in payment of our fees. Although individual credit evaluation is performed on each of our clients, which focuses on the client's financial position, past history of making payments and take into account information specific to the client as well as pertaining to the economic environment in which the client operates, default risk may nevertheless arise from events or circumstances that are difficult to anticipate or detect. Any increase in credit risk of our clients could materially and adversely affect our business, financial condition and results of operations.

Our results of operations may be affected by any increase in staff costs

Our staff costs from continuing operations mainly include salaries, bonuses and allowances and contributions to mandatory provident fund scheme, which are major cost components of our operations. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our Group's staff costs from continuing operations amounted to approximately HK\$18.4 million, HK\$19.3 million and HK\$13.2 million, respectively, representing approximately 38.4%, 39.8% and 36.7% of our revenue from continuing operations during the respective periods. If our staff costs increase materially and we fail to pass the same onto our clients, our business and results of operations may be adversely affected.

We may not be sufficiently insured for certain losses

We maintain insurance policies to cover our operations, including property damages, employers' liability, employees' compensation, medical insurance for employees and product liability in the software solution services provided by us. Our insurance policies or the amount of coverage may not be sufficient in covering all losses, damages and liabilities which may arise from our business operations.

We may not successfully implement our corporate strategies and future plans

The success of our future plans will depend in part on the successful introduction of our software solution services. We are planning to work closer with stock exchanges around the world, where there is the opportunity and potential to greatly enhance financial performance by opening new markets. A failure to successfully implement this and other plans will limit our opportunity to grow revenues above historic trends and enlarge our

RISK FACTORS

market share in the areas we have traditionally focused on, being securities and financial institutions. For more information about our future plans, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

We may experience unauthorised use of our intellectual property by third parties and may incur significant expenses to protect our intellectual property rights

We regard our copyrights, trademarks and other intellectual property as critical to our success. We rely primarily on a combination of copyright, trademarks and other intellectual property-related laws in Hong Kong, as well as confidentiality procedures and contractual restrictions to establish and protect our intellectual property rights. Unauthorised use of the intellectual property used in our business, whether owned by us or licensed to us, may adversely affect our reputation, business, financial condition or results of operations.

RISKS RELATING TO OUR INDUSTRY

We may not be able to keep up with rapid technological changes

The financial technology industry is characterised by rapid technological changes, changes in industry standards and client requirements and frequent introduction of new products or services. Software solutions such as trading and investment software solutions are further subject to the financial market conditions and changing policies and technology advances of the stock exchanges.

Our success will depend on our ability to enhance our existing software solution services, develop new software solution services that address the increasingly sophisticated and varied needs of prospective clients and respond to technological advances and emerging industry standards and practices. Although we place strong emphasis on our research and development efforts to develop new software solution services and to enhance the existing software solution services, the introduction of software solution services embodying new technologies and the emergence of new industry standards and practices could render our existing software solution services obsolete and unmarketable.

If we are unable to develop and introduce new software solution services or enhance existing software solution services in a timely manner in response to the changing market conditions, policies of the stock exchanges or client requirements, our business may be adversely affected. There is no assurance that we will be successful in using new technologies, adapting to software solution services enhancements or developing and marketing new software solution services. There is also no assurance that we will not experience difficulty that could delay or prevent the successful development or marketing of these software solution services or that any such new software solution services enhancements will adequately meet the needs of our clients and be acceptable to the market. If any new software solution services developed by us are not accepted by the market, our business and profitability may be adversely affected.

RISK FACTORS

The financial technology market is increasingly competitive

We face competition in our financial technology market in Hong Kong. Some of the companies that compete with us may have longer operating histories, a more extensive presence in Hong Kong and/or greater financial, marketing, and other resources. We may not be able to compete successfully against such competitors and we may lose clients and opportunities to such competitors. In addition, our ability to compete depends on a number of external factors such as our ability to attract, motivate and retain skilled employees, the rate of growth in the industry and strategic affiliations within the industry.

Volatility of the securities and futures market may affect our financial results

Our key revenue streams are generated from clients in the finance and securities trading businesses which are dependent upon the performance of the financial markets of Hong Kong and other major financial markets. The Hong Kong financial markets are directly affected by, among others, the global and local political, economic and social environments. Historically, global and local financial markets have fluctuated considerably over time and experienced economic distress and downturn. Any sudden downturn in the financial markets may adversely affect the market sentiment in general, and hence the business operations of our clients, which would in turn adversely affect our financial performance. There is no assurance that our Group will be able to maintain our historical results in times of difficult economic conditions or unstable political environments. Historical profit levels of our Group should not be relied heavily on as an indication of our future financial performance. The profit margins of our Group would be highly sensitive to any adverse change in the financial markets.

RISKS RELATING TO THE SHARE OFFER

There may be limited liquidity in our Shares and volatility in the price of our Shares on GEM

Our Shares have not been traded in any open market before completion of the Share Offer. The Offer Price may not serve as an indicator of the price of our Shares traded on GEM in the future. There is no assurance that an active trading market of our Shares will develop upon the Listing or if it does develop, that it may be sustained for any period of time after the Listing. Upon the Listing, the transaction volume and market price of our Shares may be affected by various factors, including the income, profitability and cash flow of our Group, announcement of new products and/or investment plans, technology advancements, change of our senior management personnel, strategic alliance and/or acquisition, transaction volume of our Shares, development of GEM, general economic conditions and other factors. All such factors may result in significant fluctuations in the market price and/or transaction volume of our Shares. There is no assurance that such changes will not occur.

RISK FACTORS

Issue of new Shares under the Share Option Scheme will have a dilution effect and may affect our profitability

We have conditionally adopted the Share Option Scheme but no option has been or will be granted thereunder prior to the Listing Date. Upon Listing, our Company is capable to grant options under the Share Option Scheme (assuming the Adjustment Options are not exercised) to subscribe for not more than 123,000,000 Shares. Any exercise of the options to be granted under the Share Option Scheme in the future will result in a dilution in the shareholding of our Shareholders by around 10% at most and may result in a dilution in the earnings per Share and net asset value per Share by around 10% at most. Under the HKFRSs, the costs of share options to be granted under the Share Option Scheme will be charged to our Company's consolidated statement of comprehensive income over the vesting period by reference to the fair value as at the date of grant of the share options and the adverse financial impact will vary according to the change in the valuation of the share options granted under the Share Option Scheme from time to time. As a result, our profitability and financial results may be adversely affected.

Investors may experience dilution if we issue additional Shares in future

We may find opportunities to grow through acquisitions that cannot be anticipated at this juncture. Under such circumstances, secondary issue(s) of securities after the Listing may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. Inevitably, if the existing Shareholders were not being offered with an opportunity to participate, their shareholding interest in our Company would be diluted. Also, if our Company fails to utilise the additional funds to generate the expected earnings, this could adversely affect the financial results of our Group and in turn exerts pressure to the market price of our Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

Future sales of our Shares or major divestment of our Shares by our Controlling Shareholders could adversely affect our Share price

The sales of a significant number of Shares in the public market after the Share Offer, or the perception that these sales may occur, could adversely affect the market price of our Shares. Except as otherwise described in the section headed "Underwriting" in this prospectus and the restrictions set out by the GEM Listing Rules, there are no restrictions imposed on our Controlling Shareholders or substantial Shareholders to dispose of their Shares. Any major disposal of Shares by any of our Controlling Shareholders or substantial Shareholders may cause the market price of our Shares to fall. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price our Directors deem appropriate, thereby limiting our ability to raise capital.

RISK FACTORS

Shareholders and investors could face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than the laws of Hong Kong

Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders could differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

The industry and statistical information in this prospectus may not be accurate

Statistics, industry data and other information relating to the economy and the industry contained in this prospectus have been derived, compiled, extracted or reproduced from various government publications and organisations that we believe to be reliable. While we believe that such facts and statistics are appropriate sources for such information, and our Directors have taken reasonable care in the reproduction of the information and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading, they have not been independently verified by us, the Sole Sponsor or any of our or their respective affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information or available from other sources. Such facts and other statistics include the facts and statistics contained in this section, the sections headed “Summary”, “Industry overview”, “Business” and “Financial information” in this prospectus. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics and you should not place undue reliance on them. Accordingly, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Information contained in press articles or other media

We wish to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media coverage, and such information that was not sourced from or authorised by us. We make no representation as to appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media. Accordingly, in all cases, prospective investors should give consideration as to how much weight or importance they should attach to, or place on, such press articles or other media coverage.

RISK FACTORS

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

This prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “plan”, “seek”, “ought to”, “should”, “will” “would” or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based are reasonable, any or all of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking statements” in this prospectus for further details.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the GEM Listing Rules and exemption from the Companies (WUMP) Ordinance.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under the GEM Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under Chapter 20 of the GEM Listing Rules for such continuing connected transaction. For further details, please refer to section headed "Connected transactions" in this prospectus.

FINANCIAL STATEMENTS IN THIS PROSPECTUS

The Accountants' Report contained in Appendix I to this prospectus is currently prepared to cover two full financial years ended 31 December 2017 and eight months ended 31 August 2018.

Rules 7.03(1) and 11.10 of the GEM Listing Rules

Rule 7.03(1) of the GEM Listing Rules requires a listing applicant to include in its prospectus the consolidated results of the listing group in respect of each of the two financial years immediately preceding the issue of its prospectus or such shorter period as may be acceptable to the Stock Exchange.

Rule 11.10 of the GEM Listing Rules requires a listing applicant to have an accountants' report prepared in accordance with Chapter 7 of the GEM Listing Rules, in the case of a new applicant, covering at least the two financial years immediately preceding the issue of its prospectus.

Companies (WUMP) Ordinance

Section 342(1)(b) of the Companies (WUMP) Ordinance requires all prospectuses to include the matters specified in Part I of the Third Schedule to the Companies (WUMP) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (WUMP) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (WUMP) Ordinance, the listing applicant is required to include in its prospectus a statement as to, inter alia, the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of its prospectus, including an explanation of the method used for the computation of such income or turnover, and a reasonable breakdown between the more important trading activities.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE

According to paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance, the listing applicant is required to include in its prospectus a report by its auditors with respect to, inter alia, the profits and losses and assets and liabilities of the listing applicant for each of the three financial years immediately preceding the issue of its prospectus.

Pursuant 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 reference to “3 preceding years”, “3 financial years” and “3 years” in paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance are substituted by a reference 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.

Pursuant to section 342A of the Companies (WUMP) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (WUMP) Ordinance if, having regarded to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Waiver and Exemption Sought

We have applied for (a) a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules from the Stock Exchange and (b) a certificate of exemption from strict compliance from the requirements under section 342(1) of the Companies (WUMP) Ordinance in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance from the SFC by permitting the non-inclusion in this prospectus of the consolidated financial results of our Group for the full financial year ended 31 December 2018 and issue of this prospectus containing the audited consolidated financial results of the Group for the two financial years ended 31 December 2017 and the eight months ended 31 August 2018 on the following grounds:

- (a) our Directors confirm that all information necessary for the public to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects will be included in this prospectus and that, as such, the waiver to be granted by the Stock Exchange from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the exemption to be granted by SFC from strict compliance with the relevant requirements under the Companies (WUMP) Ordinance in respect of the financial results of our Group included in this prospectus will not prejudice the interests of the investing public. Our Directors and the Sole Sponsor have performed sufficient due diligence to ensure that, up to the date of this prospectus, save for the non-recurring Listing expenses, there would not be any material adverse change in the financial and trading positions or prospect of the Group since 31 August 2018 up to 31 December 2018 and there will not be any event since 31 August 2018 up to 31 December 2018 which would materially affect the information shown in the Accountants' Report

**WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND EXEMPTION
FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE**

set out in Appendix I, the section headed “Financial information” and the profit estimate for the year ended 31 December 2018 set out in Appendix IIB to this prospectus. Therefore, our Directors are of the view that the financial information presented in the Accountants’ Report, together with the disclosure of profit estimate for the year ended 31 December 2018 in this prospectus, provide potential investors adequate and reasonably up-to-date information on our Group’s track record and earning trend; and

- (b) strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the requirements under section 342(1) of the Companies (WUMP) Ordinance in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance would inevitably further delay the listing timetable as the financial statements are required to be audited up to 31 December 2018 and our Group’s reporting accountants would have to undertake a considerable amount of work to prepare, update and finalise the Accountants’ Report to cover such additional period. Therefore, it would be unduly burdensome for the audited results for the year ended 31 December 2018 to be finalised in a short period of time. Our Directors consider that the benefits of such work to the existing and prospective Shareholders may not justify the additional time and expenses involved and the further delay of the listing timetable.

The Stock Exchange has granted us a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules on the conditions that:

- (a) the Listing Date shall not be later than two months after the latest financial year end of our Company, i.e. on or before 28 February 2019;
- (b) the SFC granting a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (WUMP) Ordinance in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance subject to such conditions as the SFC thinks fit in the granting of such certificate of exemption;
- (c) a profit estimate for the year ended 31 December 2018 which complies with Rules 14.29 to 14.31 of the GEM Listing Rules shall be included in this prospectus; and
- (d) a Directors’ statement that, save for the non-recurring Listing expenses, there is no material adverse change to our financial and trading positions or prospect with specific reference to the trading results from 31 August 2018 to 31 December 2018 shall be included in this prospectus.

Further, a certificate of exemption has also been granted by the SFC under section 342A of the Companies (WUMP) Ordinance on the conditions that (a) this prospectus will be issued on or before 30 January 2019 and the Shares will be listed on GEM on or before 28 February 2019; and (b) the particulars of the exemption are set out in this prospectus.

**WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND EXEMPTION
FROM STRICT COMPLIANCE WITH THE COMPANIES (WUMP) ORDINANCE**

In accordance with Guidance Letter HKEx-GL25-11, a profit estimate of our Group for the year ended 31 December 2018 which complies with Rules 14.29 to 14.31 of the GEM Listing Rules will be set out in this prospectus.

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, contains particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information to the public with regard to our Group. 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 herein or in this prospectus misleading.

PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set forth the terms and conditions of the Hong Kong Public Offering.

INFORMATION ON THE SHARE OFFER

The 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 subject to the conditions set out herein and therein.

Further information on the structure and conditions of the Share Offer are set forth in the section headed "Structure and conditions of the Share Offer" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set forth in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

UNDERWRITING

The Share Offer comprises the Placing and the Hong Kong Public Offering. The Share Offer is an offer of initially 23,000,000 Shares under the Hong Kong Public Offering (subject to reallocation) and 207,000,000 Shares under the Placing (subject to reallocation and the Adjustment Options), in each case at the Offer Price. Details of the structure of the Share Offer are set out under the section headed "Structure and conditions of the Share Offer" in this prospectus.

The Listing is sponsored by the Sole Sponsor and the Share Offer is managed by the Sole Lead Manager. The Share Offer is fully underwritten by the Underwriters pursuant to the Underwriting Agreements, subject to the terms and conditions of the Underwriting Agreements and that the Offer Price will be fixed by agreement between our Company and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or about the Price Determination Date. Further details about the Underwriters and the Underwriting Agreements are contained in the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined in Hong Kong dollar by our Company and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or about the Price Determination Date. For full information relating to the determination of the Offer Price, please refer to the section headed “Structure and conditions of the Share Offer” in this prospectus.

ADJUSTMENT OPTIONS AND STABILISATION

Details of the arrangements relating to the Adjustment Options and stabilisation are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

HONG KONG OFFER SHARES TO BE OFFERED IN HONG KONG ONLY

Each person acquiring the Hong Kong Offer Shares will be required to confirm, or be deemed by his acquisition of Hong Kong Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this prospectus.

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Hong Kong Offer Shares or the distribution of this prospectus. Accordingly, this prospectus may not be used for the purposes 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 Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws or any applicable rules and regulations of such institutions pursuant to registration with or authorisation by relevant regulatory authorities as an exemption therefrom.

The Hong Kong Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus. No person is authorised in connection with the Hong Kong Public Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s), any of their respective directors or any other persons or parties involved in the Hong Kong Public Offering.

APPLICATION FOR LISTING OF OUR SHARES ON GEM

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Share Offer (including Shares to be issued upon the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

No part of our Share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or, is proposed to be sought in the near future.

Under Section 44B(1) of the Companies (WUMP) Ordinance, if permission for our Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Hong Kong Public Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Committee, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

The Shares are freely transferable. Only Shares registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of 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. There will be not less than 25% of our Company’s enlarged issued share capital which will be in the hands of the public immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options that may be granted under the Share Option Scheme).

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for the Offer Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding of, purchasing of, disposal of or dealing in, our Shares or the exercising of their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Underwriters, their respective directors, agents or advisers or any other persons involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, holding of, purchasing of, disposal of or dealing in, our Shares or the exercising of their rights thereunder.

REGISTRATION AND STAMP DUTY

All our Shares will be registered on the Hong Kong branch register of members of our Company in Hong Kong in order to enable them to be traded on GEM. Only Shares registered on the branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees. Dealings in our Shares registered on the branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares in issue and to be issued on GEM and the 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, under contingent situation, any other date as determined by HKSCC. 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 activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for our Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stock broker or other professional adviser.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Tuesday, 19 February 2019. Shares will be traded in board lots of 10,000 each.

Our Company will not issue any temporary document of title.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality

Executive Directors

Mr. Chan Lap Tak, Douglas (陳立德先生)	Tower 7, 8th Floor Flat F The Waterfront Tsim Sha Tsui Kowloon Hong Kong	Chinese

Mr. Lo Chi Ho (盧志豪先生)	Flat 116, 11th Floor Dragon Court 100 Waterloo Road Kowloon Hong Kong	Chinese

Independent non-executive Directors

Mr. Chan Chi Kwong Dickson (陳智光先生)	Flat B, 28/F, Tower 1 15 Pui Shing Road Residence Oasis Tseung Kwan O Kowloon Hong Kong	Chinese

Mr. Liu Kin Sing (廖健昇先生)	Flat A, 12th Floor Broadwood Twelve 12 Broadwood Road Happy Valley Hong Kong	Chinese

Mr. Au Yeung, Po Fung (歐陽寶豐先生)	Flat F, 28/F, Tower 2 Broadview Court 11 Shum Wan Road Wong Chuk Hang Hong Kong	Chinese

Further information on our Directors is set forth in the section headed “Directors, senior management and employees” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

RHB Capital Hong Kong Limited

*A licensed corporation under the SFO to
conduct type 1 (dealing in securities)
and type 6 (advising on corporate finance)
regulated activities*

12th Floor, World-Wide House
19 Des Voeux Road Central
Hong Kong

Sole Lead Manager

Head & Shoulders Securities Limited

*A licensed corporation under the SFO to
conduct type 1 (dealing in securities)
and type 4 (advising on securities)
regulated activities*

Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

Joint Bookrunners

Ever-Long Securities Company Limited

*A licensed corporation under the SFO to
conduct type 1 (dealing in securities),
type 4 (advising on securities)
and type 6 (advising on corporate finance)*

Room 1101-1102 & 1111-1112, 11/F
Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

Head & Shoulders Securities Limited

*A licensed corporation under the SFO to
conduct type 1 (dealing in securities)
and type 4 (advising on securities)*

Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Sinomax Securities Limited

*A licensed corporation under the SFO to
conduct type 1 (dealing in securities)
and type 4 (advising on securities)
regulated activities*

Flat 2705-06, 27/F

Tower One, Lippo Centre

89 Queensway

Hong Kong

Hong Kong Underwriter(s)

Head & Shoulders Securities Limited

*A licensed corporation under the SFO to
conduct type 1 (dealing in securities)
and type 4 (advising on securities)*

Room 2511, 25/F

Cosco Tower

183 Queen's Road Central

Hong Kong

Legal advisers to our Company

As to Hong Kong law:

Stephenson Harwood

18/F, United Centre

95 Queensway

Hong Kong

As to Hong Kong law in relation to trademark:

Wilkinson & Grist

6th Floor, Prince's Building

10 Chater Road, Central

Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

**Legal advisers to the Sole
Sponsor, the Sole Lead
Manager, the Joint
Bookrunners and the
Underwriters**

As to Hong Kong law:

Anthony Siu & Co.

Units 1102-3, 11th Floor

Nine Queen's Road Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Auditors and reporting accountants	RSM Hong Kong <i>Certified Public Accountants</i> 29th Floor Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Property valuer	Asset Appraisal Limited Room 901 On Hong Commercial Building 145 Hennessy Road Wanchai Hong Kong
Compliance adviser	Somerley Capital Limited <i>A licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities</i> 20/F, China Building 29 Queen's Road Central Hong Kong
Industry consultant	GreySpark Partners (HK) Limited Unit 1706B, 17/F FWD Financial Centre 308 Des Voeux Road Central Hong Kong
Receiving bank	DBS Bank (Hong Kong) Limited 11th Floor, The Center 99 Queen's Road Central Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters, head office and principal place of business in Hong Kong	Room 603 China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Company's website	<i>www.ebrokersystems.com</i> <i>(information on the website does not form part of this prospectus)</i>
Compliance officer	Mr. Lo Chi Ho
Company secretary	Mr. Liew Swee Yean, <i>HKICPA, ACCA</i> Flat C, 12th Floor Tower 1, Euston Court 6 Park Road Hong Kong
Authorised representatives	Mr. Chan Lap Tak, Douglas Tower 7, 8th Floor Flat F The Waterfront Tsim Sha Tsui Kowloon Hong Kong Mr. Liew Swee Yean Flat C, 12th Floor Tower 1, Euston Court 6 Park Road Hong Kong
Audit Committee	Mr. Au Yeung Po Fung (<i>Chairman</i>) Mr. Chan Chi Kwong Dickson Mr. Liu Kin Sing
Remuneration Committee	Mr. Liu Kin Sing (<i>Chairman</i>) Mr. Au Yeung Po Fung Mr. Chan Lap Tak, Douglas

CORPORATE INFORMATION

Nomination Committee	Mr. Chan Lap Tak, Douglas (<i>Chairman</i>) Mr. Liu Kin Sing Mr. Chan Chi Kwong Dickson
Principal banker	DBS Bank (Hong Kong) Limited 11th Floor, The Center 99 Queen's Road Central Central Hong Kong
The Cayman Islands principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. 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

INDUSTRY OVERVIEW

The information and statistics set out in this section have been extracted from various publicly available official sources including (i) the SFC; (ii) HKEX; and (iii) the GreySpark Report. Our Group believes that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Group has no reason to believe that such information is false or misleading or that there is any fact the omission of which would render such information false or misleading. The information has not been independently verified by our Group, the Lead Manager, the Joint Bookrunners, the Sole Sponsor, the Underwriters or any other party involved in the Share Offer (except GreySpark) and no representation is given as to its accuracy.

References to GreySpark should not be considered as the opinion of GreySpark regarding the value of any security, or the advisability of investing in our Group. The Directors believe that the sources of information extracted from the GreySpark Report are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information extracted from the GreySpark Report has not been independently verified by our Group, the Joint Bookrunners, the Sole Lead Manager, the Sole Sponsor, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy. Our Directors confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the GreySpark Report which may qualify, contradict or have an impact on the information in this section.

COMMISSIONED REPORT FROM GREYSPARK

We have commissioned GreySpark, an independent capital markets consultancy firm, to produce a report and analysis of the financial trading software solution industry in Hong Kong. GreySpark received a total fee of HK\$595,000, and our Directors consider that such fee reflects market rates. The GreySpark Report has been prepared by GreySpark independent from our Group's influence. Except as otherwise noted, the information and statistics set forth in this section have been extracted from the GreySpark Report. The payment of such amount was not conditional on our Group's successful Listing or on the results of the GreySpark Report. Our Directors confirm that GreySpark, including all its employees, subsidiaries, divisions and units, is independent and not connected with our Group in any way.

GreySpark is a business, management and technology consultancy that specialises in mission-critical areas of the capital markets industry. GreySpark works with investment banks, hedge funds and asset management firms covering all asset classes. GreySpark conducts research on market profiles, market sizes and market share and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The information contained in the GreySpark Report is derived through data and intelligence gathering which includes: (i) desk research; (ii) client consultation; and (iii) primary research by interviewing key stakeholders and industry experts in Hong Kong including, but not limited to, financial trading software solution providers, financial trading software solution users and subject matter experts. Intelligence gathered has been analysed and assessed using GreySpark's in-house business analysis models and techniques. According to GreySpark, this methodology guarantees a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy.

ASSUMPTIONS AND PARAMETERS USED IN THE GREYSPARK REPORT

Analyses in the GreySpark Report are based on the assumptions that the 31 BSS vendors listed on the HKEX official website (the "**HKEX List**") as of December 2017 contribute most of the total revenue and market share for the industry. The following parameters have been considered in the market sizing model and other analyses in the GreySpark Report:

- Average daily transactions in the Hong Kong cash equities and derivatives market conducted on HKEX from 2012 to 2017;
- Average daily turnover in the Hong Kong cash equities and derivatives market conducted on HKEX from 2012 to 2017;

INDUSTRY OVERVIEW

- HKEX's classification of Exchange Participants into Categories: A, B, and C;
- Average market share of Category A, B, and C EPs as represented by percentage of total market turnover;
- A selected peer group for our Group based on factors such as (i) company size (ii) products offered (iii) markets of competition (iv) number and characteristics of clients, and others;
- Estimated average daily transactions for our Group; and
- Estimated current and historical trading service revenues for our Group and its peers.

OVERVIEW OF THE FINANCIAL MARKET IN HONG KONG

Since our Group is principally engaged in the development, sale and lease of financial trading software solutions with principal products being trading and settlement systems for various financial products traded in Hong Kong, our Group's business is highly correlated to the success of the financial market in Hong Kong. The participants in the Stock Exchange are potential customers of our Group.

Exchange Participants

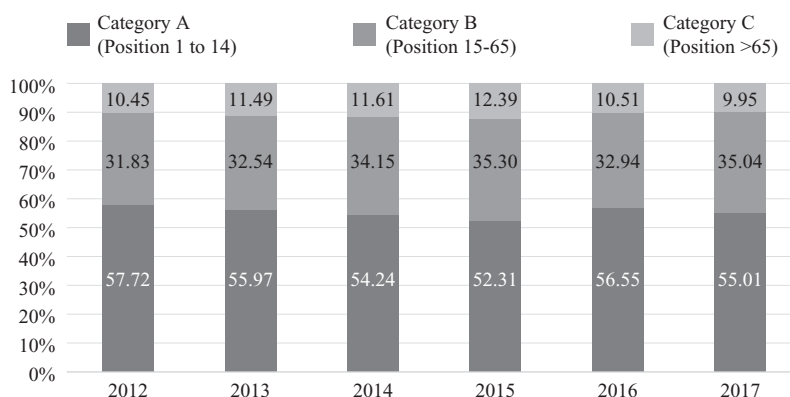
A person who wishes to trade listed securities on or through the facilities of the Stock Exchange must be an Exchange Participant holding a Stock Exchange trading right. As of the 31 January 2018, there were 621 Exchange Participants according to HKEX records. Exchange Participants are classified into three categories:

Category A – the 14 largest firms by market turnover, primarily investment banks and other large international financial institutions;

Category B – the 15th to 65th largest firms by market turnover, primarily midsize financial institutions and regional banks; and

Category C – all other stockbrokers in the market, primarily local financial institutions and retail brokers.

**Market Share of Exchange Participants by Category
(as % of total market turnover)**



Source: HKEX Fact Book 2016 and HKEX website as of January 2018

OVERVIEW OF TRADING INFRASTRUCTURE IN HONG KONG

Trading infrastructure of HKEX's Securities Market

The trading system of the HKEX is known as Automatic Order Matching and Execution System ("AMS"). The first iteration of AMS launched in 2000, and its most recent upgrade, to AMS/3.8, was implemented in December 2011. AMS is the core trading engine underpinning the Hong Kong securities market, and Exchange Participants connect to AMS via the Orion Central Gateway ("OCG") and receive market data from Orion Market Data ("OMD-C").

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Replacement of AMS/3.8 in 2018

On 5th February 2018 the Orion Trading Platform (“**OTP-C**”) was rolled out as a replacement to AMS/3.8. This upgrade represents a continuation of the “HKEX Orion Technology Initiatives” programme, a multiphase transformation of HKEX securities trading infrastructure which began in 2012. The first two programme phases were (1) replacing legacy market data systems with OMD-C, and (2) replacing connectivity components with OCG. These improvements were completed in 2013 and 2014, respectively. The OTP-C upgrade is the third and final phase of the Orion Technology Initiatives.

OTP-C introduces minor technical improvements designed to increase the system’s scalability, efficiency, and ability to support the growth of Hong Kong’s securities markets. For Exchange Participants and Broker Supplied Systems (“**BSS**”) suppliers, the impacts will be minimal, as their systems will still connect to the new OTP-C matching platform using the same interfaces which currently connect to AMS.

HKEX Orion Central Gateway for the securities market

OCG is the connectivity component of the HKEX trading infrastructure, and it supports secure connections between EPs and the exchange. OCG replaced the legacy connectivity system Open Gateway (“**OG**”) when it launched in 2014.

EPs are required to subscribe to OCG session(s) and connect their BSS or New Securities Trading Devices (“**NSTD**”) through OCG session(s) to AMS/3 (in the future to OTP-C). These connection sessions enable participants to transmit and receive orders/transactions electronically. BSS can be in-house developed systems or third-party software packages developed by commercial vendors. The Multi-Workstation Systems (“**MWS**”) enables more than one person to trade using a single trading facility.

Settlement systems of Securities trading

CCASS/3 is the central clearing and settlement system implemented by Hong Kong Exchanges and Clearing Limited (HKEX). CCASS/3 provides clearing and settlement, depository and nominee, security management, and collateral management services to market intermediaries. CCASS/3 is a book-entry system that supports clearing and settlement of transactions traded in HKEX. Trades will be settled on a continuous net basis or on a trade-for-trade basis. It also facilitates trade settlement among Exchange Participants via Settlement Instructions and Investor Settlement Instructions. Stock settlements are electronically recorded as debits or credits to Participants’ stock accounts in CCASS/3, without the physical movement of share certificates. Funds settlement is effected with issuance of electronic debit and credit instructions against Exchange Participants’ designated bank accounts.

Trading infrastructure of HKEX’s Derivatives Market

The trading system of HKEX’s derivatives market is the Hong Kong Futures Automatic Trading System (“**HKATS**”), which was introduced in 1995 and subsequently upgraded in 2013 to the Genium INET Platform.

HKATS currently allows orders to be placed electronically via Network Gateways (“**NGs**”) installed at an EP’s premises. However, in 2018 NGs will be decommissioned in favour of the OCG connection infrastructure. This change is part of the Exchange’s broader efforts to replace legacy architecture with faster, more scalable technology components to support the growth of Hong Kong’s securities and derivatives trading markets.

An EP accesses the OGC through the Omnet Application Programming Interface (“**OAPI**”), which is the customer interface to HKATS. Using OAPI, an EP can connect its in-house front office trading systems, as well as back office settlement and risk management systems to HKATS. HKATS automatically matches the corresponding buy or sell orders in real-time based on a price/time priority. The executed trade is reported back to the trader who can then confirm the trade immediately with his/her client. At the same time, the trade information is transmitted for registration and clearing.

Settlement systems of derivatives trading

The Derivatives Clearing and Settlement System (“**DCASS**”) is the clearing and settlement system for the derivatives products of HKEX and was launched in April 2004. DCASS is a fully electronic and automated clearing and settlement system, which comprises the core derivatives clearing and settlement functionality and a margining engine, with the capability to support

INDUSTRY OVERVIEW

various types of derivatives products. Participants can access DCASS through a terminal (DCASS Terminal) or through OAPI protocols. However, by 2019 terminal access will be decommissioned in favour of access via OCG. These changes are described further below.

Upgrades to DCASS in 2018

To support ongoing development in the derivatives market, HKEX scheduled upgrades to HKATS & DCASS in Q3 2018. Along with the decommissioning of Network Gateways, access to DCASS via terminals and CLICK workstations will be terminated. CLICK workstations are trading terminals installed with Click Trade, a software provided by HKEX which connects HKATS users to the central marketplace. By the end of 2018, all HKATS and DCASS OAPI connections will be made via the OCG interface. CLICK and DCASS terminal front-ends will be replaced by browser-based front-ends.

GROWTH DRIVERS OF THE FINANCIAL MARKET IN HONG KONG

The Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the enhancements to the After-Hours Futures Trading programme, and the introduction of the Closing Auction Session, and Volatility Control Mechanism may facilitate the growth of business of financial trading software solutions providers.

Shanghai and Shenzhen Stock Connects

The Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connects are bilateral market access programmes designed to increase integration between and access to Mainland Chinese and Hong Kong stock markets. The Shanghai-Hong Kong Connect (“**SH-HK Connect**”) scheme was launched on 17 November 2014 enabling investors in both Hong Kong and Mainland China to trade a designated range of selected listed shares in each other’s stock market through the local securities companies.

The success of SH-HK Connect and continued demand from Mainland and Offshore investors for greater market access led to the launch of the Shenzhen-Hong Kong Stock Connect (“**SZ-HK Connect**”) programme on 5 December 2016. SZ-HK Connect offered trading for a greater number of listed stocks in both northbound and southbound directions.

The SH-HK and SZ-HK Connect programmes have been successful in increasing cross-border trading and mutual market access. In 2017 total northbound turnover reached RMB2,266 billion as at 31 December, representing an increase of approximately 194% year-on-year. Southbound turnover was RMB2,259 billion, an increase of approximately 170% year-on-year during the same period. The share of combined north and southbound flows as a percentage of average daily trading volume on the relevant exchanges has grown steadily from less than 0.5% in November 2014 to more than 5.8% in July 2017. GreySpark expects this trend to continue.

Enhancements to after-hours futures trading

HKEX introduced After-Hours Futures Trading (“**AHFT**”) in November 2013. While initially trading was limited to Hang Seng Index (“**HSI**”) futures, new products, such as H-Shares Index (“**HH**”) futures, Mini HSI (“**MHI**”) futures, Mini H-Shares (“**MCH**”) futures, RMB currency futures and commodities futures, have since been added.

In 2017 HKEX completed an industry consultation to improve the AHFT programme with the notable outcomes being inclusion of equity index options and an extension of the trading hours to allow investors the ability to hedge or adjust their positions in quick response to major market news and events during business hours in the European and the United States time zones. The enhancements will be implemented in a three-phase approach with Phase 1 and 2 having started on 6 November 2017 and 14 May 2018 respectively. Phase 3 are set to be completed by year end 2018.

The effects of the AHFT programme and its extension have been positive, with a 17% increase in average daily turnover of the four most active equity index futures recorded in the first two weeks after the 6 November 2017 launch. HKEX has stated that it could consider a similar programme for after-hours trading of other derivative products.

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Introduction of the Volatility Control Mechanism & Closing Auction Session

In 2016 HKEX enabled a market protection mechanism known as the Volatility Control Mechanism (“VCM”) designed to protect market integrity by preventing extreme price volatility arising from trading errors and unusual incidents. The VCM is applied at the individual security level, and is triggered when a stock trades more than a certain percentage away from the last traded prices in the past 5 minutes. Triggering the VCM initiates a 5 minute “cool-down” period, in which only trading within a specified price range is allowed. After this period, normal trading resumes. The VCM was extended to the derivatives markets in early 2017.

The Closing Auction Session (“CAS”) was reintroduced to meet the high institutional investor demand for a mechanism to facilitate orderly trading at the market’s closing price. Prior to the implementation of CAS traders had to target the close using a variety of strategies deployed in the final minutes and seconds of the normal trading session. The effectiveness of these strategies was hard to guarantee and investors and EPs were often left with suboptimal execution of orders targeting the close due to significant volatility in the closing seconds. The CAS introduced an auction period, in line with closing processes of many other securities markets, to mitigate this risk. The CAS was rolled out for the securities market in two phases in July 2016 and July 2017, respectively.

DEFINITION OF FINANCIAL TRADING SOFTWARE SOLUTIONS

Financial trading software solutions

A financial trading software solution uses software and computer programs to perform various functions of electronic trading. These products and services cover the entire trade life cycle from market connectivity, front-office trading, middle office trade management and back office trade settlement, clearing and support. Solutions offered are spread across electronic trading, algorithmic trading, settlement systems, order and execution management systems (“OEMS”), algorithmic trading systems, risk management systems, enterprise management systems, mobile trading systems and portfolio management systems (“PMS”). Financial trading software solutions providers offer access to these services on recurring subscription bases, as well as one-off services which include software installation, customisation, system upgrades, and system maintenance.

Order and execution management systems (OEMS)

Order Management Systems (“OMS”) are designed to manage securities and listed derivatives orders as an end-to-end process from pre-trade checks through execution, to straight-through processing, post-trade processing, compliance, performance reporting. The core functionality of an OMS is to track the progress of each order, be it a single order or part of a block trade. The OMS connect to back-office systems with additional capabilities that may include netting, P&L calculation, position management and risk management.

Execution Management System (“EMS”) functionality covers connectivity to clients or broker networks, market orders, execution and post-trade analytics. EMS systems may include algorithmic trading functionality. Algorithmic trading is a subset of electronic trading that uses pre-programmed trading instructions to make and implement trading decisions. Such algorithms generally seek to execute an order at the optimal time, resulting in the lowest possible transaction cost, risk of order non-completion, market impact or some combination of these three. EMSs are increasingly used in combination with advanced automated trading strategies to access electronic markets. They connect to market data sources either directly from the markets or via those provided by data aggregation vendors. A further core competency of the EMS is integration with upstream OMSs.

Using a single vendor to develop an integrated OMS and EMS system into an OEMS solution is more efficient than combining two disparate systems. The efficiencies arise from cost considerations, reduced middleware latency, the ability to leverage market data across systems in creating a seamless trade instruction, execution, and processing workflow.

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OVERVIEW OF FINANCIAL TRADING SOFTWARE SOLUTION INDUSTRY IN HONG KONG

Financial trading software solution providers offer front to back office trading solutions to clients which include brokerage firms, wealth and asset managers, and financial institutions. In Hong Kong, the market is very competitive and can be divided into two segments: international firms targeting Category A and B EPs and local and regional firms targeting Category B and C EPs. The table below sets out a comparison of the two types of players in the market.

	International Players	Local and Regional Players
Organisation Size	– Medium to large size organisations with more than 50 employees. – Typically headquartered in North America or Europe and with a branch office in Hong Kong to serve the local market	– Small to medium size organisations with less than 50 employees. – Headquartered in Hong Kong or Mainland China
Target customers	– Mainly provide services to Category A and B EPs	– Mainly provide services to Category B and C EPs
Geographic coverage	– Cover many geographic regions	– Mainly serve Hong Kong market
Key competitive advantage	– Larger organisational scale with extensive resources and international exposure and reputation	– Extensive experience and familiarity with the Hong Kong market and flexibility in terms of price and product mix

In Hong Kong the front office functions of financial trading software solutions are almost entirely provided by BSS vendors. These vendors will also often provide back office solutions due to the natural ease of integration between front and back office solutions and the value of providing clients with fully integrated straight through processing of the entire trade value chain. However, there also exist vendors outside this market which provide only back office settlement solutions.

BSS vendor service offerings

In Hong Kong, there is a combination of international and local vendors offering financial trading software solutions. As of December 2017, there were 31 vendors offering BSSs systems. These 31 vendors contribute to a majority share of the total revenue of the financial trading software solution market.

BSS vendors offer a variety of solutions that facilitate trading in the Hong Kong securities markets, these include:

- (i) Proprietary trading solutions: Proprietary trading is done by individual firms that use their own capital to invest into the market (those who are not restricted to the specific regulatory requirements). In Hong Kong, 13 of the 31 BSS vendors offer proprietary trading solutions to clients which are normally Category A, B and C EPs;
- (ii) Asset management solutions: Asset managers typically manage funds of large institutions including pension funds, sovereign funds and endowments. The asset management industry in Hong Kong is serviced by only 6 of the 31 BSS vendors. The asset managers are normally Category A and Category B EPs, depending on the size of the asset manager;
- (iii) Wealth management solutions: Wealth managers typically serve high net worth individuals (HNWIs) and family offices. Currently, only 3 of the 31 BSS vendors offer wealth management solutions to wealth managers which are normally Category B and Category C EPs;

INDUSTRY OVERVIEW

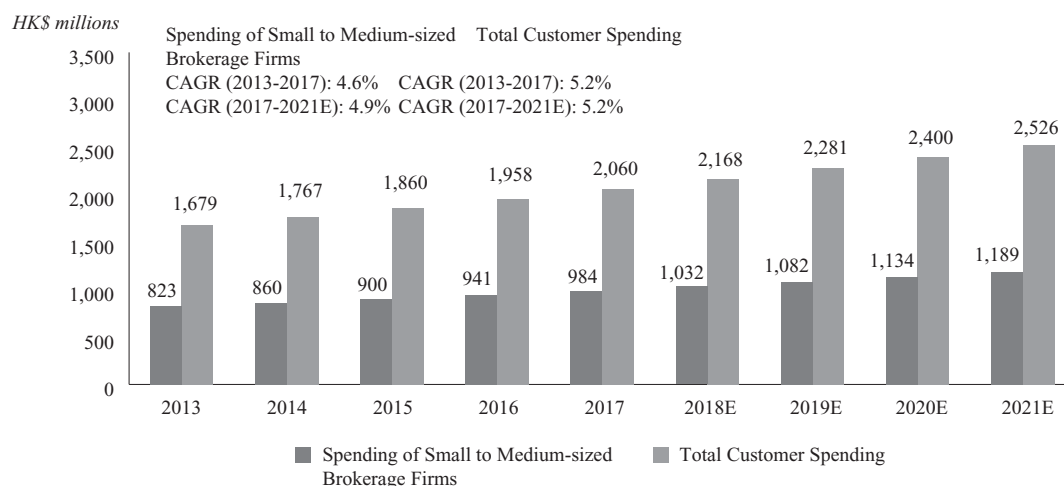
- (iv) Retail brokerage solutions: Retail brokers buy or sell securities for their individual clients and may facilitate these transactions through internet and mobile platforms. 20 of the 31 BSS vendors offer retail brokerage solutions to retail brokers which are normally Category C EPs;
- (v) Institutional brokerage solutions: These are systems servicing brokers who buy or sell securities on behalf of large institutional investors such as banking institutions or mutual funds. These clients typically trade large volumes of securities and are normally Category A and B EPs. 18 of the 31 BSS vendors offer institutional brokerage solutions;
- (vi) Market making solutions: A market maker is an institution or individual that quotes bid and offer prices for specific stocks or other marketable securities that it holds inventory or ‘makes a market’ in. Most of the market makers are Category A and B EPs. 10 of the 31 BSS vendors offer market making solutions;
- (vii) Global futures and options solutions: Global futures and options market players are active in trading international and/or local futures and options markets. 18 of the 31 BSS vendors offer futures and options solutions; and
- (viii) Global settlement and back office solutions: Settlement of securities is a business process whereby securities or interests in securities are delivered against payment of money to fulfil contractual obligations. 17 of the 31 BSS vendors offer global settlement solutions.

Source: GreySpark’s data

Market size and growth

The financial trading software solutions market in Hong Kong has experienced strong growth in recent years driven by the increased integration of the financial markets in Hong Kong and the PRC, and a commitment by HKEX and regulators in Hong Kong to develop robust capital markets infrastructure. In 2013 total spending on financial trading software in Hong Kong amounted to HK\$1,679 million, and increased to HK\$2,060 million in 2017, representing a compounded annual growth rate (CAGR) of 5.2%. According to the GreySpark report, the total spending on financial trading software in Hong Kong will further increase to HK\$2,526 million in 2021, representing a CAGR of 5.2% since 2017. As to small to medium-sized brokerage firms in Hong Kong, their total spending on financial trading software increased from HK\$823 million in 2013 to HK\$984 million in 2017, representing CAGR of 4.6%, which is expected to further increase to HK\$1,189 million in 2021, representing a CAGR of 4.9% since 2017. The following chart sets out the historical and forecasted total customer spending on financial trading software in Hong Kong and the spending on financial trading software by small to medium-sized brokerage firms in Hong Kong.

Estimated Total Customer Spending on Financial Trading Software and Spending on Financial Trading Software by Small to Medium-sized Brokerage Firms in Hong Kong



Source: The GreySpark Report

INDUSTRY OVERVIEW

Future trends and developments

- (i) **FinTech innovations:** In the past five years FinTech, shorthand for “financial technology”, has emerged as the dominant storyline in institutional and retail financial services. Though still in its early stages, FinTech solutions are beginning to move from experimental trials to implementation. Blockchain is an example of technology well received by regulators and capital markets participants. In 2017 the Monetary Authority of Singapore (“MAS”) completed an initial phase trial of a blockchain-based securities clearing and settlement solution. Additionally, MAS and the Hong Kong Monetary Authority (“HKMA”) announced in November 2017 the Global Trade Connectivity Network, a cross-border infrastructure based on blockchain technology, to digitalise trade and trade finance. Any changes to market structure effected by these FinTech initiatives will need to be incorporated into the offerings of financial software solutions vendors. Additionally, vendors may begin to incorporate innovative technologies such as artificial intelligence and process automation into their solutions to differentiate themselves from competitors.
- (ii) **Mobile applications:** As smartphone and tablets adoption increases significantly, there is an opportunity for offering improved and tailored mobile trading solutions. In 2017 Hong Kong ranked fourth in the world in terms of mobile penetration rate, defined as percentage of the population which are mobile device subscribers, according to telecommunications research firm GSMA. Individuals are becoming increasingly accustomed to using mobile devices to access financial services including payments, online banking, lending, and wealth management services. Thus, there is a growing need for financial trading software solution vendors to offer secure and user-friendly mobile solutions.
- (iii) **Further opening of Mainland Chinese markets and outbound Chinese investments:** The Chinese government and regulators have started to slowly open the Chinese financial markets for foreign investors, along with a push for further economic integration through the One Belt One Road (“OBOR”) initiative. With the continued growth of cross-border trade flow via the Shanghai-Hong Kong and Shenzhen-Hong Kong Connect programmes and the possibility of reduced capital quotas, increasing foreign investment will flow into the Chinese markets via Hong Kong. The addition of RMB in the International Monetary Fund (“IMF”) basket, as well as including of A Shares in the Morgan Stanley Capital International (“MSCI”) index should further boost investment in the region.

Sources: Hong Kong Monetary Authority, Hong Kong Communications Authority, Burton-Taylor Consulting, The GreySpark Report

COMPETITIVE LANDSCAPE OF FINANCIAL TRADING AND SETTLEMENT SOFTWARE SYSTEM INDUSTRY IN HONG KONG

Competitive Situation

As a global hub for financial services and trading, Hong Kong has a competitive market for BSS software. Potential clients of BSS vendors in the local securities market can be divided into top-tier, mid-tier and lower-tier which correspond to Category A, B, and C EP types respectively. The top-tier clients (i.e. Category A EPs) normally include international banks and international brokerage firms, whereas the mid-tier clients (i.e. Category B EPs) and lower-tier clients (i.e. Category C EPs) normally include banks and brokerage firms at the regional or local level.

Customer concentration is high among those BSS vendors serving Category A EPs and other large institutions. However, the market is more fragmented among vendors serving Category B and C EPs. Competition amongst the financial trading software vendors in the market of securities and derivatives systems is mainly focused on technology innovation, competitive pricing, quality of services, integrated solutions. In the mid-tier and lower-tier market existing customer relationships and brand recognition are particularly important differentiating factors, while top-tier clients are especially concerned with integration with existing systems, and the level and quality of ongoing support and maintenance. Below are tables describing the market players for the financial trading software solutions industry in Hong Kong.

International Players

Company	Background Information	Major Client Type
Company A	London Stock Exchange listed company which provides proprietary trading, asset management, institutional brokerage, market making, global futures, and global settlement solutions.	Category A & B EPs
Company B	Private company which provides retail brokerage, institutional brokerage, market making, global futures, and global settlement solutions.	Category A & B EPs
Company C	Private company which provides institutional brokerage, market making, global futures, and global settlement solutions	Category A & B EPs

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Company	Background Information	Major Client Type
Company D	Private company which provides proprietary trading, asset management, institutional brokerage, global futures, and global settlement solutions.	Category A & B EPs

Local and Regional Players

Company	Background Information	Major Client Type
Company D	Subsidiary of Shanghai Stock Exchange listed company which provides prop trading, retail brokerage, institutional brokerage, global futures, and global settlement solutions.	Category B & C EPs
Company E	Subsidiary of Hong Kong Stock Exchange listed company which provides institutional brokerage, market making, global futures, and global settlement solutions	Category B & C EPs
Company F	Private company which provides prop trading, retail brokerage, institutional brokerage, global futures, and global settlement solutions.	Category B & C EPs
Company G	Subsidiary of Bursa Malaysia listed company which provides retail brokerage, institutional brokerage, market making, and global settlement solutions	Category B & C EPs
The Group	Private company which provides wealth management, retail brokerage, institutional brokerage, global futures, and global settlement solutions	Category B & C EPs

Financial institutions in the top-tier and middle-tier segment are served by large international financial technology vendors, who offer global trading solutions at relatively higher prices, or else may build all or part of their trading software in-house. Some mid-tier and most lower-tier clients will rely on local and regional BSS vendors, the corresponding market share of local and regional BSS vendors is approximately 45% of the total market for the year ended 31 December 2017.

The table below sets out the estimated market share for the same period for the market players who are engaged in provision of financial trading software solutions in Hong Kong primarily serving Category B and C EPs.

Estimated ranking of financial trading software solution providers primarily serving Category B and C EPs	Company	Estimated shares of the entire market of financial trading software solutions in Hong Kong
1	Company D	4.0%
2	Company E	2.9%
3	The Group	2.4%
4	Company F	1.1%
5	Company G	0.8%

Source: The GreySpark Report

Factors of competition

Brand name and reputation, capabilities of the service offerings, technology innovation, system security and lastly, pricing and installation are the most critical factors for success in the financial trading and settlement software solution industry.

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(i) Brand recognition – brand name and reputation

Potential clients tend to have confidence in the services and technical support offered by vendors who have a stronger reputation for reliability of their software solutions. With the increasing number of brokerage firms establishing business in Hong Kong, financial trading software solution vendors are striving to strengthen their brand name and reputation to attract these firms.

(ii) Service offering – robust solutions along entire trade lifecycle

The competition among BSS vendors led to downward pressure on profit margins for financial trading software solution providers. To differentiate themselves, BSS vendors have begun to build out multi-asset trading capabilities and offer straight through processing along with other parts of the trade execution value chain such as pre-and post-trade analytics, clearing and settlement solutions.

(iii) System Security

As markets and trade infrastructure move towards electronification, the potential threat of a security breach or cyber-attack increases. As such, superior technology with regards to system security has emerged as a key factor for differentiation.

(iv) Pricing and installation

International financial institutions take pricing into consideration for their decision-making process to select a financial trading software solution. However, it is not the top priority. Pricing can vary greatly amongst international financial software vendors, and even within local vendors depending on the type of solution a client is looking for. Customisation with complete front to back-office solutions will be more expensive than simple trade execution and market access. In general, installation and setup can be very quick. However, it can take up to 3-6 months' dependent on the amount of integration required for the end client.

Entry Barriers

The need for expert knowledge, existing client relationships and high infrastructure costs will limit the number of new entrants in the financial trading and settlement software solution industry.

(i) Hiring qualified professionals

The required level of expertise for a service provider is very high. Service providers must have experience and knowledge of products, operations of financial institutions, trading rules, compliance and regulatory issues in the relevant jurisdiction. Lack of experienced professionals in the team may limit a potential entrant's opportunities.

(ii) Relationships with customers

Vendors serving Category A and B Exchange Participants are typically large international institutions or investment banks. Their relationships with these types of clients are normally well established. On the other hand, vendors with mainly Category C clients, which include smaller institutions and retail investors, are relatively easier to penetrate. However, the market of service providers for Category C is very high and this saturation creates a high level of competition amongst providers. Nevertheless, the number of firms serving this client base has been expanding.

(iii) Infrastructure costs

The level of infrastructure costs associated with entering this industry is high, which might deter some potential entrants. Costly computer hardware, power supplies, as well as licenses to operate represent a few of the infrastructure costs borne by financial trading software vendors. Additionally, some large service providers and international vendors have the resources and experience in large scale projects to offer additional services such as consultancy services.

INDUSTRY OVERVIEW

Opportunities

Hong Kong's strategic geographical location, its trusted reputation in the capital markets landscape, the trend of increasing use of mobile devices for financial services, regulatory transparency, cross-border acquisition and HKEX's trade facilitation initiatives all represent opportunities for the financial trading and settlement software solution industry.

(i) Gateway to Mainland China

In recent years China has made efforts to open their markets, albeit in a slow and controlled pace, to foreign investors who have long been interested in tapping the potential of the financial markets in the world's second largest economy. Trade facilitation channels such as SZ-HK and SH-HK Connect have unleashed significant fund flows in both directions. Foreign investors have always held confidence in the regulatory system in Hong Kong, making it the ideal capital markets gateway to mainland China's potential.

(ii) Technological changes: use of multi-channel interface

The increased use of mobile devices like tablets and smartphones reflects a higher demand for applications and software for placing orders through these devices. Creating solutions tailored to mobile devices can be a significant opportunity, especially for BSS vendors focused on serving retail clients.

(iii) Mainland Chinese brokerages and acquisitions

Mainland Chinese investors looking for investment opportunities in Hong Kong through the Shanghai -Hong Kong Stock Connect have driven Mainland brokers to enter the Hong Kong market, thus expanding the client base for service providers. In addition, medium-sized Mainland brokerages are acquiring more Hong Kong based brokerages now, whereas previously only large institutions could do so.

(iv) Facilitation of trading through AHFT and extended hours

Introduction of After-Hours Futures Trading (AHFT) and extended hours have opened the door for higher trading volumes as the initiative increased the overlap of trading hours between Hong Kong, North American and European markets. This bolsters Hong Kong's competitiveness by reducing the gap between Hong Kong's trading hours and its regional competitors.

Threats

Threats to the financial trading and settlement software industry include changes in regulatory frameworks, and the stability of the financial system.

(i) Regulatory

There could be potential reduction in trading volumes due to tightening of regulations. For example, SFC continues to demand higher transparency for electronic trading systems which may impact on trading volumes. As rules become tougher, investors tend to adopt a wait and see attitude, which deters confidence in securities trading.

(ii) Correlation with financial stability

Reliance on the stability of the financial system in Hong Kong poses a threat to the industry. While current competitiveness is healthy, this could change in future. In times of economic downturn, the one likely reaction for financial institutions would be to reduce investment into financial trading software solutions and other associated costs.

REGULATORY OVERVIEW

There is no specific regulatory framework in Hong Kong that governs the principal business engaged by our Group, namely the provision of financial software solution services in Hong Kong.

Copyright

There are, however, laws and regulations in place dealing with copyright of computer software in Hong Kong, namely, the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong). Under the Copyright Ordinance, copyright gives the copyright owner the exclusive right to 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 injunctive relief 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 the 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. As confirmed by the Directors, during the Track Record Period and up to the Latest Practicable Date, there had been no claim against our Group in respect of infringement of intellectual property rights of any third party.

Under the Copyright Ordinance, there are certain provisions to protect copyright work of computer programmes. We have not registered the copyright of our software in Hong Kong as there is no formal procedure to register copyrights of computer software in Hong Kong. Should there be any formal procedure to register copyrights of computer software system in Hong Kong in the future, our Directors may consider to register the copyright of our software in Hong Kong.

Other than the statutory requirements under the Copyright Ordinance, our Group is only subject to the general statutory provisions applicable to our businesses involving business registration, companies laws, minimum wage, employees' compensation, supply of goods, supply of services, control of exemption clauses, electronic transactions, and taxation.

Business registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires that every person carrying on any business shall make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Companies laws

Our Company is incorporated under the laws of the Cayman Islands as an exempted company and is registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Our Company is subject to provisions under the Companies Ordinance, including

REGULATORY OVERVIEW

but not limited to, registration of name used to carry on business in Hong Kong, registration of the details of an authorised representative with the Companies Registry, and delivery of annual return for registration.

Minimum Wage

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a prescribed minimum hourly wage rate (currently set at HK\$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). 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.

Employees' compensation

The Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Pursuant to Section 40 of the Employees' Compensation Ordinance, all employers are required to take out insurance policies to cover their liabilities under both the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to comply with this ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 2 years, or on summary conviction, to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 2 years.

Supply of goods

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong), which aims to codify the law relating to the sale of goods, provides that:

- (a) under Section 15, where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description;
- (b) under Section 16, where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, 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

REGULATORY OVERVIEW

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 for sale 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 defects, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Where any right, duty or liability arises under a contract of sale of goods by implication of law, it may (subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)) 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.

Supply of services

The Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) aims to consolidate and amend the law with respect to the terms to be implied in contracts 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 under the contract). The ordinance provides that:

- (a) 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) where the supplier is acting in the course of a business, the time for 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, there is an implied term that the supplier will carry out the service within a reasonable time.

Where a supplier is dealing with a party to a contract for supply of 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.

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Control of exemption clauses

The Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) aims to limit the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms. The ordinance, among others, provides that:

- (a) under Section 7, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence and in the case of other loss or damage, a person cannot exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirements of reasonableness;
- (b) under Section 8, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach, or (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him, or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness;
- (c) under Section 9, a person dealing as a consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness; and
- (d) under Section 11, as against a person dealing as consumer, the liability for breach of the obligations arising under Sections 15, 16 and 17 of the Sale of Goods Ordinance cannot be excluded or restricted by reference to any contract term, and as against person dealing otherwise than as consumer, the liability arising under Sections 15, 16 and 17 of the Sale of Goods Ordinance can be excluded or restricted by reference to a contract term, but only in so far as the terms satisfy the requirement of reasonableness.

Sections 7, 8 and 9 of the Control of Exemption Clauses Ordinance do not apply to, among others, any contract so far as it relates to the creation or transfer of a right or interest in any patent, trade mark, copyright, registered design, technical or commercial information or other intellectual property, or relates to the termination of any such right or interest.

In relation to a contract term, the requirement of reasonableness for the purpose of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

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Electronic transactions

The Electronic Transactions Ordinance (Chapter 553 of the Laws of Hong Kong) aims to facilitate the use of electronic transactions for commercial and other purposes, and to establish the legal framework for the recognition of electronic records and signatures, giving them the same legal status as their paper counterparts. The ordinance provides that:

- (a) under Section 5, if a rule of law requires or permits information to be or given in writing, the use of electronic records (subject to the fulfilment of certain conditions) satisfies the rule of law;
- (b) under Section 5A, if a rule of law under a statutory provision specified in Schedule 3 to the Electronic Transactions Ordinance requires or permits a document to be served on a person by personal service or by post, the service of the document in the form of an electronic record (subject to the fulfilment of certain conditions) satisfies the rule of law;
- (c) under Section 6, if a rule of law requires a signature of a person on a document and neither the person whose signature is required nor the person to whom the signature is to be given is or is acting on behalf of a government entity, an electronic signature (subject to the fulfilment of certain conditions) satisfies the requirement;
- (d) under Section 6, if a rule of law requires a signature of a person on a document and the person whose signature is required and/or the person to whom the signature is to be given is/are acting on behalf of a government entity/entities, a digital signature (subject to the fulfilment of certain conditions) satisfies the requirement;
- (e) under Section 7, if a rule of law requires certain information to be presented or retained in its original form, that requirement is satisfied by presenting or retaining the information in the form of electronic records (subject to the fulfilment of certain conditions); and
- (f) under Section 8, if a rule of law requires certain information to be retained, whether in writing or otherwise, that requirement is satisfied by retaining electronic records (subject to the fulfilment of certain conditions).

Taxation

Profits Tax

Pursuant to the Inland Revenue Ordinance, 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 each of the years of assessment of 2016/2017, 2017/2018 and 2018/2019 is 16.5%.

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As confirmed by our Directors, our Group has obtained all necessary permits, approvals and licences to operate its existing business in Hong Kong from relevant governmental bodies since its establishment. Our Directors also confirm that our Group is not subject to any specific regulations and trading rules in Hong Kong and no particular or specific licence or permit is required for our Group to carry out its business in Hong Kong as at the Latest Practicable Date. As confirmed by our Directors, it is not necessary for our Group to ensure that its software solutions are provided to licensed persons or corporations (as defined under the SFO) or Exchange Participants. Our Directors also confirm that our Group is not subject to trading rules in other countries and where trading of overseas securities through FIX interface is involved, our Group is not subject to any rules and regulations in overseas jurisdictions on financial trading software solutions and no specific licence or agreement is required to become system vendors of participants of various exchanges as well as with overseas brokers.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Our Group's history can be traced back to 2000 when eBroker Systems (now indirectly wholly owned by our Company) was set up by Front Office Technology (HK). The funding for the establishment of eBroker Systems was derived from financial resources of Front Office Technology (HK) that was contributed by its then beneficial owners, namely Mr. Ng, Mr. Chan and an Independent Third Party. Front Office Technology (HK) developed *eBrokerSys* when Mr. Chan served as its director and was integrally involved in the architecture and development of *eBrokerSys*, whereas Mr. Ng contributed to its strategic marketing. *eBrokerSys* was subsequently enhanced and further developed by our Group as the base and core part of our trading solutions. The business concept of our Group originated in or around 1999 when the HKEX announced its commitment to migrate into the electronic trading platform. With the establishment of eBroker Systems, we started to provide trading solutions and risk management services to financial institutions in Hong Kong. For details of Mr. Chan's qualifications and expertise, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

Over the years, we have developed various software solution services which cover trading execution, fund management, credit control, risk management, clearing and settlement of trading orders, portfolio risk reporting, colocation and cyber security services for financial institutions predominantly in Hong Kong. For further details of our business and products, please refer to the section headed "Business" in this prospectus.

BUSINESS MILESTONE

The table below sets out the milestones in our business and corporate development:

Year	Milestone
2000	Established eBroker Systems in Hong Kong Launched our OMS, namely <i>eBrokerSys</i> , with real-time risk management capabilities (<i>eBrokerSys</i> was developed by Front Office Technology (HK) and was assigned to eBroker Systems in May 2000)
2001	Launched our global backoffice system (GBS) to the financial community in Hong Kong
2005	eBroker Systems won the "Product Gold Award" at The Hong Kong 7th IT Excellence Awards organised by the Hong Kong Computer Society eBroker Systems was the Winner of "Gold Award – The Financial Software Application Category" at the China Pan-Pearl River Delta Software World 2005, which was organised by the governments of the PRC, Macau and Hong Kong

HISTORY, REORGANISATION AND GROUP STRUCTURE

	eBroker Systems was awarded the Winner of “The Best Financial Applications” in the Asia Pacific ICT Awards by the Asia Pacific ICT Alliance
2007	eBroker Systems received the “Most Innovative Companies Award in China” at an event organised by the China Marketing Association and China Enterprise News
2012	eBroker Systems was selected as one of the founding members of the Stock Exchange’s hosting services to offer trading and risk management solutions to financial institutions, which our Directors believe is conducive to our new business of providing exchange colocation services eBroker Systems was selected by the Stock Exchange as one of the BSS vendors to provide HKEX Orion Central Gateway (OCG) solutions to Exchange Participants
2013	eBroker Systems was certified as independent software vendor (ISV) by CME. eBroker Systems is able to provide CME DMA, market data and pre-trade margin system solutions to clients in Hong Kong Launched our eBroker HKEX colo market making solution for HK Stock Options market making Launched our eBroker market making system for HKFE RMB Futures to financial institutions in Hong Kong with capabilities such as CG connectivity for HKFE trading and NG Connectivity for market data, etc.
2014	eBroker Systems participated in the rollout of HKEX OCG upgrade
2015	Launched our wealth management system and provided the said system to our clients
2016	Launched our managed cloud services to financial institutions in Hong Kong Launched our new generation backoffice system (GBSX) to financial institutions in Hong Kong
2017	Launched cyber security solutions to financial institutions in Hong Kong

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE DEVELOPMENTS

As at the Latest Practicable Date, our Group had incorporated operating subsidiaries to carry out our business. Major shareholding changes of a member of our Group which was material to the performance of our Group during the Track Record Period are set out below:

Our Company

Our Company was incorporated in the Cayman Islands on 23 May 2016 with limited liability as an investment holding company. As at the date of its incorporation, the authorised share capital of our Company was HK\$1,000,000 divided into 100,000,000 shares of HK\$0.01 each. On the same day, the one subscriber share was transferred to eBroker (Cayman) at par value, credited as fully paid.

On 19 June 2018, our Company has increased its authorised share capital from HK\$1,000,000 divided into 100,000,000 shares of HK\$0.01 each to HK\$5,000,000 divided into 500,000,000 shares of HK\$0.01 each.

On 22 January 2019, each of the issued and unissued shares of HK\$0.01 each in the share capital of our Company was subdivided into 10 Shares.

For further details on our Reorganisation, please refer to the paragraphs headed “Pre-IPO Investment” and “Reorganisation” and sub-paragraphs Step 2 to Step 6 in this section.

eBrokerSys (BVI)

eBrokerSys (BVI) is a company incorporated in the BVI with limited liability on 14 June 2011. At the date of its incorporation, eBrokerSys (BVI) was authorised to issue up to a maximum of 50,000 shares with a par value of US\$1.00. On 14 June 2011, one share was allotted and issued to eBroker (Cayman) at par value, credited as fully paid. On 1 June 2016, as part of the Reorganisation, eBrokerSys (BVI) capitalised an outstanding amount of HK\$56,379,075.93 of eBroker (Cayman) debt by allotting and issuing one share to eBroker (Cayman). On 2 June 2016, as part of the Reorganisation, eBroker (Cayman) transferred two shares in eBrokerSys (BVI), representing 100% shareholding interests of the issued shares of eBrokerSys (BVI), to our Company. Upon completion of the transfer, eBrokeSys (BVI) became a direct wholly-owned subsidiary of our Company. For further details of the capitalisation and the transfer, please refer to the paragraph headed “Reorganisation”, under sub-paragraphs Step 2 and Step 3 in this section.

eBrokerSys (BVI) is an investment holding company and it has not engaged in any business activities from its date of incorporation and up to the Latest Practicable Date.

HISTORY, REORGANISATION AND GROUP STRUCTURE

eBroker Systems

eBroker Systems is a company incorporated in Hong Kong with limited liability on 3 May 2000 by Front Office Technology (HK). The shareholding interests of eBroker Systems remained unchanged during the Track Record Period, which is 100% held by eBrokerSys (BVI).

eBroker Systems is principally engaged in the provision of financial technology services, global trading systems and back-office for equity and derivatives to financial institutions for the securities industry.

eBroker Systems (HK)

eBroker Systems (HK) is a company incorporated in Hong Kong with limited liability on 18 April 1989 by two Independent Third Parties. On 3 January 2001, Easy System Design acquired 99.9996% interests in eBroker Systems (HK) and Wang Yee Loong (a former director of eBroker Systems (HK) between 17 January 1997 to 24 November 2013), as a nominee, acquired 0.0004% interests in eBroker Systems (HK), at a consideration of HK\$662,500 and HK\$Nil, respectively, in which the 0.0004% interests were held by Wang Yee Loong, on trust for Easy System Design pursuant to a declaration of trust dated 3 January 2001.

On 31 May 2016, as part of the Reorganisation, Easy System Design transferred its 99.9996% interests in eBroker Systems (HK) to eBroker Systems for a consideration of HK\$8,300,525.67. The consideration was determined based on the then 100% estimated net asset value of eBroker Systems (HK) as at 30 April 2016 based on the unaudited management accounts for the four months ended 30 April 2016. On the same date, the declaration of trust was cancelled whereby Wang Yee Loong transferred the one nominee share, representing 0.0004% shareholding interests of the issued share capital in eBroker Systems (HK) to eBroker Systems for a consideration of HK\$1.00.

Upon completion of the transfers, eBroker Systems (HK) became a wholly-owned subsidiary of eBroker Systems and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed “Reorganisation” under Step 1 in this section.

eBroker Systems (HK) is principally engaged in the provision of electronics trading systems and maintenance service for brokerages.

Winner Star Technology

Winner Star Technology is a company incorporated in Hong Kong with limited liability on 18 November 2010. At the date of its incorporation, one fully-paid subscriber share was allotted and issued to the initial subscriber, an Independent Third Party. On 17 December 2010, the one subscriber share was transferred to Intelligent Group Enterprise Limited, an Independent Third Party. On 1 December 2010, 5,099 shares and 4,900 shares of Winner Star Technology were allotted and issued to Intelligent Group Enterprise Limited and eBroker Systems, respectively, at par value for a consideration of HK\$5,099 and HK\$4,900,

HISTORY, REORGANISATION AND GROUP STRUCTURE

respectively. On 27 March 2017, Intelligent Group Enterprise Limited transferred 5,100 shares in Winner Star Technology, representing 51% shareholding interests of the issued shares of Winner Star Technology to Megahub Limited (the holding company of Intelligent Group Enterprise Limited), for a cash consideration of HK\$5,100, credited as fully paid to Intelligent Group Enterprise Limited. Winner Star Technology is a joint venture company held as to 51% by Megahub Limited, an Independent Third Party and 49% by eBroker Systems.

Winner Star Technology is principally engaged in the provision of market data service.

REORGANISATION

In preparation of the Share Offer, in May 2016, our Group has undergone Reorganisation and the steps are as follows:

Step 1: Acquisition of eBroker Systems (HK)

On 31 May 2016, Easy System Design transferred 299,999 shares in eBroker Systems (HK) held by it, representing 99.9996% of the issued share capital in eBroker Systems (HK) to eBroker Systems for a consideration of HK\$8,300,525.67. The consideration was determined based on the then 100% estimated net asset value of eBroker Systems (HK) as at 30 April 2016 based on the unaudited management accounts for the four months ended 30 April 2016. The consideration was left outstanding as an amount payable by eBroker Systems to Easy System Design (the “**eBroker Systems/ESD Outstanding Debt**”). On 31 May 2016, Wang Yee Loong transferred the one nominee share, representing 0.0004% of the issued share capital in eBroker Systems (HK) to eBroker Systems for a consideration of HK\$1.00, which was determined by reference to the nominal value of eBroker Systems (HK) at the time of the transfer.

As at 31 May 2016, Easy System Design was indebted to eBroker (Cayman) in an amount of HK\$34,099,125.30 (the “**eBroker (Cayman)/ESD Debt**”) and that eBroker Systems was indebted to Easy System Design in an amount of HK\$281,087.52 (the “**ESD/eBroker Systems Debt**”). On 31 May 2016, Easy System Design assigned all its rights to receive the eBroker Systems/ESD Outstanding Debt and the ESD/eBroker Systems Debt to eBroker (Cayman) and eBroker (Cayman) set-off the aggregate amount equal to the eBroker Systems/ESD Outstanding Debt and the ESD/eBroker Systems Debt against an equivalent amount of the eBroker (Cayman)/ESD Debt.

On the same day, eBroker (Cayman) and eBroker Systems novated the obligation of eBroker Systems to pay eBroker (Cayman) an amount equal to the eBroker Systems/ESD Outstanding Debt and the ESD/eBroker Systems Debt to eBrokerSys (BVI) and on 1 June 2016, eBrokerSys (BVI) capitalised the amount due to eBroker (Cayman) by issuing one share in the capital of eBrokerSys (BVI). For details of the capitalisation, please refer to step 2 of this section.

Upon completion of the acquisition, eBroker Systems (HK) became a wholly-owned subsidiary of eBroker Systems and an indirect wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Step 2: Transfer of Easy System Design to eBroker (Cayman)

Easy System Design was wholly owned by eBroker Systems since the beginning of the Track Record Period and in order to streamline our Group's financial technology business, on 1 June 2016, eBroker Systems transferred 1,250,000 shares in Easy System Design held by it, representing the entire issued share capital in Easy System Design to eBroker (Cayman), for a consideration of HK\$13,740,674.34. The consideration was determined based on the then 100% estimated net asset value of Easy System Design as at 30 April 2016 based on the unaudited management accounts for the four months ended 30 April 2016. The consideration was left outstanding as an amount payable from eBroker (Cayman) to eBroker Systems.

On 1 June 2016, eBroker Systems assigned the outstanding consideration to eBrokerSys (BVI).

As at 1 June 2016, eBrokerSys (BVI) was indebted to eBroker (Cayman) in an amount of HK\$61,538,137.08, an amount equal to the eBroker Systems/ESD Outstanding Debt and ESD/eBroker Systems Debt under aforementioned assignment, novation and set-off (together, the “**eBroker (Cayman) Debt**”).

On 1 June 2016, eBroker Systems assigned all its rights to receive the outstanding consideration for transferring the 1,250,000 shares in Easy System Design to eBrokerSys (BVI), whereby eBrokerSys (BVI) and eBroker (Cayman) set-off the amount equal to the said outstanding consideration against an equivalent amount of the eBroker (Cayman) Debt. As a result of the set-off, eBrokerSys (BVI) was indebted to eBroker (Cayman) in an amount of HK\$56,379,075.93 and eBrokerSys (BVI) capitalised the remaining amount due to eBroker (Cayman) by issuing one share of US\$1.00 each of eBrokerSys (BVI), credited as fully paid to eBroker (Cayman).

Upon completion of such share transfer, Easy System Design became a wholly-owned subsidiary of eBroker (Cayman).

Step 3: Transfer of eBrokerSys (BVI) to our Company

On 2 June 2016, eBroker (Cayman) transferred two shares in eBrokerSys (BVI), representing the entire issued shares of eBrokerSys (BVI) to our Company for a total consideration of HK\$13,651,230.71. The consideration was determined based on the then 100% estimated net asset value of eBrokerSys (BVI) as at 30 April 2016 based on the unaudited management accounts for the four months ended 30 April 2016. The consideration was left outstanding as an amount payable from our Company to eBroker (Cayman).

On 2 June 2016, our Company capitalised the outstanding amount due to eBroker (Cayman) by issuing a total of 99,999,999 shares of HK\$0.01 each in the share capital of our Company, credited as fully paid to eBroker (Cayman).

Upon completion of such share transfer, eBrokerSys (BVI) has become a wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Step 4: Repurchase of shares in eBroker (Cayman) from Capital Master and Silver Richland

From the beginning of the Track Record Period and up until step 4 of the Reorganisation, the shareholding interests of eBroker (Cayman) remained substantially the same (except various share transfers amongst existing Minority Shareholders ranging from approximately 0.0001% to 0.30%). eBroker (Cayman) was held as to approximately 41.19% by Quantsmile (BVI), 31.42% by Capital Master, 3.85% by Silver Richland and 23.54% by the Minority Shareholders.

On 3 June 2016, eBroker (Cayman) repurchased all the 31,416,321 eBroker (Cayman) shares held by Capital Master and 3,848,083 eBroker (Cayman) shares held by Silver Richland. The consideration for such share repurchases were satisfied by eBroker (Cayman) transferring to Capital Master 31,416,321 shares of HK\$0.01 each in the share capital of our Company and 392,704 shares in Easy System Design and transferring to Silver Richland 3,848,083 shares of HK\$0.01 each in the share capital of our Company and 48,101 shares in Easy System Design.

As a result of the share repurchases and transfers described above, (a) eBroker (Cayman) was held as to approximately 63.63% by Quantsmile (BVI) and 36.37% by the Minority Shareholders; and (b) our Company was held as to approximately 64.74% by eBroker (Cayman), 31.42% by Capital Master and 3.84% by Silver Richland.

Step 5: Transfer of our Shares by Capital Master and Silver Richland to pre-IPO investor

On 10 June 2016, Capital Master and Silver Richland transferred 9,151,917 shares of HK\$0.01 each in the share capital of our Company and 3,848,083 shares of HK\$0.01 each in the share capital of our Company, respectively to Financial Data Technologies, for a consideration of HK\$32,031,710 and HK\$13,468,290, respectively. Both considerations were determined based on arm's length negotiations with reference to the estimated value of our Company at HK\$350,000,000 at the date of the transfer. The considerations were fully settled in cash by Financial Data Technologies on 10 June 2016. For further details, please refer to the paragraph headed "Pre-IPO Investment" in this section.

On 10 June 2016, Capital Master transferred 22,264,404 shares of HK\$0.01 each in the share capital of our Company to Eagle Business Consulting. Such 22,264,404 shares was paid with consideration of HK\$22,111,213 which was commercially determined between Capital Master and Eagle Business Consulting based on a share swap referenced to the then net asset value of Front Office Technology (HK) as at 30 April 2016 as shown in its unaudited management accounts for the four months ended 30 April 2016. The consideration for such share transfer was satisfied and fully settled on 10 June 2016 by the transfer of 1,500,000 shares in Front Office Technology (HK) from Eagle Business Consulting, credited as fully paid to Capital Master. As Mr. Ng was then the majority shareholder in Front Office Technology (HK) such share swap enables Mr. Ng to further increase his shareholding interests.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Eagle Business Consulting has acquired the shares of our Company from Capital Master through an exchange of its then interests in Front Office Technology (HK). The acquisition enables Good Steward Foundation to swap non-listed illiquid assets for the Shares of our Company which, after Listing, will have higher potential for dividend yield and capital appreciation.

Capital Master had disposed of its interests in our Company as our shareholders and we agreed with Mr. Ng that he would step down from our Group's business in consequence to the rejected listing application in 2013. Following such disposal, Mr. Ng is no longer involved in or has influence over the management of our Group, and Capital Master is no longer a controlling shareholder of our Group. For further details, please refer to the paragraph headed "Previous Listing Application" in this section.

In addition to the above, there are no ongoing relationships or agreements of any kind having been entered into between Mr. Ng and Mr. Liew and their respective associates in relation to the said share transfer.

Upon completion of the share transfers described above, our Company was held as to approximately 64.74%, 22.26% and 13% by eBroker (Cayman), Eagle Business Consulting and Financial Data Technologies, respectively.

Step 6: Distribution by our Company

On 30 June 2016, eBroker (Cayman) declared and made payment of an interim dividend in the amount of HK\$0.01 per eBroker (Cayman) share to all the Minority Shareholders and Quantsmile (BVI) amounting in the total sum of HK\$8,801,964.60. The dividend was settled by the distribution by eBroker (Cayman) of all the 64,735,596 shares of HK\$0.01 each in the share capital of our Company on a one-for-one basis. As a result, a total of 23,545,309 shares of HK\$0.01 each in the share capital of our Company were transferred to the Minority Shareholders and 41,190,287 shares of HK\$0.01 each in the share capital of our Company were transferred to Quansmile (BVI).

Upon completion of the distribution, our Company was held as to approximately 23.55% by the Minority Shareholders, 41.19% by Quantsmile (BVI), 22.26% by Eagle Business Consulting and 13% by Financial Data Technologies. Quantsmile (BVI) is in turn held as to approximately 23.73% by Supergrand, 25.42% jointly by Mr. Chan and Ms. Cheung and 50.85% by Eagle Business Consulting. Supergrand is an investment holding company and is not regarded as a Controlling Shareholder on the basis that it is an Independent Third Party and a passive investor independent of Mr. Chan, Ms. Cheung and Eagle Business Consulting. eBroker (Cayman), Capital Master, Silver Richland and Easy System Design are no longer within our Group. eBroker (Cayman) is an investment holding company and has no other business since the date of its incorporation.

Confirmations from our Company regarding Minority Shareholders

Our Company confirms that (i) no written agreements have been entered into between each of the Minority Shareholders and our Company; (ii) no special rights or terms (including but not limited to put or exit options, director nomination rights, veto rights,

HISTORY, REORGANISATION AND GROUP STRUCTURE

anti-dilution rights, profit guarantee or compensation if Listing does not take place within a specified period) were attached to the 23,545,309 shares of HK\$0.01 each in the share capital of our Company that were distributed to the Minority Shareholders; and (iii) no other favourable terms were granted to the Minority Shareholders.

Our Shares that are held by the Minority Shareholders upon Listing who are Independent Third Parties will be counted towards the public float after Listing, details of which are described under the paragraph headed “Corporate and Shareholding Structure” below.

Our Directors consider that the Reorganisation has been properly and legally completed and settled and have confirmed that the Reorganisation complies with applicable laws and regulations.

PRE-IPO INVESTMENT

On 10 June 2016, Financial Data Technologies acquired 9,151,917 shares of HK\$0.01 each in the share capital of our Company and 3,848,083 shares of HK\$0.01 each in the share capital of our Company from Capital Master and Silver Richland, respectively, at a consideration of HK\$32,031,710 and HK\$13,468,290, respectively (total consideration of HK\$45,500,000). Details of the investment by Financial Data Technologies are as follows:

Name of Pre-IPO Investor	:	Financial Data Technologies Limited
Background of Pre-IPO Investor	:	Financial Data Technologies was incorporated in the BVI with limited liability on 16 July 2013 and is wholly and beneficially owned by Mr. Nie Lehui (“ Mr. Nie ”), who was an Independent Third Party before his investment in our Company. Financial Data Technologies’ principal business activity is investment holding. The Financial Data Technologies’ group has investment in various sectors such as, financial technology, corporate finance advisory services and asset management.

Mr. Nie is a personal friend of Mr. Chan. As advised by Mr. Nie, and save as disclosed in the prospectus, he has not been involved in any other investment or dealings with our Directors, Controlling Shareholders, substantial Shareholders, our Group’s subsidiaries and any of their respective associates. Mr. Nie is a private investor. Moreover, Mr. Nie invested in our Group because he was attracted by the growth potential and prospects of our Group.

Date of investment	:	10 June 2016

HISTORY, REORGANISATION AND GROUP STRUCTURE

Number of shares subscribed	:	13,000,000 shares of HK\$0.01 each in the share capital of our Company (9,151,917 shares from Capital Master and 3,848,083 shares from Silver Richland)
Consideration paid	:	HK\$45,500,000
Basis of determination of consideration	:	Based on arm's length negotiations with reference to the estimated value of our Company at HK\$350 million, whereby 13% shareholding interests were valued at HK\$45.5 million
Payment date of consideration in full	:	10 June 2016
Investment cost per Share and discount to mid-point Offer Price range	:	Approximately HK\$0.432, representing a premium of 20% over the mid-point of the indicative Offer Price range
Use of proceeds	:	The sale proceeds were for Capital Master and Silver Richland
Strategic benefits	:	Our Directors believe that Financial Data Technologies, as a shareholder of our Company, will bring strategic benefits to our Company in the long term by bringing in more business opportunities through its knowledge in the industry, business connections and network.
Shareholding in our Company immediately following completion of the Share Offer (<i>Note</i>)	:	10.57%
Lock-up undertakings	:	Within 180 days from the Listing Date
Public float	:	As Financial Data Technologies will be interested in more than 10% of the total issued shares of the our Company immediately following the Share Offer, Financial Data Technologies will become a substantial Shareholder of our Company upon Listing and hence a connected person of our Company. Accordingly, all Shares held by Financial Data Technologies will not be considered as part of the public float for the purpose of Rule 11.23(7) of the GEM Listing Rules
Special rights	:	No special rights or privileges under the acquisition of shares in our Company or otherwise in connection with its investment

HISTORY, REORGANISATION AND GROUP STRUCTURE

Note: Assuming completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

Confirmation from the Sole Sponsor

After reviewing the terms of the sale and purchase agreement dated 10 June 2016 entered into between Capital Master and Financial Data Technologies and the sale and purchase agreement dated 10 June 2016 entered into between Silver Richland and Financial Data Technologies and given that (i) our Directors confirmed that the terms of the Pre-IPO Investment (including the considerations) were determined on arm's length basis; and (ii) the Pre-IPO Investment was completed more than 28 clear days before the date of submission of the application for the Listing, the Sole Sponsor confirms that the Pre-IPO Investment is in compliance with the Guidance Letters HKEX-GL29-12 (January 2012) (updated in March 2017) and HKEX-GL-43-12 (October 2012) (Updated in July 2013 and March 2017) issued by the Stock Exchange.

PREVIOUS LISTING APPLICATIONS

Until the Reorganisation, eBroker (Cayman) was the controlling shareholder of our Group's businesses.

eBroker (Cayman) previously made an unsuccessful application for listing on GEM in May 2013. Capital Master was then the controlling shareholder of eBroker (Cayman) and it was proposed that Mr. Ng would be appointed as an executive director, chairman and chief executive officer of eBroker (Cayman) upon listing.

However, due to Mr. Ng's involvement (unrelated to eBroker (Cayman)) in a PRC company (the "**PRC Company**") which had various non-compliances, namely (i) the failure to register a foreign debt when the PRC Company acquired properties in the PRC from the developer in 2011. The consideration was settled offshore in Hong Kong dollars instead of RMB. Such payment arrangement may constitute a borrowing of foreign loan by a PRC company and may be required to be registered with the State Administration of Foreign Exchange; (ii) the understatement of selling price in a property transaction in 2012, based on a contract whereby the selling price was understated in the PRC, the legality under the PRC laws have not be satisfactorily demonstrated at the time of the listing application; and (iii) operating beyond its permitted business scope, whereby the PRC Company engaged in equities and futures investment in the PRC, which were outside its permitted scope of business. All of the above non-compliances were not rectified before eBroker (Cayman)'s proposed listing, the Stock Exchange was then concerned with eBroker (Cayman)'s suitability for listing and the suitability of Mr. Ng to act as a director, the Stock Exchange was then of the opinion that the previous sponsor of eBroker (Cayman) had not demonstrated to the Stock Exchange's satisfaction in Mr. Ng's suitability, competence and integrity to act as director of a GEM issuer and to manage the eBroker (Cayman) group in a law-abiding manner after listing. The listing application was rejected in November 2013.

Following the rejected listing, our shareholders and we agreed with Mr. Ng that he would step down from our Group's business and Capital Master would dispose of its interests in us. This plan was implemented over several years since the rejected listing, such

HISTORY, REORGANISATION AND GROUP STRUCTURE

that Mr. Ng is no longer involved in or has influence over the management of our Group, and Capital Master, after having disposed of its interests in our Company on 10 June 2016, is no longer a controlling shareholder of our Group and internal controls are strengthened to ensure that our Group is managed in a law-abiding manner.

In September 2016, following a series of reorganisation, details of which are set out in the section headed “History, Reorganisation and Group Structure – Reorganisation” in this prospectus, we made a second listing application for listing on GEM. That listing application was unsuccessful as the Stock Exchange ruled that (a) there has been a change of our controlling shareholders under Rule 11.12A(2) of the GEM Listing Rules; and (b) that there was no basis to grant us a waiver from the change. The listing application was aborted in February 2017.

Declarations from the executive Directors and senior management of our Company regarding Mr. Ng’s influence on our Group.

Mr. Chan has declared that he has never at any time been accustomed to act based on the directions or instructions of Mr. Ng in relation to matters concerning our Group, while Mr. Lo has declared that since his appointment as a director of eBroker group, he has never at any time been accustomed to act based on the directions or instructions of Mr. Ng in relation to matters concerning our Group. Both Mr. Chan and Mr. Lo further declared that they will not be influenced by Mr. Ng in relation to matters concerning our Group. Additionally, each member of the senior management team of our Company have also declared that since Mr. Ng’s resignation as director of all companies within our Group, they have never been accustomed to act based on the directions or instructions of Mr. Ng nor will they be influenced by Mr. Ng in relation to matters concerning our Group.

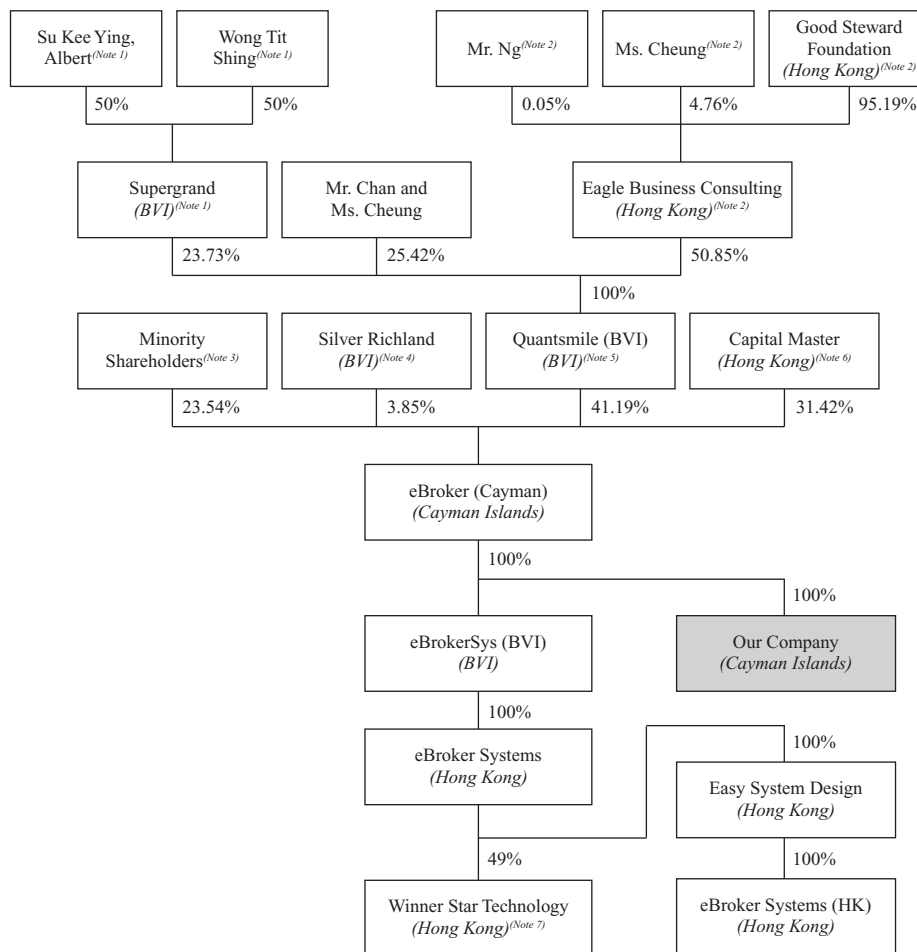
Sole Sponsor’s view on Mr. Ng’s influence on our Group

The Sole Sponsor has taken various steps in assessing the influence of Mr. Ng on our Group, such as (i) verifying that Mr. Ng has ceased to be involved in any matters concerning our Group, including but not limited to all operational and management aspects, as well as having resigned as director in each member of our Group and relevant returns have been filed with the Companies Registry of Hong Kong or relevant authorities; and (ii) conducting enhanced due diligence review on Mr. Ng. The Sole Sponsor, after considering the above, is satisfied with the results thereof and is of the view that Mr. Ng does not have any influence over our Group since his resignation as director of all companies with our Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE

The following chart sets out the corporate structure of our Group immediately prior to the Reorganisation:



Notes:

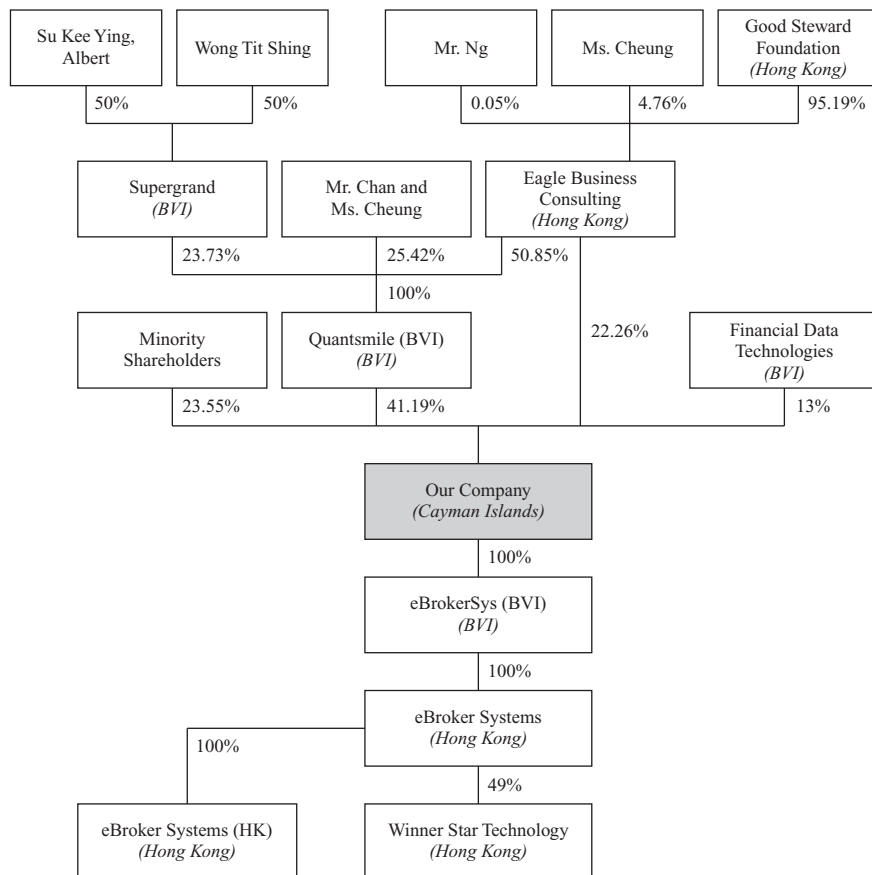
- (1) Supergrand is an investment holding company which is held as to 50% by Mr. Su Kee Ying, Albert and 50% by Mr. Wong Tit Shing. Supergrand is not regarded as a Controlling Shareholder on the basis that it is an Independent Third Party and a passive investor independent of Mr. Chan, Ms. Cheung and Eagle Business Consulting.
- (2) Eagle Business Consulting is an investment holding company which is held as to approximately 95.19% by Good Steward Foundation, 4.76% by Ms. Cheung (spouse of Mr. Chan) and 0.05% by Mr. Ng. Good Steward Foundation was incorporated in Hong Kong as a company limited by guarantee. It is a charitable company founded by Mr. Liew (our company secretary and financial controller) and Ms. Wen. Upon Listing, Mr. Liew will resign as a member of Good Steward Foundation and Mr. Chan will be appointed as a member of Good Steward Foundation.
- (3) Minority Shareholders comprise 104 individuals and body corporates who are Independent Third Parties (approximately 21.31%) and seven individuals who are some of our directors and members of our senior management team and/or their associates (approximately 2.23%) as set out below:
 - (a) 0.36% is held by Liu Kwun Kiu, a member of our senior management team;

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (b) 0.23% is held by Ms. Cheung, spouse of Mr. Chan;
 - (c) 0.04% is held by Timothy Chan, son of Mr. Chan;
 - (d) 0.91% is held by Mr. Lo, our executive Director and chief executive officer;
 - (e) 0.39% is held by Koo Man Fai, a member of our senior management team;
 - (f) 0.27% is held by Wong Kwing Nam, a member of our senior management team; and
 - (g) 0.03% is held by Mr. Liew, our company secretary and financial controller.
- (4) Silver Richland is an investment holding company which is held as to 100% by Mr. Ng.
- (5) Quantsmile (BVI) is an investment holding company which is held as to approximately 50.85% by Eagle Business Consulting, 23.73% by Supergrand and 25.42% jointly by Mr. Chan and Ms. Cheung (spouse of Mr. Chan).
- (6) Capital Master is an investment holding company which is held as to 50% by Mr. Ng and 50% by Ms. Tse (spouse of Mr. Ng).
- (7) The remaining 51% of Winner Star Technology is held by Megahub Limited, an Independent Third Party.

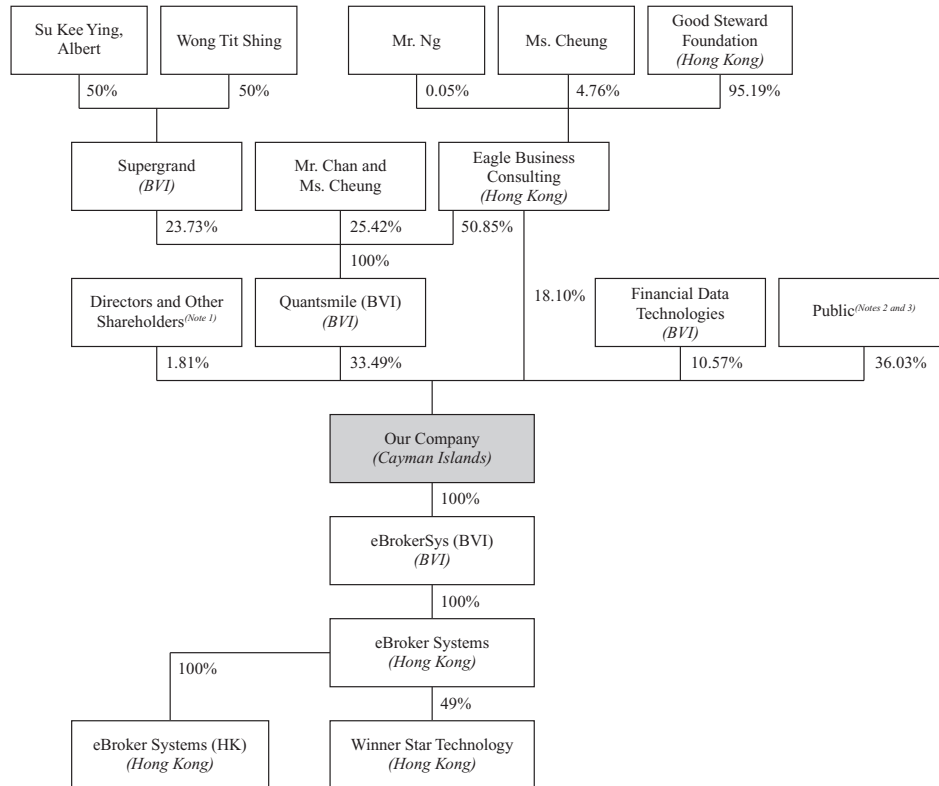
HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets out the corporate structure of our Group immediately following completion of the Reorganisation but prior to the Share Offer:



HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets out the corporate structure of our Group immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme):



Notes:

- (1) These Shares are held by the following seven Minority Shareholders (excluding the other 104 Minority Shareholders who are Independent Third Parties as described in Note 2 below) comprising some of our directors, members of our senior management team and/or their associates:
 - (a) 0.292% is held by Liu Kwun Kiu, a member of our senior management team;
 - (b) 0.186% is held by Ms. Cheung, spouse of Mr. Chan;
 - (c) 0.032% is held by Timothy Chan, son of Mr. Chan;
 - (d) 0.740% is held by Mr. Lo, our executive Director and chief executive officer;
 - (e) 0.316% is held by Koo Man Fai, a member of our senior management team;
 - (f) 0.222% is held by Wong Kwing Nam, a member of our senior management team; and
 - (g) 0.026% is held by Mr. Liew, our company secretary and financial controller.
- (2) These Shares are held as to approximately (a) 17.33% by 104 Minority Shareholders who are Independent Third Parties (the shareholding of whom ranges from approximately 0.0008% to approximately 7.09%) and (b) 18.70% by other Shareholders who acquired our Shares through the Share Offer.
- (3) 94 Minority Shareholders had given a voluntary lock-up undertaking not to sell, transfer or dispose of an aggregate of 211,472,220 Shares within 180 days from the Listing Date, which amounted to approximately 17.19% of our Shares in issue immediately following completion of the Share Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

BUSINESS

OVERVIEW

We are a financial technology solution provider focusing on the provision of financial software solution services to primarily financial institutions (including mainly brokerage firms, proprietary trading firms and wealth management companies) in Hong Kong. Since 2000, after the introduction of the third generation of AMS by HKEX, we launched *eBrokerSys*, our OMS with straight through processing and automated capabilities for Exchange Participants. Our software solutions perform a variety of functions for both front office and back office operations. For front office operations, our services include trading execution, fund management, credit control, risk management and cyber security. As for back office operations, our services include clearing and settlement of trading orders, portfolio risk reporting and colocation services. Our services are designed to serve Exchange Participants by providing them with equities and futures trading execution services and clearing as well as settlement services to their retail and institutional clients.

We aim to expand our business by developing new software solutions so as to interface and migrate our software solution services contemporaneously with the changing policies and the continued upgrades of the technology advances of HKEX. In addition to our commitment in local exchanges, we also develop software solutions that address the increasingly sophisticated and varied needs of prospective clients and respond to technological advances of other exchanges and the demands for trading in other leading exchanges such as CME by launching a global derivatives trading platform with pre-trade and post-trade risk management capabilities. We were certified by CME as an independent software vendor in January 2013, being the first vendor in Hong Kong to obtain this certification.

Our revenue from continuing operations amounted to approximately HK\$47.9 million, HK\$48.7 million and HK\$35.9 million for the two years ended 31 December 2017 and the eight months ended 31 August 2018, respectively.

BUSINESS

Business lines

Our business lines are inter-related and synergistic with one another. The following table sets out a breakdown of our revenue from continuing operations during the Track Record Period:

	For the year ended 31 December		For the eight months ended 31 August					
	2016	2017	2017	2018				
	HK\$'000	% HK\$'000	% HK\$'000	% HK\$'000	(unaudited)	% HK\$'000	%	
Front office solution service income								
– Trading Solutions	24,741	51.7	25,474	52.3	16,955	51.9	17,685	49.2
– Algo Solutions	1,552	3.2	1,515	3.1	1,010	3.1	928	2.6
– Investment Solutions	485	1.0	574	1.2	323	1.0	680	1.9
Sub-total:	26,778	55.9	27,563	56.6	18,288	56.0	19,293	53.7
Back office solution service income*								
– Global Backoffice System	10,848	22.7	11,551	23.8	7,643	23.4	8,052	22.4
– Hong Kong Data Centres Hosting and Exchange Colocation Services	446	0.9	356	0.7	280	0.8	153	0.4
Sub-total:	11,294	23.6	11,907	24.5	7,923	24.2	8,205	22.8
Installation and customisation service income	5,855	12.2	4,560	9.4	3,414	10.4	4,921	13.7
Managed cloud service income	828	1.8	2,231	4.6	1,362	4.2	1,899	5.3
Others	3,119	6.5	2,404	4.9	1,691	5.2	1,612	4.5
Total	<u>47,874</u>	<u>100.0</u>	<u>48,665</u>	<u>100.0</u>	<u>32,678</u>	<u>100.0</u>	<u>35,930</u>	<u>100.0</u>

* The income from our Group's existing business of the Portfolio Risk Reporting System was nil during the Track Record Period.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, the revenue from our five largest clients amounted to approximately HK\$13.2 million, HK\$11.6 million and HK\$9.6 million, representing approximately 27.5%, 23.9% and 26.8% of our total revenue from continuing operations, respectively.

We have built up stable business relationships with our clients. For the years ended 31 December 2016 and 31 December 2017 and the eight months ended 31 August 2018, we had 87, 85 and 81 clients, respectively, out of which 62, 60 and 55 clients have business relationships with us of not less than five consecutive years as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively.

COMPETITIVE STRENGTHS

We offer a wide range of financial software solutions

The needs of our clients and potential clients are increasingly sophisticated and varied whereas stock exchanges in other countries have kept on introducing new trading platforms and products from time to time. To address to the changing needs, requirements and preferences of our clients and to respond to the technology advances of the stock exchanges, we have developed, maintained and upgraded our software solution services covering both front office operations and back office operations.

BUSINESS

We offer a wide range of front office financial trading solution services ranging from trading execution, fund management, credit control, risk management and cyber security. We also offer a wide range of back office software solutions to our clients including settlement and clearing functions for financial institutions in Hong Kong, portfolio risk reporting and colocation services.

The diagram below illustrates typical department structures within a financial institution, and the corresponding solution services we offer to the respective departments:

Financial Institution									
Functional Role of Each Departments	Personal investments	Sales and trading	Proprietary desk	Wealth management	Asset management	Risk and compliance	Settlement		
	Provide global equities and derivatives execution services with multiple channels (such as internet & mobile) to retail investors	Traders to execute trades from sales desk, provide electronic order routing solution to clients, support algo trading strategy	Invest the firm's capital in board range of asset types, make profit from pair trading, long/short, hedging and leveraging trading strategy	Provide mid to long term investment services to high-net-worth customers Build and maintain client relationship, provide investment advice	Manage investment and trading workflow Support investment operations	Monitor the compliance and risk level of investment and execution activities Manage the credit and margin financing risk for each customer	Liaise between the frontline office and middle office Carry out day-to-day settlement and clearing activities to comply with regulatory policy		
Our products and services	Hong Kong Data Centres Hosting and Exchange Colocation Services					Global Back Office System (GBS)			
	Global Equities & Derivatives Online (eBroker Sys) & Order/Execution Management System								
	Complex Event Processing Engine – High frequency trade Algo Trading				Alpha Investment System				
			Sponsored DMA for high frequency trade		Wealth Management Solution	Fund Management Solution	Risk Report		
			Institutional Sales Desk solution	Algo Trader		Portfolio Hedging	Risk and Trade Surveillance Solution		
					Volatility Trading			Fund Administration System	
					Market Making				
					Warrant Trader				

Notes:

- (i) solutions stated in boxes in light blue colour are our front office solutions
- (ii) solutions stated in boxes in dark blue colour are our back office solutions

We offer software solutions that can be packaged to fit clients' requirements. In particular, our comprehensive solution services allow us to compete with financial technology services providers in Hong Kong as we are able to customise our solution services to cater for the needs of different clients in order to (i) optimise and improve investment performance; (ii) optimise and improve trade execution process efficiency; (iii) reduce execution cost; (iv) improve global market connectivity; (v) meet regulatory requirements; and (vi) increase value from IT and market data budget.

We are an experienced financial technology solution provider

We are an experienced financial technology solution provider with technological expertise to serve the changing needs, preferences and requirements of our clients. Our software solution services are designed to, among other things, facilitate our clients to automate their business functions so as to enhance efficiency and effectiveness of their business operations by using our software solution services.

eBroker Systems was awarded “Best Financial Applications” in APICTA – Asia Pacific ICT Awards in 2005 and “Most Innovative Companies Award in China 中國最具創新力企業” in 2007. We believe that the above awards and accreditations can demonstrate our overall competitive edge over other financial technology solution providers.

We are a market innovator in the financial technology market

We believe that we are a market innovator in the financial technology market. We have launched, upgraded and maintained our software solution services applicable in the financial technology market over the years.

Apart from *eBrokerSys*, we have developed other trading systems comprising certain software solutions, such as a trading platform for trading of futures and options in global markets, which is designed for high frequency traders, proprietary trading firms, no risk managers and brokerage firms and provides users with global access to futures commission merchants and connects them to multiple brokers and global markets via one platform. In addition, such trading platform consists of intelligent business administration tools, advanced risk management system and order-tracking tools that may further automate the enterprise workflow of the users.

Besides these, in response to the development of RMB exchange listed derivatives contract, we have developed a new market making system for our clients who are interested in participating in the local derivatives market as market makers.

Our achievement in obtaining certification by CME as its ISV has demonstrated our capability in products innovation. We are the first financial technology solution provider in Hong Kong which obtained this certification. To be certified as an ISV of CME, our programmes must be able to meet the CME’s required standards. In addition to the basic functions offered by a trading interface, the CME’s certified programmes that interact with the trading platform of CME must be able to: (i) support features and functionality critical to CME markets; (ii) accommodate new services and initiatives developed by CME from time to time; and (iii) quickly and easily adapt to and interface with any configuration changes without altering the programmes. We believe this achievement will enable us to provide new software solution services to clients who intend to provide trading execution services under CME. Our Directors further believe that the new market accessibility can strengthen our global futures and options trading platform and there may be new business opportunities which may generate extra income for us.

BUSINESS

We have an experienced management team and application development team with sound industry knowledge and technical know-how

We have an experienced management team led by Mr. Chan, an executive Director and a co-founder of our Group, who has more than 10 years of experience in corporate management and Mr. Lo, an executive Director and our chief executive officer, who has over 10 years of experience in applying the latest technology to improve finance business processes. Other members of our senior management team also have substantial experience in other areas such as sales and marketing, accounting and finance and software development.

We believe that our application development team (the “**AD Team**”), which is led by Mr. Lo, is capable of developing, upgrading and maintaining software solution services that address and respond to the changing trends in the financial technology market. As at the Latest Practicable Date, our AD Team had five staff members. For details of our AD Team, please refer to the paragraph headed “Research and development” in this section.

We believe our AD Team possesses sufficient technical know-how and domain knowledge in developing new software solutions that can address the increasingly sophisticated and varied needs of our clients as well as potential clients and respond to technological advances and emerging industry standards and practices in the financial market. For instance, the derivatives risk management system developed by us enables us to meet the demands of a more robust system for cross border futures and options trading.

We have a proven track record and client loyalty

We are committed to providing quality software solutions for our clients, and emphasise on providing after-sale and maintenance services for our software applications and services. Our support services include hotline support, online monitoring services, technical inquiry on software application, bug fixing, consultation on system customisation and standard upgrade within the functional scope of the licensed systems. Our Directors believe that such support services will on one hand strengthen the loyalty of our existing clients and on the other hand enhance our goodwill to gain referrals of new clients from existing clients. During the Track Record Period, most of our clients were financial institutions operating in Hong Kong. For the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2018, we had 87, 85 and 81 clients, respectively, out of which 62, 60 and 55 clients have business relationships with us of not less than five consecutive years as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively.

We believe that the quality services offered by us would enhance the confidence of our existing clients and attract more new clients. We further believe that our track record and client loyalty are crucial for our growth in the future in terms of market share and profitability.

OUR BUSINESS STRATEGIES

We will endeavour to achieve our business objective by implementing the following business strategies in accordance with the schedule set out in the section headed “Future plans and use of proceeds – Implementation plan” in this prospectus. The respective scheduled completion times are based on certain bases and assumptions as set out in the section headed “Future plans and use of proceeds – Bases and assumptions” in this prospectus. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed “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.

Expand business in Wealth Management Solution

We will keep ourselves closely abreast of the latest technological development in the financial technology market and continue to compete in the financial technology market through provision of new solution services with high potential growth. We believe that the need from the wealth management industry to adopt automation in order to provide services that align with the emerging digital influence on the financial services sector will increase as the implementation of financial technology solutions will enable them to operate their business more efficiently.

In order to expand our market share in wealth management market, we plan to actively promote our Wealth Management Solution to clients by means of participating in industry exhibitions or seminars, and running sales campaigns. During our ongoing development and enhancement of the Wealth Management Solution, we will focus on the followings:

- (i) Two-factor Authentication which is one of the key control requirements under the Cybersecurity Guidelines. Our Group has developed the 2FA solution for brokerage business and the development of 2FA solution for Wealth Management Solution would be completed in the first quarter of 2019;
- (ii) our Group will further research on the solution to make use of services from vendors to provide “know your client” and “anti-money laundering” services in the Wealth Management Solution in the first quarter of 2019;
- (iii) Faster Payment System. Our Group will look into the opportunity to develop Wealth Management Solution for the Faster Payment System and will start to work on it by the end of 2018;
- (iv) the HKMA is formulating a policy framework on Open API to facilitate the development and wider adoption of API by the banking sector for stimulating innovations and improving financial services through collaboration between banks and technology firms. Our Group will look into the opportunity to develop a wealth management solution for Open API to provide value added services to clients. Our Group will start to work on it when more information is announced by HKMA, tentatively in the third quarter of 2019; and

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- (v) Our Group plan to research on the technology and application of Distributed Ledger Technology for Wealth Management Solution from the third quarter of 2020.

We will also recruit an experienced business analyst who shall have not less than five years of experience and relevant background/qualifications in banking information technology by the first quarter of 2019 to solely work for wealth management business unit and hire independent third party research and development personnels who shall have not less than three years of experience and relevant background/qualifications in financial software development from the first half of 2019 onwards to conduct the ongoing development and enhancement for our business in Wealth Management Solution.

Projects to be undertaken by us upon Listing are summarised below:

Summary of projects	Estimated span of development (months)	Estimated costs (Note 1) (HK\$)
1. Two-factor authentication – We have developed the solution for brokerage business and we will start to work on the solution for our Wealth Management System in the first quarter of 2019 (Note 2)	12	approximately 0.3 million
2. Know your client and anti-money laundering – We will further research on the solution to make use of services from other vendors to provide “know your client” and “anti-money laundering” services in our Wealth Management Solution in the first quarter of 2019	24	approximately 0.8 million
3. Faster Payment System – We will look into the opportunity to develop the Faster Payment System for our Wealth Management Solution to provide value added services to our clients in 2019 (Note 3)	24	approximately 0.7 million
4. Non-face-to-face account opening – We will work on the solution for our Wealth Management Solution in the first quarter of 2019 (Note 4)	24	approximately 0.8 million
5. Open API – We will look into the opportunity to develop for Open API in our Wealth Management Solution to provide value-added services to clients in the third quarter of 2019	24	approximately 0.7 million

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Summary of projects	Estimated span of development (months)	Estimated costs (Note 1) (HK\$)
6. Distributed Ledger Technology – We plan to research on the technology and application of Distributed Ledger Technology in our Wealth Management Solution in the third quarter of 2020 (Note 5)	18	approximately 1.1 million

Notes:

1. The estimated costs are calculated by multiplying the estimated man-days required for the projects by the estimated daily rates of (i) business analysts, (ii) research and development personnels and (iii) project management and implementation personnels.
2. According to Guidelines to Reduce and Mitigate Hacking Risks Associated with Internet Trading released by SFC in October 2017, two-factor authentication is a key control that would take effect in 2018.
3. In September 2017, Hong Kong Monetary Authority (“HKMA”) unveiled a number of initiatives that prepare Hong Kong to move into a new era of smart banking. Faster Payment System is one of the initiatives and was launched in September 2018.
4. In 2016, SFC published circulars about its comments on non-face-to-face account opening, further guidelines were published in July 2018.
5. HKMA published Whitepaper on Distributed Ledger Technology and Whitepaper 2.0 on Distributed Ledger Technology in November 2016 and October 2017 respectively.

We plan to use approximately HK\$4.6 million (approximately 11%) out of the net proceeds from the Share Offer (assuming that the Offer Price is HK\$0.36, being the mid-point of the indicative Offer Price range) for the purposes of expanding our business in Wealth Management Solution, including (i) approximately HK\$1.9 million for man power investment by hiring one experienced business analyst; (ii) approximately HK\$2.6 million for man power investment by hiring independent third party research and development personnels; and (iii) approximately HK\$0.1 million for marketing communication expenses. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

Improve user trading applications

We endeavour to provide our clients with a range of advanced financial technologies to meet their business needs, including our front office solutions by introducing or developing or improving our user trading applications, such as: (i) professional trading terminals, which are trading applications running on personal computers; and (ii) mobile applications, which are trading applications running on mobile devices. As professional trading terminals normally provide (a) comprehensive trading information for users for making trading decisions; (b) more variety of order types for users for transaction execution; and (c) relatively sophisticated functions including algorithm trading solutions to allow users to react faster to market changes, professional trading terminals mainly target users who require

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more information for making trading decisions while mobility is not a major concern. In the meantime, mobile trading applications mainly target users who require more convenience and mobility while trading information, variety of order types and trading functions are not their major concern when they make trading decisions.

We intend to undertake the following projects for the improvement of our user trading applications upon Listing:

Summary of projects	Estimated span of development (months)	Estimated Cost (Note 1) (HK\$)
1. Chart Trading – We will work on the solution to allow end-users to place orders from stock price charts of both Professional Trading Terminal and Mobile Trading Application	12	Approximately 0.8 million
2. Database Data Encryption – We will work on the solution to encrypt personal data in database on top of current protection using password and user access rights control	24	Approximately 0.7 million
3. Non-face-to-face account opening – We will integrate the solution based on the result of development for Wealth Management Solution (Note 2)	24	Approximately 0.5 million
4. Open API – We will work on the solution to allow our clients to develop their own module for further integration with our Professional Trading Terminal	12	Approximately 0.3 million
5. Instant Messaging – We will work on the solution to allow end-users to communicate instantly with other end-users through our Professional Trading Terminal and Mobile Trading Application	18	Approximately 0.6 million
6. Integration of Algo Order Functions – We will work on the solution to allow the end-users to establish their own trading operation by combining different order types, designated order price and size and specific conditions triggering the execution of such orders on our Professional Trading Terminal	24	Approximately 1.2 million

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Summary of projects	Estimated span of development (months)	Estimated Cost (Note 1) (HK\$)
7. System Administration Dashboard – We will work on the solution to provide a comprehensive summary displaying the status of operation of eBrokerSys, our OMS, run by our clients	18	Approximately 0.6 million
8. Distributed Ledger Technology – We will integrate the solution based on the result of development for Wealth Management Solution (Note 3)	18	Approximately 0.5 million

Notes:

1. The estimated costs are calculated by multiplying the estimated man-days required for the projects by the estimated unit rates of (i) business analysts, (ii) research and development personnels and (iii) project management and implementation personnels.
2. In 2017, SFC published circular about its comments on non-face-to-face account opening, further guidelines were published in July 2018.
3. HKMA published Whitepaper on Distributed Ledger Technology and Whitepaper 2.0 on Distributed Ledger Technology in November 2016 and October 2017 respectively.

We expect that as a result of the improvement of our user trading applications, the end-users of our user trading applications may be able to do more trades which in turn will stimulate the growth of business of EPs resulting in stronger needs for our services.

In order to improve our user trading applications, we will recruit an experienced business analyst who shall have not less than five years of experience and relevant background/qualifications in financial software development by the first quarter of 2019 to solely work on our trading application projects and hire independent third party research and development personnels who shall have not less than three years of experience and relevant background/qualifications in financial software development from the first half of 2019 onwards to conduct the ongoing development and enhancement for our trading application projects.

We also plan to apply the market data vendor licence from HKEX for securities and derivative market data and deploy the low latency infrastructure at HKEX co-location data centre from the second quarter of 2019.

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We intend to submit our application for the market data vendor licence in the second quarter of 2019. Our Directors expect that our Group will obtain the market data vendor licence in or around the third quarter of 2019 after the following major conditions are fulfilled:

1. submission of relevant application materials by our Group to HKEX; and
2. fulfill the technical requirements for establishing direct access to OMD host of HKEX by passing relevant readiness test of HKEX. As our Group have already passed the readiness test for establishing direct access between our front office solutions and OMD host of HKEX, our Directors expect that there should be no technical impediment for our Group to fulfill such technical requirements for the purpose of obtaining the market data vendor licence.

By deploying the low latency infrastructure at the HKEX co-location data centre, our Directors believe that our Group may, through the ultra low latency system provided thereby, be able to provide extra services including DMA or algo or high frequency trading services, for our Group's clients to provide to the end users. In order to promote our trading application to the clients, we would conduct digital marketing in the same year.

We plan to use approximately HK\$11.3 million (approximately 29%) out of the net proceeds from the Share Offer (assuming that the Offer Price is HK\$0.36, being the mid-point of the indicative Offer Price range) for the purposes of improving our user trading applications, including (i) approximately HK\$1.9 million for man power investment by hiring one experienced business analyst; (ii) approximately HK\$3.2 million for man power investment by hiring independent third party research and development personnels; (iii) approximately HK\$3.1 million for application for market data licence; (iv) approximately HK\$2.6 million for data centre deployment; and (v) approximately HK\$0.5 million for marketing communication expenses. For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

Expand our managed cloud services to local brokerage firm clients

Over the last few years, technology infrastructures have become increasingly complex and expensive to manage. At the same time, IT budgets have been cut, leading to companies finding it hard to maintain IT infrastructures. The managed services providers which manage the IT infrastructures are meeting the emergence of demand.

In view of such demand, we offer financial institutions the managed cloud services which feature process-based and resiliently extensible resources. Our managed cloud solutions are integrated platforms built on IT hardware and infrastructure components including servers, storage, network, monitoring services, as well as centralised management and control to ensure a stable and reliable service.

With a view to expanding our managed cloud services, we will recruit a network support engineer who has not less than three years of experience and relevant background/qualifications in network engineering by the first quarter of 2019 to solely work on managed cloud services and be responsible for vendor management, network and infrastructure design,

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system monitoring and support. Data centre deployment will also be required for running the managed cloud services. In order to elevate our position as leading managed cloud provider, we will actively promote our managed cloud services to all EPs through, including but not limited to, hosting industry seminars, participating in industry exhibitions or seminars, and putting advertisements.

We plan to use approximately HK\$4.3 million (approximately 11%) out of the net proceeds from the Share Offer (assuming that the Offer Price is HK\$0.36, being the mid-point of the indicative Offer Price range) for the purposes of expanding our managed cloud services, including (i) approximately HK\$1.4 million for man power investment by hiring a network support engineer for running the cloud services; (ii) approximately HK\$2.1 million for data centre deployment; and (iii) approximately HK\$0.8 million for marketing communication expenses. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

Establish our research and development centre in the PRC

For two years ended 31 December 2017 and the eight months ended 31 August 2018, the Technical Service Providers are our largest supplier and the amount of purchase from the Technical Service Providers accounted for approximately 65.8%, 74.7% and 74.8% of our total purchase, respectively.

In order to enhance our research and development capability and obtain additional resources in testing and application development such that we can gradually reduce our reliance on the Technical Service Providers, we plan to acquire a property in Qianhai, Shenzhen, the PRC for establishing our research and development centre with research focus on areas such as system design and system interface. We are currently identifying a suitable property in the PRC for establishing our research and development centre and it is planned that the centre will commence operation in or about July 2019. For further details about the research and development centre, please refer to the section headed “Business – Research and development centre in the PRC” in this prospectus.

We plan to use approximately HK\$18.0 million (approximately 46%) out of the net proceeds from the Share Offer (assuming that the Offer Price is HK\$0.36, being the mid-point of the indicative Offer Price range) for the purposes of establishing our research and development centre in the PRC, including (i) approximately HK\$16.0 million for the acquisition of property in Qianhai, Shenzhen, the PRC; (ii) approximately HK\$0.6 million for property renovation and acquisition of furniture; (iii) approximately HK\$0.9 million for acquisition of computer hardware; and (iv) approximately HK\$0.5 million for acquisition of computer software. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

OUR BUSINESS

We are a financial technology solution provider focusing on the provision of financial software solution services to primarily financial institutions (including mainly brokerage firms, wealth management companies and proprietary trading firms) in Hong Kong.

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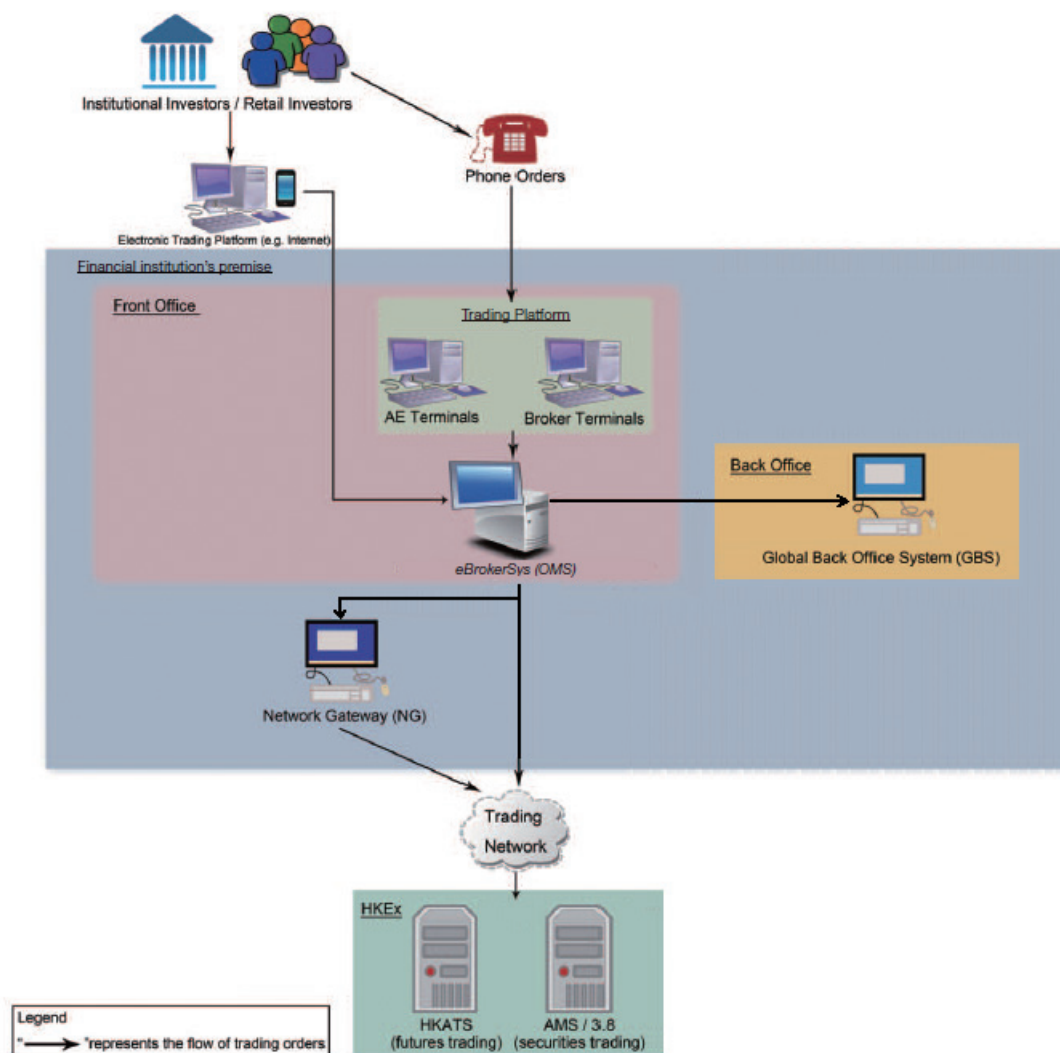
Our trading solutions aim to provide a total solution package which can cater for the specific needs, preferences and requirements of our clients. The total solution package provided by us covers hardware layout design, core electronic trading management system, a combination of different software modules, data management, risk management, cyber security, back office settlement systems, portfolio risk reporting and colocation services.

We have been expanding our integrated securities trading solutions over the years, covering stocks, futures and options tradings across a number of stock exchanges including the Stock Exchange, CME and LME. Our software solutions are capable of providing integration and interface with the computer systems of our clients. The architectural design of our software solutions also enables our clients to implement cross-markets and cross-platform integrations, allowing them to monitor and oversee the trading operations of different markets and trading platforms at the same time.

In addition, we also provide various ancillary services including installation of software and hardware, sales of hardware, consultation services, after-sale and maintenance services to our clients.

SOFTWARE SOLUTION SERVICES

The diagram below illustrates the operational procedures of our front and back office solutions:



Our clients, mostly financial institutions who are Exchange Participants, receive trading requests from their clients, including both institutional investors and retail investors, via the electronic trading platform or phone calls. When our clients receive trading orders from retail investors via phone calls, the brokers or account executives of our clients will place trading orders to *eBrokerSys*. If the trading orders are received by the electronic trading platform, the instructions will be routed to *eBrokerSys*. Subsequently, *eBrokerSys* will automatically perform necessary validations, risk management or credit checking functions in respect of the trading orders after receiving the trading orders via the aforesaid two channels.

If the institutional investors of our clients place their trading orders via any electronic trading platform accessible by them, the trading orders will then be routed to *eBrokerSys*. *eBrokerSys* will then automatically perform necessary validations, risk management or credit checking functions with respect to the trading orders. The flow of the trading orders of institutional investors and retail investors is similar to each other. However, the trading orders placed by the institutional investors are more complex than those of retail investors due to the size and types of their orders as they require more functions and features of the front office solutions.

Externally, *eBrokerSys* is connected to the trading platforms of HKEX via the OG or OCG of AMS/3.8 and the NG or CG of HKATS, depending on the nature of transactions. After performing necessary risk management and credit checking functions, OMS will submit the trading requests to AMS/3.8 of HKEX via the OG or OCG for trading of securities; or to HKATS via NG or CG, for trading of derivatives, which will complete the matching and execution of these trading orders.

Internally, *eBrokerSys* is connected to our Global Backoffice System for settlement of the trading activities after trading hours. For details, please refer to the paragraph headed “Back office solutions” in this section.

A. Front office solutions

Our front office solutions consist of three solutions categories, namely, (i) Trading Solutions; (ii) Algo Solutions; and (iii) Investment Solutions.

1. Trading Solutions

1.1 *eBrokerSys*

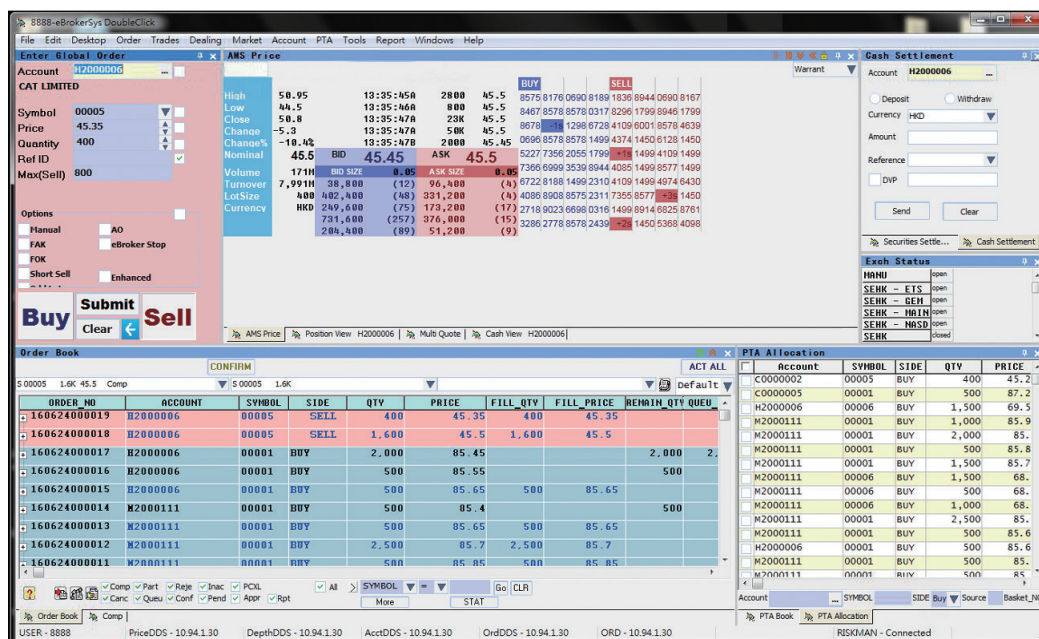
eBrokerSys, our OMS, was initially developed by Front Office Technology (HK) in 2000, when Mr. Chan served as its director. The funding for the establishment of eBroker Systems was derived from financial resources of Front Office Technology (HK) that was contributed by its then beneficial owners, namely, Mr. Ng, Mr. Chan and an Independent Third Party. Front Office Technology (HK) developed *eBrokerSys* when Mr. Chan served as its director and was integrally involved in the architecture and development of *eBrokerSys*, whereas Mr. Ng contributed to its strategic marketing. It has been the intention and agreement between Front Office Technology (HK) and eBroker Systems that since the incorporation of eBroker Systems in 2000, Front Office Technology (HK) should assign and vest all rights, titles and interests in the intellectual property rights in *eBrokerSys* in anywhere in the world, apart from the PRC to eBroker Systems. As (i) Front Office Technology (HK) was the then parent company of eBroker Systems holding the majority of its interests; and (ii) eBroker Systems has been using the relevant intellectual property rights in *eBrokerSys* freely as if it were the absolute owner thereof without any restriction or limitation, there was no immediate need for Front Office Technology (HK) to transfer the intellectual property rights in *eBrokerSys* to eBroker Systems at the time when it was incorporated. Front Office Technology (HK) and eBroker

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Systems subsequently reduced the above understanding and agreement in writing and signed a deed of confirmation and ratification in May 2013, pursuant to which the assignment and transfer of *eBrokerSys* was deemed to have taken effect from the date of incorporation of eBroker Systems at a nominal consideration of HK\$1.00 only.

Our Group has kept on enhancing and developing *eBrokerSys* since 2000 in order to adapt to the regulatory environment, in particular, the changes in trading infrastructure of HKEX, as well as to cater for the changing needs, requirements and preferences of different kinds of financial institutions with operations in Hong Kong, such as brokerage firms and proprietary trading firms to enable them to cope with the all-electronic securities processing requirements.

eBrokerSys is a front-office trading software solution with comprehensive functions for trading of securities and risk management designed to automate all manual operations. It is also designed to perform a range of trading features including placing of trading orders; pre-trade credit risk checking on individual clients and investors of our clients, execution of trading orders; routing of trading orders to the trading platform of Stock Exchange; real-time quotation of stock prices; real-time management of client's position such as reflecting the securities holding and cash balance before and after transactions; and client information enquiry and end user management.



GUI of *eBrokerSys*

eBrokerSys can be used alone as an electronic trading platform while it can also interact with other electronic trading platforms developed by other providers.

eBrokerSys, if used alone as an electronic trading platform, is capable of processing both simple and advanced trading orders. Both retail and institutional investors can place trade orders and perform order management functions directly through *eBrokerSys*. Orders placed by these investors are gathered through the servers of *eBrokerSys* located at our clients' premises or designated data centres for further processing.

Through *eBrokerSys*, users, particularly those within financial institutions, can perform a variety of functions, including command approval, status monitoring, order placing and inspection of clients' accounts. It can also perform compliance checks to ensure that retail investors, institutional investors or other professional traders will not violate any applicable rules in executing the trading orders or exceed any limits before the orders are being processed through *eBrokerSys*.

Electronic trading platforms provided by other providers usually process a user interface which can either be accessed through computers or mobile applications. If *eBrokerSys* interacts with these electronic trading platforms set up by other providers, it can perform the same functions as set out above in respect of placing trade orders and performing order management functions.

1.2 Sponsored DMA

The sponsored DMA is our electronic access management solution made up of a risk control terminal and various servers. It enables the clients of Exchange Participants to place direct orders in the Exchange Participant's identity to the exchanges. Trading orders will be placed directly to HKEX's trading platforms. With the sponsored DMA, Exchange Participants can exercise a low latency pre-execution control over their clients' trading activities on the trading platforms of HKEX. This sponsored DMA is particularly useful for high frequency traders who trade securities and derivatives on a rapid basis.

In order to monitor the trading activities of Exchange Participants' clients, a risk control terminal is connected to the servers running the sponsored DMA services. This risk control terminal contains the software which is designed to manage various risks when Exchange Participants' clients place orders to the servers directly, for example, to monitor the clients' cash position and margin limit.

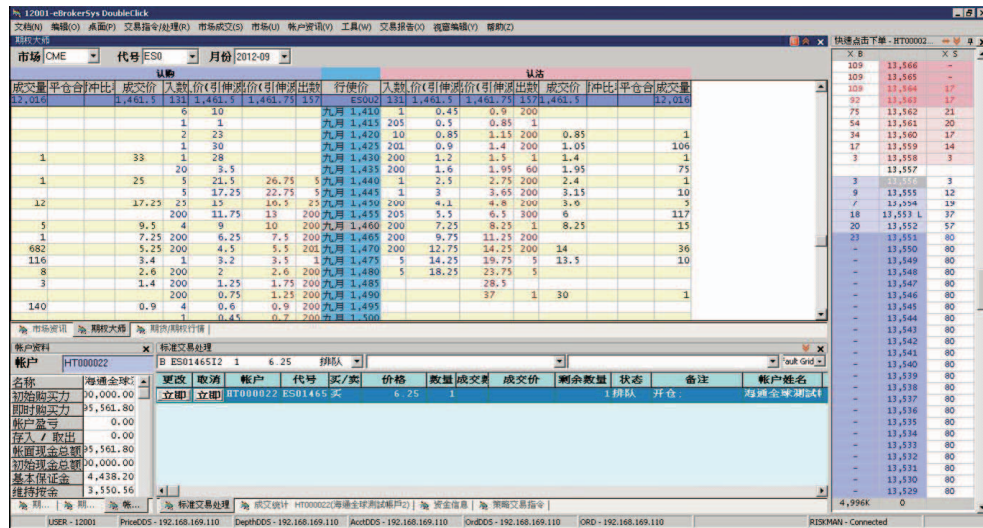
1.3 Institutional Sales Desk Solutions

We offer Institutional Sales Desk Solutions specifically for institutional brokerage business of the financial institutions in Hong Kong. The trading orders generally cover a wide range of financial instruments, from stocks, options to futures, and occasionally there are cross market transactions. Hence, it is important for the advanced trading solutions to execute such orders precisely in accordance with the users' instructions.

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This solution is fully integrated with *eBrokerSys* and supports the complete workflow of the institutional brokerage business of the financial institutions in Hong Kong. This solution also helps improving trade execution performance of the traders of institutional brokerage business of the financial institutions as it is able to handle complex trading orders and strategies.

1.4 Global Futures and Options Trading Platform



GUI of Global Futures and Options Trading Platform

Our Global Futures and Options Trading Platform targets mainly at financial institutions which provide futures and options trading in foreign exchanges and is fully integrated with *eBrokerSys*. This platform is connected to multiple brokers and global financial markets. Our clients are able to access market data of the global futures and options including real-time quotation for futures and options, via this platform.

1.5 Cyber Security Solutions

In 2017, we started to offer cyber security solutions to our clients in order to assist our clients in fulfilling the requirements under the Cybersecurity Guidelines which, among others, suggest the implementation of “two-factor authentication”. Two-factor Authentication is a security mechanism which requires the adoption of any two of the following authentication factors for accessing a database, operating system, or platform: (1) “what a client knows”; (2) “what a client has”; and (3) “who a client is”.

Our cyber security solutions allow the implementation of Two-factor Authentication whereby our clients may choose to adopt any of the following combination for authentication factors:

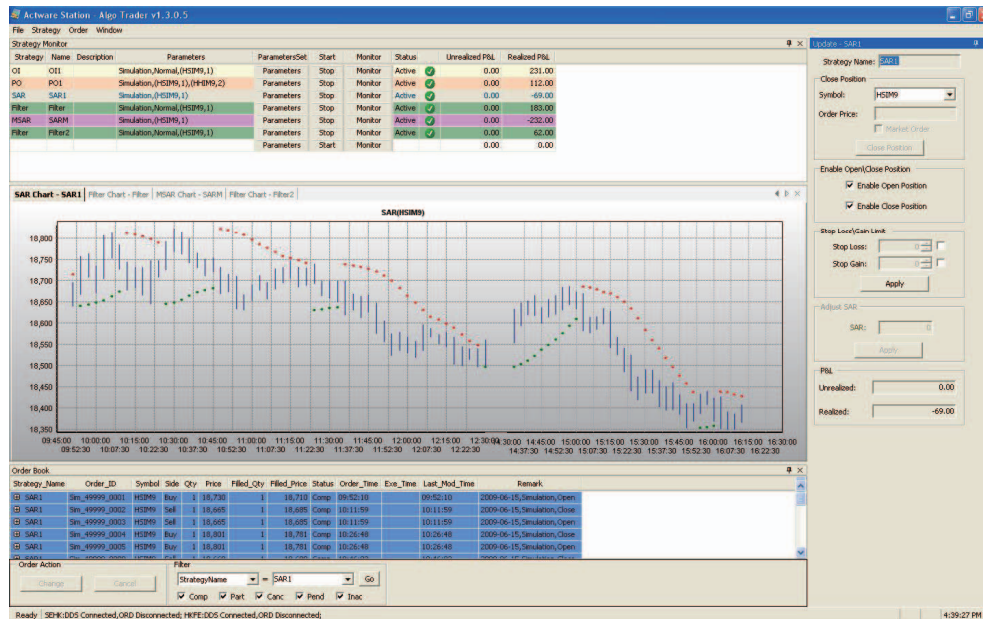
- (1) password plus one-time password sent through email;

- (2) password plus one-time password sent through short message service (SMS); or
- (3) password plus *eBrokerKey* one-time password.

eBrokerKey is a mobile application which generates one-time passwords on regular time interval for accessing *eBrokerSys* and other trading systems developed by our Group. It also allows third party systems which interface with *eBrokerSys* to use the function as an add-on module. The *eBrokerKey* one-time passwords are generated based on an algorithm whereby the generation of new one-time passwords is based on the time of request of passwords.

2. Algo Solutions

2.1 AlgoTrader

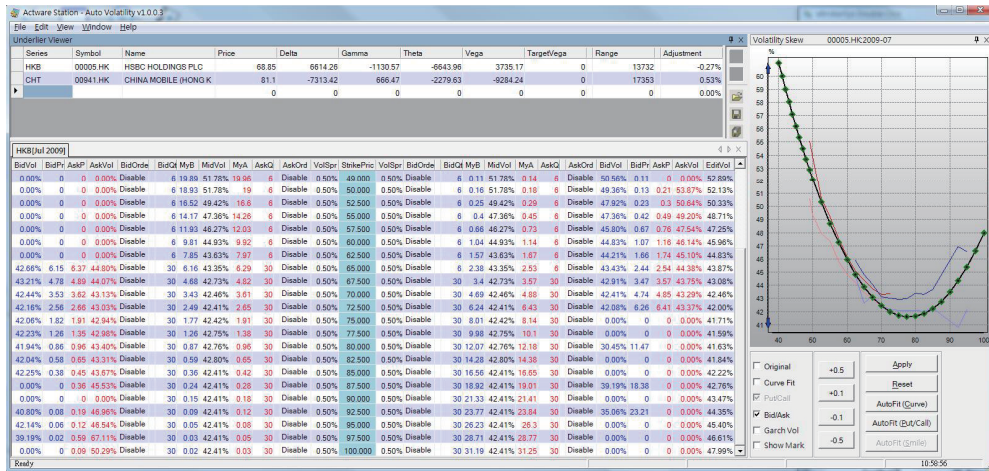


GUI of Algo Trader

Our AlgoTrader software solution is designed to enable professional traders to run and test their newly developed trading strategies based on a specific range of parameters and variables defined by the professional traders from time to time, such parameters and variables include the time intervals for the collection of data stored at the AlgoTrader system, price changes, price trends of a particular kind of stocks and preset triggering events. In light of the features set out above, AlgoTrader can help users capture trading opportunities as AlgoTrader is supported by extensive research and development of highly complex mathematical and statistical models. This software solution enables clients to design and deploy their trading strategies which are developed based on extensive quantitative modeling.

This system can be fully integrated with *eBrokerSys*. Through integration with *eBrokerSys*, the users can enjoy automated trading platform which provides connections to Hong Kong and foreign exchanges. Its back-testing capabilities enable our clients to evaluate the performances of their trading strategies based on historical data and predetermined parameters.

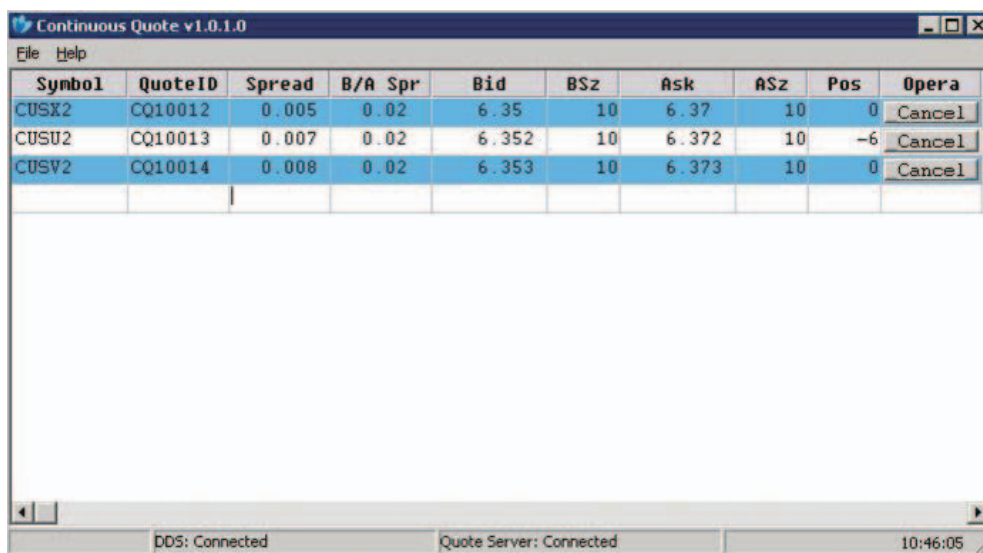
2.2 Volatility Trading System



GUI of Volatility Trading System

Our Volatility Trading System is targeted at institutional investors and other professional traders in financial institutions who intend to capture trading opportunities in the derivatives market of HKEX by analysing volatility of historical listed index and equities options instruments through our Volatility Trading System on HKEX. It also enables clients to evaluate volatility risk and portfolio impact of volatility changes. Users are then able to implement and adjust their hedging strategies and gain direct market access to derivatives and cash equities markets of HKEX.

2.3 Market Making System



The screenshot shows a software window titled "Continuous Quote v1.0.1.0" with a menu bar (File, Help) and a table of market data. The table has columns: Symbol, QuoteID, Spread, B/A Spr, Bid, BSz, Ask, ASz, Pos, and Opera. There are three rows of data for the symbol CUSX2, CUSU2, and CUSV2. Each row has a "Cancel" button next to the "Opera" column. The status bar at the bottom shows "DDS: Connected", "Quote Server: Connected", and the time "10:46:05".

Symbol	QuoteID	Spread	B/A Spr	Bid	BSz	Ask	ASz	Pos	Opera
CUSX2	CQ10012	0.005	0.02	6.35	10	6.37	10	0	Cancel
CUSU2	CQ10013	0.007	0.02	6.352	10	6.372	10	-6	Cancel
CUSV2	CQ10014	0.008	0.02	6.353	10	6.373	10	0	Cancel

GUI of Market Making System

Our Market Making System is a software solution which is capable of integrating market making strategies of individual users via standard interface with third party data feeds from other financial information providers. As such, users of our Market Making System can define and devise their own strategies by using our Market Making System for triggering quotation(s) of offer price(s) of a predetermined derivative instrument at a specified period of time. This system also facilitates our clients to fulfill the required obligations of a market maker as set down by HKEX.

3. Investment Solutions

3.1 Alpha Investment System

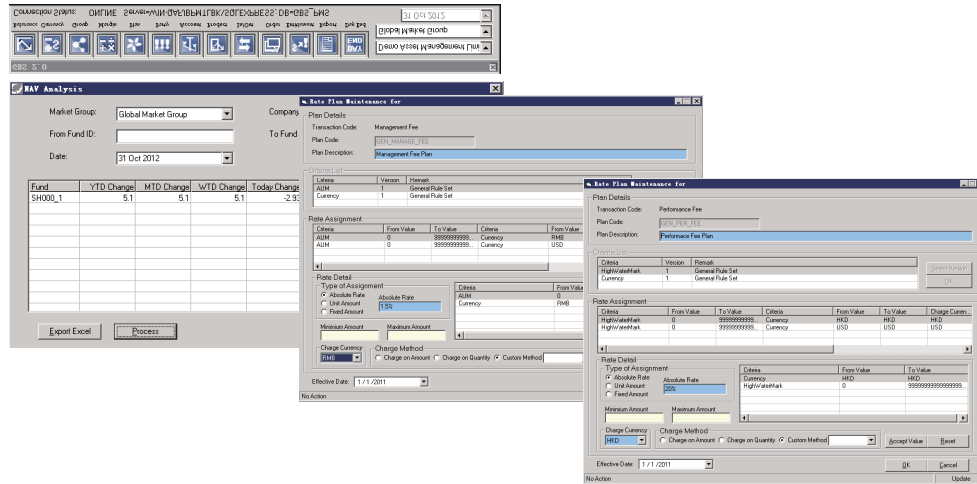
The screenshot displays the 'Alpha Investment System' interface. The main window shows a 'Sector Risk - HSI ADM' report. The table lists various factors and their associated risk metrics. The columns include Factor Name, Value, Alpha%, Beta, ER%, Vol%, TE%, BR%, and several risk metrics (Imp Value, Pos PBL, Imp PBL, Return%, Outper%, Outper PBL, Outper Imp PBL). The table is filtered by 'Category: ICB Industry' and 'Benchmark Type: PortfolioBME'. The 'Price Type' is set to 'Last' and the 'PBL Date Range' is from 6/12/2009 to 6/15/2009. The 'Total PBL' is -45,456.40, 'Total Imp PBL' is -2,705.63, and 'Portfolio Value' is 5,403,093.82.

Factor Name	Value	Alpha%	Beta	ER%	Vol%	TE%	BR%	Imp Value	Pos PBL	Imp PBL	Return%	Outper%	Outper PBL	Outper Imp PBL
Banks	1,173,244.47	-9.00	0.00	-4.50	0.00	14.45	-61.97	21.71	33.70	-11.99	-647,652.00	-15,558.94	-5,333.44	-0.56
00005 HSBC HOLDINGS	11,331	-30.48	0.24	-27.97	11.77	43.88	-69.45	780,139.35	66.49	38.68	27.81	326,314.28	4,740	-11,331.00
00011 HANG SENG BANK	1,912	-9.91	0.14	-6.57	6.88	35.66	-27.79	312,423.20	18.11	5.72	12.38	145,200.59	1,308	-1,720.80
00023 BANK OF CHINA	1,510	20.10	0.53	20.11	25.55	40.12	50.11	37,523.50	3.20	3.08	0.12	1,374.58	56	-604.00
00099 CCB	0	9.14	0.54	8.05	27.10	35.42	25.99	0.00	0.00	17.19	-17.19	-201,712.25	-36,512	0.00
01398 ICBC	0	11.99	1.23	6.13	61.20	29.56	40.57	0.00	0.00	16.03	-16.03	-188,081.48	-36,100	0.00
02388 BOHONGKONG	10,573	-18.51	0.33	-16.81	16.59	41.84	-44.23	143,158.42	12.20	3.37	8.83	103,562.73	7,649	-1,903.14
02328 BANCORP	0	11.83	1.30	5.37	64.75	25.11	47.10	0.00	0.00	7.30	-7.30	-85,630.49	-10,936	0.00
02388 BANK OF CHINA	0	-9.83	0.41	-6.76	20.28	32.23	-31.46	0.00	0.00	8.62	-8.62	-101,107.97	-27,091	0.00
Construction	60,632.60	13.83	0.00	18.33	0.00	27.86	49.63	1.12	0.00	1.12	60,632.60	-338.10	-5.55	0.16
02328 BANCORP	214,107.90	1.16	0.00	5.66	0.00	39.40	2.94	3.96	3.44	0.52	28,240.22	-454.20	-62.80	-0.21
02328 BANCORP	115,462.22	15.66	0.00	20.15	0.00	31.30	50.00	2.14	0.00	2.14	115,462.22	0.00	0.00	0.72
02328 BANCORP	87,152.38	6.51	0.00	11.01	0.00	35.41	18.30	1.41	1.43	0.18	9,691.00	0.00	0.00	0.72
02328 BANCORP	0.00	8.02	0.00	12.52	0.00	24.15	33.20	0.00	3.10	-3.10	-167,581.27	0.00	3,163.20	-1.85
02328 BANCORP	499,172.56	-4.27	0.00	0.23	0.00	20.97	-20.38	9.24	7.08	2.16	116,085.63	-2,615.42	-1,342.82	-0.33
02328 BANCORP	55,734.90	4.75	0.00	9.25	0.00	39.91	11.90	1.03	1.11	-0.08	-1,146.62	-946.30	62.30	-1.50
02328 BANCORP	0.00	-8.13	0.00	-3.63	0.00	50.42	-16.11	0.00	0.75	-0.75	-40,488.11	0.00	1,547.94	-3.68
02328 BANCORP	75,922.50	-4.95	0.00	-2.45	0.00	28.75	-24.18	1.41	0.96	0.54	-29,246.94	-967.40	-381.85	-1.28
02328 BANCORP	0.00	21.79	0.00	26.29	0.00	22.75	95.76	0.00	6.93	-6.93	-374,350.33	0.00	2,737.80	-0.73
02328 BANCORP	0.00	1.99	0.00	6.49	0.00	45.71	4.35	0.00	2.08	-2.08	-112,337.69	0.00	1,042.00	-0.92
02328 BANCORP	1,755,220.14	14.30	0.00	18.80	0.00	23.18	61.69	32.49	12.96	19.53	1,055,064.70	-6,725.68	-3,329.98	-0.48
02328 BANCORP	0.00	28.93	0.00	35.43	0.00	63.35	45.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00
02328 BANCORP	435,183.00	15.37	0.00	19.87	0.00	29.79	51.61	6.05	10.87	-2.82	-152,285.83	-9,853.20	1,916.31	-1.96
02328 BANCORP	97,328.80	-0.02	0.00	4.48	0.00	28.18	-0.08	1.80	1.52	0.28	15,149.82	896.00	90.95	0.99
02328 BANCORP	666,041.55	4.43	0.00	8.93	0.00	25.19	17.58	12.33	10.81	1.52	81,863.15	-8,008.00	-2,307.36	-0.97
02328 BANCORP	0.00	35.85	0.00	60.25	0.00	45.87	121.73	0.00	2.02	-2.02	-109,059.44	0.00	60.70	-0.96
02328 BANCORP	0.00	106.92	0.00	113.42	0.00	34.43	316.39	0.00	0.28	-0.28	-14,940.06	0.00	441.66	-2.87
02328 BANCORP	167,890.80	0.94	0.00	5.44	0.00	24.84	3.79	3.11	1.06	2.05	110,770.38	-961.16	-472.04	-0.59

GUI of Alpha Investment System

Our Alpha Investment System is a software solution designed to facilitate the development of quantitative financial models, through which users can input a number of predetermined parameters such as target return on a particular kind of investment or investment portfolio, or risk tolerance level of the user. This system will then generate a tailor-made target investment portfolio for the users. It is mainly designed for hedge funds, banks and other financial institutions, aiming to assist them to develop and test their quantitative investment strategies.

3.2 Fund Administration System



GUI of Fund Administration System

Our Fund Administration System is a software solution which supports fund administration workflow of asset management companies and fund houses by, among others, tracking cash flow of a particular fund or sub-fund, updating and maintaining clients' information, tracking redemption records of a particular investor, and calculating the market value of a particular investor's investment portfolio. It can be preset to monitor and compute figures, such as net asset values, management fees, performance fees, cash movements and the profit and loss of an investment portfolio. It also contains various reports or statements of a particular fund.

3.3 Wealth Management Solution

Our Wealth Management Solution is a software which provides front-to-back office solutions for wealth management business of financial institutions. The Wealth Management Solution is a web-browser based system which supports trading, settlement and management of different classes of assets, including equities, ETFs, bonds, mutual funds and insurance linked products. The Wealth Management Solution can assist wealth managers to diversify their offerings whilst improve their services to their clients and minimise their operational costs. This solution links the wealth managers of independent financial advisers, banks and insurance companies, with custodians, brokers, fund houses and distributors.

The wealth managers and investors may use the front-end module of the Wealth Management Solution to connect with a web-browser based system which supports trading, settlement and custody of a variety of asset classes, including equities, ETFs, bonds, mutual funds and insurance-linked products. The wealth managers can manage their clients' portfolios and view reports anywhere via the Internet by using this solution. As for the investors, they can manage their own portfolio and view statements via the Internet as well. This solution is integrated with *eBrokerSys* whereby wealth managers or investors have direct market access

to place orders through *eBrokerSys* and enjoy other functions performed by *eBrokerSys*. In addition, the Wealth Management Solution can also integrate with the back office module to perform settlement operations and fees calculation.

The key features of the Wealth Management Solution include data and systems management and reports, trade confirmations, integrated back office module for transaction management, automated fee calculation and collection, multi-asset, multi-currency trading and settlement, mobile connectivity available via web to wealth managers and end-investor, portfolio reports accessible to wealth managers, access controls via hierarchy set-up, integrated compliance module to improve risk and compliance controls, and workflow management tools.

The monthly licence fees of our front office solution services vary according to the number of trades, number of users, the number of markets on which stocks, instruments or derivatives are listed and traded and the types of solution services requested by our clients.

B. Back office solutions

Our back office solutions consist of the Global Backoffice System, the Portfolio Risk Reporting System and the Hong Kong Data Centres Hosting and Exchange Colocation Services.

1. Global Backoffice System

Our Global Backoffice System is a software solution which focuses on connecting the front office and back office databases of our clients for securities clearing and settlement processing. The data of the transactions is transmitted to the Global Backoffice System daily from *eBrokerSys* or other front office systems. It handles a wide range of functions, mainly relating to the post-trade processing procedures, including: clearing, settlement, accounting and reporting; updating client portfolio and cash position; multiple-asset class settlements (i.e. implementing settlements with different kinds of financial instruments including stocks, equities and equity derivatives, commodity derivatives, bonds, funds and structure bonds of a particular client); multiple-exchanges settlements; fully integrated with *eBrokerSys*; automate trade matching; different tiers commission scheme by client or group of clients; built-in SPAN engine for HKFE and other foreign exchanges; automate SPAN file download; multiple channels for statement delivery; and full audit trail.

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The straight-through processing capability of the Global Backoffice System provides full integration with *eBrokerSys*, and eliminates unnecessary interventions from third parties or other users, therefore enhancing efficiency and effectiveness of the operations of our clients.

The screenshot displays the 'Global Back Office System' window. The top menu bar includes 'Company', 'Market', 'Menu Functions', 'Setting', and 'Help'. Below the menu, there's a 'Day End' button and a 'Trade Date: 2015-Jul-20' label. The main interface is divided into a left sidebar and a central content area. The sidebar contains a tree view with categories like 'Book Closure', 'Interest', 'Miscellaneous', 'Enquiry', 'Statement', 'Report', and 'Master'. Under 'Master', 'Stock Master' is selected. The central area shows the 'Stock Master' form with tabs for 'General Info', 'Other Info', and 'Bond Extra Info'. The 'General Info' tab is active, showing fields for 'Location' (BOND), 'ISIN Code', 'Reuters Code', 'Bloomberg Code', 'SEDOL Code', 'Issuer', 'Short Name', 'Chinese Name', 'Company Name' (ASIA 5.5 02/15/16), 'Stock Type' (Bonds), 'Trading Cur' (AUD), 'Stock Class' (RD), 'Board Lot' (1), 'Listing Date' (15 Feb 2006), and 'Suspension Date'. At the bottom of the form are buttons for 'Back (F5)', 'Save', 'Cancel', and 'Exit'. A status bar at the bottom indicates 'V3.1.024' and 'user'.

GUI of Global Backoffice System

2. Portfolio Risk Reporting System

The screenshot displays the 'Risk Reporter' application window. The left sidebar contains a tree view of various risk metrics and portfolios. The main window is divided into several sections:

- Portfolio Listing:** A table showing portfolio details for 'HSI DPT' and 'HSI V1'. It includes columns for Symbol, Quantity, Market Price, Market Value, Volatility, Delta, Exposure, Exp. Change, and VaR (0.093).
- Portfolio P&L:** A table showing the Profit and Loss for the same portfolios, including columns for Symbol, BOD Quantity, Prev. Close, Market Price, Theta, Delta, Vega, Execution, and Net.
- P&L:** A table showing the P&L for the 'Market Level' across different time intervals (0, 1, 2, 3, 4).
- Gamma:** A table showing Gamma values for the 'Market Level' across different time intervals.
- Vega:** A table showing Vega values for the 'Market Level' across different time intervals.
- Theta:** A table showing Theta values for the 'Market Level' across different time intervals.

GUI of Portfolio Risk Reporting System

We also have a back office solution which offers risk analysis, administration and reporting services. Our Portfolio Risk Reporting System mainly covers calculation of volatility as well as profit and loss of a particular investment portfolio. Our clients can customise the charts and layout of the reports within our system. This system identifies, assesses, measures and reports risks of a particular portfolio. Users can generate risk reports to identify and analyse the risk of a particular kind of financial product, portfolio or multiple portfolios, and quantify any alarming risk exposures to which the users need to address.

This system also serves as a financial analysis tool which helps users to control all of their portfolio risks, as it provides risk analysis in respect of a particular investment portfolio, which may assist the users in forming views for their investment portfolios comprising a combination of derivatives and stocks.

3. Hong Kong Data Centres Hosting and Exchange Colocation Services

We provide data centre services for financial institutions which outsource the management of their trading system infrastructure to us. Our services include servers hosting in our data centres, Internet connectivity, network equipment leasing, security management, capacity monitoring and systems monitoring.

We also provide exchange colocation services in the data centre of HKEX, which is a facility designed to provide efficient physical security, power source, cooling system for data storage, networking equipment and servers to our clients at lesser costs. The main purpose of the exchange colocation services is to provide a faster access to the exchange trading host for executing orders. As storage spaces are scarce in Hong Kong, our colocation facility provides clients with an option for data storage so that they do not need to set up their own data centre at their own premises.

The monthly licence fees of our back office solution services vary according to the number of users of our software, the markets on which the stocks and other derivatives are listed and traded, the functions to be performed by the software and the complexity of the suite of softwares to be subscribed by our clients.

C. Installation and Customisation Services

The fees for our installation and customisation services vary according to the complexity of the systems and the specifications of our clients.

1. Installation, after-sale support and maintenance services

In order to ensure that the software systems run smoothly and to assist our clients in understanding the operations of the software systems, we provide installation services, after-sale support and maintenance services to our clients.

We provide installation services to our clients for the initial set up of software and hardware, such as servers, networking and storage systems.

We have a team of engineers which provides consultation services for our clients, who are not equipped with their own hardware. Our consultation services cover hardware specifications for the installation of our software, such as servers, storage, networking, working terminal and back-up systems.

As for those clients which are equipped with their own hardware, our engineers will carry out preliminary inspections on the clients' existing hardware and study their respective requirements before installation of any of our software onto their existing hardware. Our engineers will run tests and assess the compatibility of our clients' existing hardware against the software to be installed, and then prepare the general layout for the equipment needed. Subsequently, our engineers will propose the specifications required for the implementation of our software.

Before delivering the final solutions and installing it into our clients' systems, the final solutions will be subject to testing and trial runs in order to ensure that the software can run smoothly and is compatible with the then existing hardware of our clients. All interfaces will be checked to ensure that all software modules are running stably.

Our Directors believe that our after-sale support and maintenance services are part of our strategy to foster long term business relationships with our clients. Therefore, we are committed to providing quality after-sale services to our clients. For instance, we are responsive to the challenges faced by our clients. Further, we also provide telephone and on-site support and maintenance services for correction of defects and problems. We also provide daily health check to ensure the software systems are in order. During the Track Record Period, we did not receive any material complaints from our clients regarding the quality of our products or services.

2. Customisation Services

Some of our clients may request additional specifications, such as changes in user-interfaces of *eBrokerSys* applications, credit-checking formulae and front office and back office interface, on top of their *eBrokerSys* applications so as to cater for the needs, requirements and preferences of their end-users or clients. We offer customisation services by developing a series of software solutions, which can be used alone or together with other software solutions in order to perform different functions to meet our clients' changing needs, requirements and preferences.

Our project officer and account manager will have meetings with our clients to identify their needs, requirements and preferences before we prepare documents on the project requirements, which cover the clients' business scope, flow of operation and specific requirements of the system. After the project requirement document is confirmed by our clients and upon approval by our senior engineer, our engineer will proceed to developing the system design which consists of system functionality design and configuration design.

D. Managed cloud services

We offer financial institutions the managed cloud services which feature process-based and resiliently extensible resources. Our managed cloud solutions are integrated platforms built on IT hardware and infrastructure components including servers, storage, network, monitoring services, as well as centralised management and control to ensure a stable and reliable service. By using our managed cloud services, our clients may save time in preparing the hardware required (e.g. renting servers in data centre or setting up their own data centre) and installation of relevant software. Key advantages of our managed cloud services include:

- High availability of servers and database
- Inter-region connections linking Asian cities (covering Beijing, Shanghai, Guangzhou, Hong Kong, and Singapore) and the North America
- Supreme safety system in terms of application security, hosted security, network security, compliance audit, LaaS, physical environment security, defence against DDoS attack, and SFC compliance requirements
- Low costs

- Expandable storage volume

The managed cloud services are only offered as an add-on component in the contract entered into by our clients and are currently not offered on a standalone basis. The fees for our managed cloud services include an one-off installation fee and monthly service fees which will vary according to specifications in relation to cloud services (i.e. storage capacity, processing speed, operating system and network infrastructure) required by our clients.

Other services

1. Lease of leased lines

We have entered into leases with telecommunication carriers for lease of leased lines, that is, the point-to-point connections provided by telecommunication carriers in Hong Kong available for lease. These leased lines connect our system to the systems of our clients, enabling us to provide online monitoring and support services to our clients. Some of our clients route trading orders to our other clients for trading execution or to connect their branches through our leased lines, whereby the connectivity between trading systems can be enhanced.

2. Sales of products

We source and recommend hardware and/or software, ancillary devices and parts from our suppliers to support or to enhance the operation of our systems during the initial set-up and ongoing operation of our systems for our clients. Upon clients' requests, we may re-sell our hardware and/or software to them together with our services.

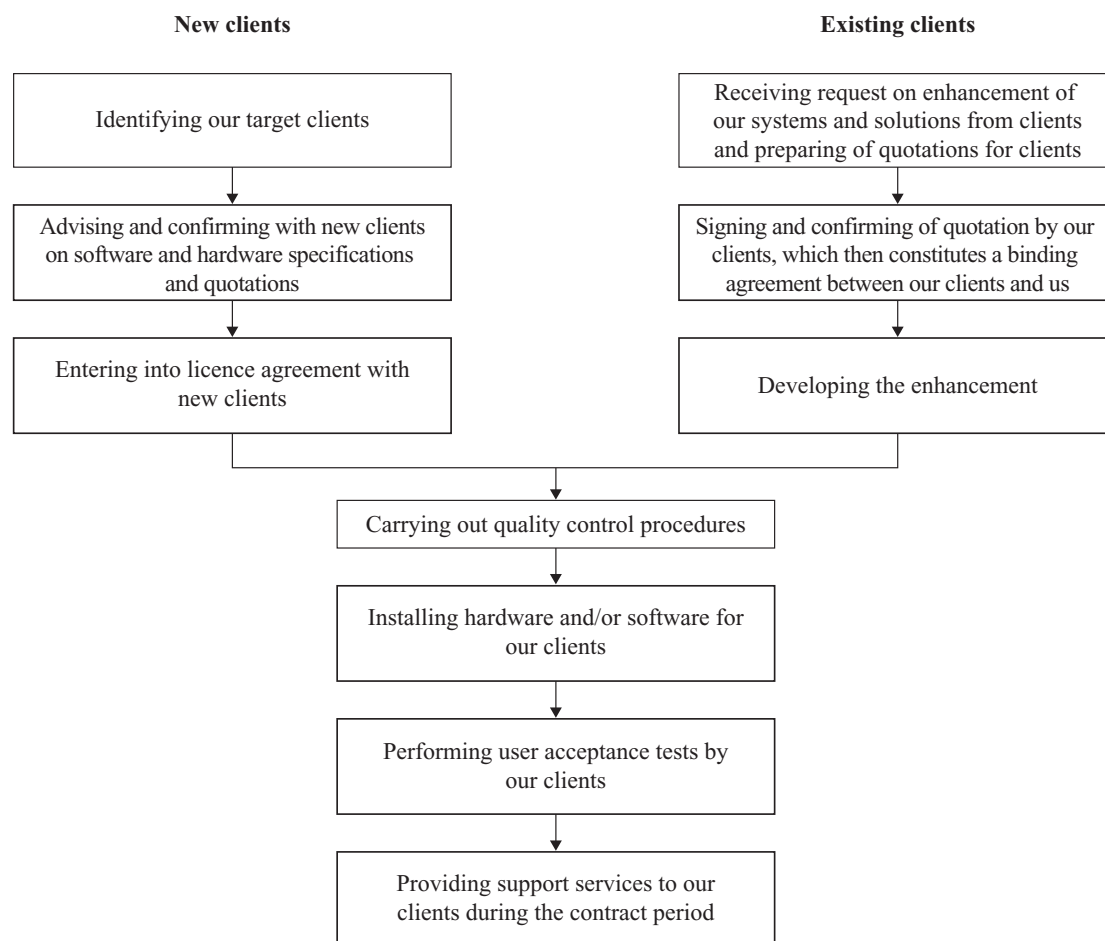
3. Others

We provide testing lines services for our clients. Testing lines connect *eBrokerSys* of our clients to HKEX testing environment in order to ensure that all requirements set by HKEX can be met. This is essential before Exchange Participants start trading at HKEX.

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OPERATION PROCESS

Our operation process is set out below:



Identifying our target clients

Our marketing team identifies potential clients from their business connections and network. Potential clients are generally new brokerage or securities firms which are interested in our total software solutions or established mid-tier financial institutions which are interested in certain specific software solutions provided by us.

Advising and confirming with new clients on software and hardware specifications and quotations

Upon confirming the requirement and specifications of new clients, our engineers will provide consultation services on the specifications of software and hardware to the clients and prepare the system diagrams. At the same time, we will provide the clients with relevant quotations for such software and hardware. We will then produce the system diagram to our clients for confirmation.

Entering into licence agreements with new clients

Our new clients will sign licence agreements with us for subscribing to our solution services. Most of our new clients engage us for a term of 24 months. The terms of our licence agreement are negotiable but generally include the following:

(i) Licence

We grant our clients and their affiliates non-exclusive licences to use the software solutions specified by the clients with the relevant fees structure, and we also agree to provide the clients with relevant maintenance, supporting and upgrade services in relation to the software modules under the licence agreements.

(ii) Use of the software

We restrict the use of our software solutions installed in our clients' work terminal or server by allowing the clients: (a) to utilise the software solutions by a predetermined number of users only; (b) to store the software solutions for re-installation of the software solutions or back-up purpose only; (c) to merge the software solutions with other software solutions provided by us only; and (d) to copy the software solutions for back-up purpose only with our specific consent. All other uses of our software will require the written consent from our Group.

(iii) Ownership

The licensed software solutions installed in our clients' computers remain the sole and exclusive properties of our Group. Upon payment of the licence fees, the software solutions can only be used by our clients in accordance with the terms and conditions stipulated in the licence agreements.

(iv) Copyrights

All titles and copyrights of the software solutions belong to our Group. Our clients are not allowed to alter, copy, translate, reverse engineer, decompile, disassemble or modify the software modules. In particular, we do not allow anyone to extract the source codes of our software modules.

(v) Client undertakings

We require our clients to undertake not to perform or attempt to perform any action outside the pre-agreed scope stipulated in the licence agreements. We require our clients to maintain accurate and up-to-date information on the number of users of the software, to supervise and control the use of the software modules as agreed and to ensure their employees will comply with the terms of the licence agreement before they start to use the software modules.

(vi) Licence fee and payment terms

We agree with our clients on the payment schedule, which is either by one-off payment, monthly licence fee or a combination of both, depending on the scope of work to be performed by us. The details of the payments are set out in the paragraph headed “Revenue model” in this section.

The licence agreement usually stipulates that the monthly licence fees are subject to a minimum subscription period of 24 months, and that the licence agreement is automatically renewable pursuant to the terms of the licence agreement. The licence agreement is terminable by either party by serving three to six months’ notice to the other party after the initial term.

If a client terminates the licence agreement before it expires, the client is liable to pay the fees for the remaining period of the licence agreement. Our Group’s trading terms with clients are due upon presentation of invoices. However, as our Group seeks to develop long-term relationships with our clients, we may allow an average credit period of 60 days to our clients, depending on the creditworthiness of clients and the existing relationships with our Group.

We reserve the right to charge an interest of 10% per annum for any late payment from the date of due payment to the date of actual payment.

(vii) Termination

The licence agreement can only be terminated unilaterally by our client if we fail to rectify any material breach of the terms and conditions of the agreement within 14 days after a notice of the breach has been served on us.

(viii) Limitation of liability

We disclaim liability as to: (a) any damage to or loss of data suffered by our client arising from the use of our software solutions; (b) any claims based on contract, tort, or any claims for loss of revenue, loss of profits or any consequential loss which our client suffers as a result of the use of our software solutions; and (c) any claims relating to the hardware or services supplied, provided or sold by us.

Our licence agreements generally include a provision that if the exclusion of liability clause is held to be invalid and we become liable for loss or damage that may lawfully be limited, such liability shall be limited to the sum of licence fee and initial setup fee paid by our clients for the software solutions for which the clients subscribe.

(ix) Initial training courses

We also provide initial training courses for our clients in order to familiarise them with the software solutions. We also organise subsequent trainings chargeable at agreed fees upon the clients’ requests.

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As at the Latest Practicable Date, all of our existing clients have signed licence agreements with us.

Status of existing licence agreements entered into with our clients

As at the Latest Practicable Date, our Group entered into 232 licence agreements with our clients (Note 1). The following table sets out the number of such licence agreements that will expire during the respective periods:

	Expiry Date				
	2019		2020		2021
	Between 1 January and 30 June	Between 1 July and 31 December	Between 1 January and 30 June	Between 1 July and 31 December	Between 1 January and 30 June
Number of licence agreements	94	92	23	22	1

Note: As our clients entered into separate licence agreements to subscribe different types of services, the total number of licence agreements is more than the number of our clients.

Receiving request on hardware or software enhancements from our clients

Our clients may request further upgrade and enhancement of our software to cater for their changing needs, requirements and preferences from time to time. Once we have obtained the enhancement specifications from our clients, our engineers will prepare the system diagrams based on the initial clients' requirements. Thereafter, we will send our quotations to our clients for confirmation.

Signing of quotations by our clients

Our clients requesting software enhancements will be required to sign quotations to confirm the enhancement work. Upon acceptance of the quotations by our clients, such quotations will constitute a binding agreement between our clients and us.

Designing and developing the enhancement work

We design and develop the enhancement work by various programming tools, such as Visual C++, Visual Basic, Delphi and AQttime, based on our clients' specifications and requirements from time to time.

The duration of the design and development process varies, depending on the complexity and specifications of the enhancements requested by the clients from time to time.

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Carrying out quality control procedures

Before installing hardware and software solutions into our clients' work terminals or servers, as the case may be, according to the proposals agreed upon by our clients, we will carry out a series of quality control procedures at our own premises in order to ensure that the hardware and software can function properly. Please refer to the paragraph headed "Quality control" in this section for further details.

Installing hardware and/or software

All initial software and hardware installations for new clients are performed upon signing of relevant agreements.

We install the enhancements of software into our client's system and/or replace the hardware or any part thereof upon completion of the design and development process.

Performing user acceptance test by our clients

Our clients will perform user acceptance tests on the systems shortly after installation under our guidance and monitoring to ensure that the software systems meet their functional specifications and performance requirements. Our Group will solve problems if error arises in the course of conducting user acceptance tests. If our clients are satisfied with the performance and functional specifications of the software, they will sign user acceptance forms. Alternatively, our clients can also start using our system for trading, which will indicate that the software system is accepted by them.

Providing support services during the contract period

We provide on-going support services to our clients during the contract period. Our support services include hotline support, online monitoring services, technical inquiry on software application, bug fixing, consultation on system customisation and standard upgrade within the functional scope of the licensed systems.

During the Track Record Period and up to the Latest Practicable Date, there has not been any material breach of licence agreements by our Group or our clients and we did not receive any material complaint from our clients.

QUALITY CONTROL

To the best of our Directors' knowledge and belief, there is no specific standard for quality control in the industry which we are operating. We believe that the quality of our solution services is one of the principal factors that contribute to our success. Therefore, we endeavour to tackle any issue that may tamper with the functionality of our software solutions, and we thrive to ensure that our solution services will fulfil all requirements of our clients by implementing quality control measures over our suppliers and our services.

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Quality control measures over our suppliers

For each leased line installation, our engineers will work with our suppliers to check if the connectivity is compatible. The suppliers will designate support engineers for us and we can contact them in case of any technical problem concerning network connectivity. The suppliers will also monitor our leased line setup. For each hardware delivered to us from our suppliers, our engineers will verify that the parts in the hardware are the same as what we have ordered.

Quality control measures over our services

We have implemented a set of internal quality control measures over the services provided by us. During the Track Record Period, part of our quality control procedures, which were mainly related to the provision of supporting services, were executed by the Technical Service Providers. The quality control work undertaken by the Technical Service Providers is mainly related to the provision of supporting services including routine checking on our systems provided to clients. Our project team also review the problems or errors reported by clients and solve the problem or rectify the errors with the supporting service provided by the Technical Service Providers.

For each project, upon our request and guidance, the Technical Service Providers will execute the test plan designed by us according to the specifications of our clients. In order to ensure that our services are in good condition and fit for use, a three-stage test is adopted to scan and test the hardware, software and system security. The three-stage test is described as follow:

Test	Description	Objective
Unit Testing	To test individual components of our product	To ensure that individual components of our product can function properly
Integrated Testing	To test the compatibility and functionality of each component with other components of our product	To ensure that each component of our product is compatible with other components, so that our product as a whole can work smoothly
Customisation Testing	To test our product under the specific operating environment of our client according to our client's specifications	To ensure that our product can run smoothly under the specific operating environment of our client and meet our client's requirements

Our project officer checks and analyses the performance of our solutions against a set of conditions and parameters implemented by us based on the test report prepared by the Technical Service Providers containing the data collected from the three-stage test described

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above. Once our project officer is satisfied with the test result, we will install the software and deliver the hardware to our clients. Our clients will then perform a series of user acceptance tests under our guidance and monitoring and we will solve problems or rectify the errors identified by us during the test period.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we have not experienced any material quality defects or product returns from our clients.

REVENUE MODEL

We provide design, implementation and upgrades of financial software solutions and related maintenance services to financial institutions in Hong Kong. The pricing of our services is generally determined by and adjusted according to the scope of work, the number of users which are allowed to use the software, the number of transactions to be executed by the users with the software, the number of system components, the number of exchanges to be connected and the usage of our software solutions by our clients. In relation to our front office solutions, its pricing depends on the nature of the software solutions and modules subscribed by individual clients, the complexity of the system required by our clients and the enhancement work required for customisation of our front office solutions for individual clients. In relation to our back office solutions, the amount of monthly licence fees payable by individual clients depends on the number of users, the markets in which the stock, securities or other derivatives are listed and traded and the types of software solutions and services required by clients. During the Track Record Period, we generally signed standard 24-month contracts with our clients for licences to use our software solutions. In relation to our managed cloud services, they are offered as an add-on component in the contracts entered into by our clients and are currently not offered on a standalone basis. The related fees payable by our clients include an one-off installation fee and monthly service fees which will vary according to specifications in relation to managed cloud services (i.e. storage capacity, processing speed, operating system and network infrastructure) required by our clients.

The revenue streams of our business are primarily one-off installation fee and recurrent monthly licence fee and service fee. Depending on the nature of the software solution services we provide, we generally charge one-off installation fee primarily for the entire suite of both front office solutions and back office solutions as well as network infrastructure for the managed cloud services and thereafter we principally charge a monthly licence fee and service fee, which will generate recurrent revenue to us. Approximately 16.4%, 12.8% and 17.0% of our revenue for the two years ended 31 December 2017 and the eight months ended 31 August 2018, respectively, was generated from one-off services we provided to our clients, including the sales of front office solutions and back office solutions and/or hardware and/or software of other supplies and/or installation services. Generally, our front office and back office solution services and managed cloud services are considered to be duly rendered when the related systems were made available for use by our clients whereas our installation and customisation services are considered to be duly rendered when the performance obligation were satisfied by reference to the progress towards completion.

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The following table shows the breakdown of our Group's revenue from continuing operations by income stream during the Track Record Period:

	For the year ended 31 December				For the eight months ended 31 August			
	2016		2017		2017		2018	
	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	% HK\$'000 (unaudited)	% HK\$'000	HK\$'000	%
Recurrent revenue								
– licence fees	38,072	79.6	39,470	81.1	26,211	80.2	27,498	76.5
– others (primarily monthly service fees for managed cloud services and the lease of leased lines)	1,927	4.0	2,947	6.1	1,900	5.8	2,309	6.5
Subtotal	39,999	83.6	42,417	87.2	28,111	86.0	29,807	83.0
One-off revenue	7,875	16.4	6,248	12.8	4,567	14.0	6,123	17.0
Total	47,874	100.0	48,665	100.0	32,678	100.0	35,930	100.0

One-off revenue

The one-off revenue mainly includes one-off installation fee for the front office and back office solutions, managed cloud solutions (including the relevant hardware installation).

In addition, our one-off installation fee(s) also applies to on-site installation of the software solutions licensed to our clients at their requests for specific customisation of our services. System customisation fees are charged to existing clients requesting for additions or modifications of functions to their installed software systems. The determination of the customisation fees are based on the complexity of the works and the expected man-days required to complete the customisation.

Our clients are required to pay the one-off installation fee(s) based on the milestone events agreed upon. Such milestone events normally include signing of agreement and performance of user acceptance test. Our one-off installation fees are recognised as revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

Recurrent revenue

The recurrent revenue constitutes the major part of our total revenue. It principally refers to: (i) the monthly licence fees for the use of a combination of various kinds of software solution services offered by us, which mainly includes front office and back office solution services; and (ii) other service fees, which mainly includes fees derived from managed cloud services and lease of leased lines. The amount of monthly licence fees which we charge our clients will vary according to the usage of our solutions by our clients, the number of users of our software, the number of executed transactions, the markets on which the stocks and other derivatives are listed and traded, the functions to be performed by the

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software and the complexity of the software to be subscribed by our clients. Furthermore, the monthly licence fees payable by our clients may vary as the amount of the monthly licence fees would be adjusted based on the number of executed transactions. Other service fees include monthly service fees payable by our clients for the managed cloud services and lease of leased lines which will vary according to the specifications required by our clients. In addition, we provide our clients with technical and services support, system maintenance and software updates for the solutions installed during the terms of contracts.

Contracts in hand

As at the Latest Practicable Date, our expected revenue derived from our existing contracts in the two years ending 31 December 2020 and in the six months ending 30 June 2021 (assuming none of such contracts will be early terminated before its completion or expiry nor further renewed afterwards) would be approximately HK\$25.6 million, HK\$4.3 million and HK\$71,000 respectively or approximately HK\$30.0 million in aggregate. All of our existing contracts generated recurrent revenue as at the Latest Practicable Date. The following table sets out the aggregate amount of such licence fees receivable by our Group during the respective periods:

	2019		2020		2021
	Between 1 January and 30 June <i>HK\$'000</i>	Between 1 July and 31 December <i>HK\$'000</i>	Between 1 January and 30 June <i>HK\$'000</i>	Between 1 July and 31 December <i>HK\$'000</i>	Between 1 January and 30 June <i>HK\$'000</i>
Licence fees receivable by our Group	17,040	8,536	2,826	1,494	71

SALES AND MARKETING

Our Group is headquartered in Hong Kong. Our Group had a marketing team of five staff members including four supporting staff and our director of business development, Mr. Liu Kwun Kiu, as at the Latest Practicable Date. We participate in conferences, seminars and exhibitions of the industry so as to strengthen our relationships with our business partners and promote our products and services to potential clients. Referral of new clients by existing clients as a result of departure of employees of and business expansion by existing clients or setting up of new EPs by owners of existing clients is the major channel in expanding our client base. Although our primary sales and marketing activities focus in Hong Kong, in view of the growth of financial products and financial industry in the PRC, we anticipate that there will be an increasing demand for electronic trading platform solutions in the future.

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CLIENTS

Our Directors are of the view that our target clients are primarily Category B and Category C Exchange Participants, which, to the best belief and knowledge of our Directors, are small to medium-sized brokerage firms. In order to broaden our client base, we also try to target clients who are proprietary trading firms and wealth management companies which are not Exchange Participants.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, we had 87, 85 and 81 clients, respectively, of which 79, 78 and 77 were Repeat Clients, respectively. During the Track Record Period, we have provided primarily front office solutions and/or back office solutions to these Repeat Clients.

The following table shows the movements in the number of clients using our software services during the Track Record Period:

	For the year ended 31 December		For the eight months ended 31 August
	2016	2017	2018
Total numbers of clients at the beginning of the year or period	79	78	77
Addition of clients <i>(Note 1)</i>	8	7	4
Deduction of clients <i>(Note 2)</i>	9	8	2
Total numbers of clients at the end of the year or period	78	77	79

Notes:

1. Refers to those who contribute to our revenue during the relevant year or period.
2. Deduction of clients during the relevant year or period include (i) clients that terminate licence or service agreements with us during the year or period immediately preceding the relevant year; and (ii) clients to whom we provided one-off services during the year or period immediately preceding the relevant year or period.
3. Some clients may obtain more than one business line services from us (e.g. a client may obtain front office solutions and back office solutions from us within one financial year or period). As such, the total number of clients of each business line does not equate to the total number of clients of our Group. See the section headed "Financial information – Description of selected line items of consolidated statements of profit or loss and comprehensive income" for details.

During the same period, early termination or non-renewal of licence agreements by our clients were generally due to (i) merger between them; (ii) closure of their business operations; or (iii) change of service providers. Save as above, our Directors confirmed that there were no special circumstances which led to the early termination or non-renewal of licence or services agreements during the Track Record Period.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience (a) any material cost overruns in implementing any project; or (b) any early termination of contracts with our clients which are material in terms of service fees.

For the years ended 31 December 2016 and 31 December 2017 and the eight months ended 31 August 2018, the revenue generated from our five largest clients amounted to approximately HK\$13.2 million, HK\$11.6 million and HK\$9.6 million, representing approximately 27.5%, 23.9% and 26.8% of our total revenue from continuing operations respectively and the revenue generated from our largest client amounted to approximately HK\$3.7 million, HK\$3.4 million and HK\$2.4 million, representing approximately 7.6%, 7.0% and 6.7% of our total revenue from continuing operations during the Track Record Period, respectively.

During the Track Record Period, save for the Master Service Agreement entered into with Beevest Securities, our Group has not entered into any long-term agreement which is more than 24 months with any of our clients. Please refer to the section headed “Connected transactions – Continuing connected transaction exempt from independent Shareholders’ approval requirement – Provision of financial software solutions and maintenance services to Beevest Securities” in this prospectus.

The following table shows the breakdown of our Group’s revenue by types of clients during the Track Record Period.

	For the year ended 31 December				For the eight months ended			
	2016		2017		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					(unaudited)			
Brokerage firms	41,110	85.9	44,441	91.3	30,030	91.9	32,174	89.5
Proprietary trading firms	4,718	9.9	2,772	5.7	1,888	5.8	2,219	6.2
Wealth management companies	2,010	4.2	1,451	3.0	759	2.3	1,537	4.3
Others	36	–	1	–	1	–	–	–
Total	<u>47,874</u>	<u>100.0</u>	<u>48,665</u>	<u>100.0</u>	<u>32,678</u>	<u>100.0</u>	<u>35,930</u>	<u>100.0</u>

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The following tables set out the details of our five largest clients and their business relationships with us during the Track Record Period:

Year ended 31 December 2016

	Principal business	Services provided by our Group	Credit terms (days) <i>(Note)</i>	Payment method	Revenue from continuing operations (HK\$'000)	Approximate percentage to the total revenue of our Group (%)	Years of business relationship with our Group as at the Latest Practicable Date (approximately)
T G Securities	Conducting proprietary trading and securities and futures brokerage business	Front office and back office solutions services	60	Cheque	3,660	7.6	16 years
Client A	Conducting securities and futures brokerage and investment banking business	Front office solutions and installation and customisation services	60	Cheque	3,495	7.3	14 years
Beevest Securities	Conducting securities brokerage business	Front office and back office solution, installation and customisation and other services	60	Cheque	2,162	4.5	18 years
Client B	Conducting wealth management business	Front office and back office solution, installation and customisation and other services	60	Cheque	2,010	4.2	5 years
Client C	Conducting securities brokerage business	Front office and back office solution, installation and customisation and other services	60	Cheque	1,885	3.9	14 years
					Total: 13,212	27.5	

Note: The credit terms stated in the invoice to clients are shorter than 60 days but our Company generally allows 60 days of credit terms.

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Year ended 31 December 2017

	Principal business	Services provided by our Group	Credit terms (days) <i>(Note)</i>	Payment method	Revenue from continuing operations (HK\$'000)	Approximate percentage to the total revenue of our Group (%)	Years of business relationship with our Group as at the Latest Practicable Date (approximately)
Client A	Conducting securities and futures brokerage and investment banking business	Front office solutions and installation and customisation services	60	Cheque	3,389	7.0	14 years
T G Securities	Conducting proprietary trading and securities and futures brokerage business	Front office and back office solutions services	60	Cheque	2,214	4.5	16 years
Client D	Conducting securities brokerage business	Front office solutions, installation and customisation and other services	60	Cheque	2,075	4.3	13 years
Client C	Conducting securities brokerage business	Front office and back office solutions, installation and customisation and other services	60	Cheque	2,002	4.1	14 years
Client E	Conducting securities brokerage business	Front office and back office solutions, installation and customisation and other services	60	Cheque	1,948	4.0	4 years
					Total:	11,628	23.9

Note: The credit terms stated in the invoice to clients are shorter than 60 days but our Company generally allows 60 days of credit terms.

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Eight months ended 31 August 2018

	Principal business	Services provided by our Group	Credit terms (days) <i>(Note)</i>	Payment method	Revenue from continuing operations (HK\$'000)	Approximate percentage to the total revenue of our Group (%)	Years of business relationship with our Group as at the Latest Practicable Date (approximately)
Client A	Conducting securities and futures brokerage and investment banking business	Front office solutions and installation and customisation services	60	Cheque	2,391	6.7	14 years
Client D	Conducting securities brokerage business	Front office solutions, installation and customisation and other services	60	Cheque	2,281	6.3	13 years
T G Securities	Conducting proprietary trading and securities and futures brokerage business	Front office and back office solution and services	60	Cheque	1,968	5.5	16 years
Client B	Conducting wealth management business	Front office and back office solution, installation and customisation and other services	60	Cheque	1,537	4.3	5 years
Client F	Conducting securities brokerage business	Front office, back office solution and cloud services	60	Cheque	1,430	4.0	3 years
Total:					<u>9,607</u>	<u>26.8</u>	

Note: The credit terms stated in the invoice to clients are shorter than 60 days but our Company generally allows 60 days of credit terms.

During the Track Record Period, all of our five largest clients are Repeat Clients.

Save as disclosed in the sections headed “Connected transactions” and “Relationship with our Controlling Shareholders” in this prospectus, we confirm that none of our Directors or their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately prior to the completion of the Share Offer has any interests in any of the above five largest clients during the Track Record Period.

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SUPPLIERS

We have maintained stable commercial relationships with our major suppliers, most of which have started business relationships with us before the Track Record Period. Our suppliers are generally telecommunication service providers as well as hardware and/or software vendors providing us with their data services, bandwidth, internet lines, leased lines, routers and servers. With a view to enhancing our operational efficiency, we also outsource the development of part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work to the Technical Service Providers. For further information of the Technical Service Providers, please refer to the sections headed “Business – Quality control – Quality control measures over our services” and “Business – Research and development” in this prospectus.

Based on the specifications of hardware and/or the needs, requirements and preferences of our clients for software solutions, we may have to source hardware and software from third party suppliers. In such case, we will sell our own system in a package comprising both the hardware and software sourced from third party suppliers and the software solutions developed by us to our clients in accordance with their instructions. In addition, we may sometimes resell the products and hardware purchased from our suppliers.

During the Track Record Period, we did not experience any major difficulties in sourcing services, hardware and software developed by third party suppliers necessary for our business. We will continue to diversify our supplier base to avoid over-reliance on a single supplier for any type of products and/or services. Save for the Service Contract entered into with the Technical Service Providers, our Group has not entered into any long-term agreement with any of our suppliers. Further details of the Service Contract is set out in the paragraph headed “Reliance on our largest supplier” in this section.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our purchase of products and services from our five largest suppliers amounted to approximately HK\$7.4 million, HK\$9.5 million and HK\$6.9 million, representing approximately 92.1%, 93.0% and 92.5% of our total purchases and cost of services from continuing operations, respectively. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our purchases from the largest supplier amounted to approximately HK\$5.3 million, HK\$7.6 million and HK\$5.6 million, representing approximately 65.8%, 74.7% and 74.8% of our total purchases, respectively.

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The following tables set out the details of our five largest suppliers and their business relationships with us during the Track Record Period:

Year ended 31 December 2016

	Principal business	Products or services provided to our Group	Credit terms (days)	Payment method	Total purchase from continuing operations (HK\$'000)	Approximate percentage to the total purchase of our Group (%)	Years of business relationship with our Group as at the Latest Practicable Date (approximately)
Technical Service Providers	Development of computer software and hardware, financial engineering systems and related services in Hong Kong and PRC	Supply of technical services	7	Cheque	5,257	65.8	7 years
Supplier B	Provision of hosting services and lease of testing line in Hong Kong	Co-location services and lease of testing lines	Advance payment	Cheque	570	7.1	5 years
Supplier A	Provision of hardware and software related to fault-tolerant server worldwide	Supply of hardware	Cash on delivery	Cheque	568	7.1	15 years
Supplier C	Provision of telecommunication services, media, IT solutions, property development and investment, and other businesses in Hong Kong	Supply of Internet and IP network	30	Cheque	529	6.6	18 years
Supplier D	Provision of data centre services & elastic cloud platform services in Hong Kong	Supply of data centre services and elastic cloud platform services	Advance payment	Cheque	437	5.5	3 years
					Total:	7,361	92.1

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Year ended 31 December 2017

	Principal business	Products or services provided to our Group	Credit terms (days)	Payment method	Total purchase from continuing operations (HK\$'000)	Approximate percentage to the total purchase of our Group (%)	Years of business relationship with our Group as at the Latest Practicable Date (approximately)
Technical Service Providers	Development of computer software hardware and financial engineering systems and related services in Hong Kong	Supply of technical services	7	Cheque	7,628	74.7	7 years
Supplier B	Provision of hosting services and lease of testing line in Hong Kong	Co-location services and lease of testing line	Advance payment	Cheque	586	5.7	5 years
Supplier D	Provision of data centre services & elastic cloud platform services in Hong Kong	Supply of data centre services and elastic and platform services	Advance payment	Cheque	565	5.5	3 year
Supplier C	Provision of telecommunication services, media, IT solutions, property development and investment, and other businesses in Hong Kong	Supply of Internet and IP network	30	Cheque	469	4.6	18 years
Supplier A	Provision of hardware and software related to fault-tolerant server worldwide	Supply of hardware	Cash on delivery	Cheque	251	2.5	15 years
					Total: 9,499	93.0	

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Eight months ended 31 August 2018

	Principal business	Products or services provided to our Group	Credit terms (days)	Payment method	Total purchase from continuing operations (HK\$'000)	Approximate percentage to the total purchase of our Group (%)	Years of business relationship with our Group as at the Latest Practicable Date (approximately)
Technical Service Providers	Development of computer software and financial engineering systems and related services in Hong Kong	Supply of technical services	7	Cheque	5,616	74.8	7 years
Supplier D	Provision of data centre services & elastic cloud platform services in Hong Kong	Supply of data centre services and elastic and platform services	Advance payment	Cheque	377	5.0	3 years
Supplier E	Channel distributor of IT complex unified communications, network infrastructure, system integration and data center and security solutions software, hardware and services	Supply of hardware	Cash on delivery	Cheque	371	4.9	1 year
Supplier C	Provision of telecommunication services, media, IT solutions, property development and investment, and other businesses in Hong Kong	Supply of Internet and IP network	Within 30 days from the date of invoice	Cheque	336	4.5	18 years
Supplier F	Provision of data centre services & elastic cloud platform services	Supply of data centre services and elastic cloud platform services	Advance payment or payable on presentation of invoice depending on the service type	Credit card	245	3.3	2 years
Total:					<u>6,945</u>	<u>92.5</u>	

Save as disclosed in the section headed “Connected transactions” in this prospectus, we confirm that none of our Directors, their respective associates or any Shareholder who owns more than 5% of the issued share capital of our Company immediately prior to the completion of the Share Offer has any interests in any of the above five largest suppliers during the Track Record Period.

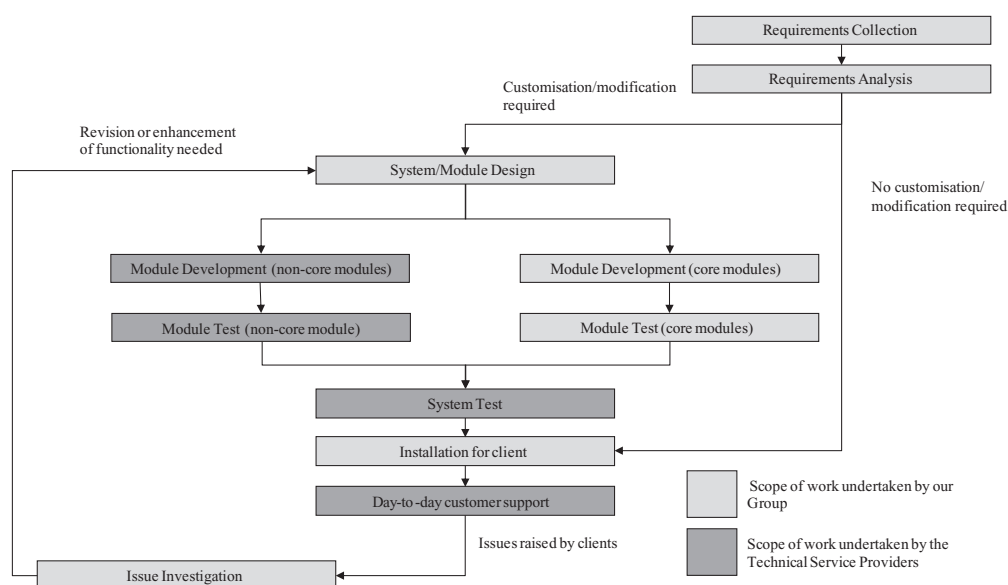
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Reliance on our largest supplier

With a view to enhancing our operational efficiency, we also outsource the development of part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work to the Technical Service Providers, which are monotonous, time consuming or labour intensive, while our AD Team is still responsible for the followings:

- direct communication with our potential and existing clients, which gives us the most up-to-date market intelligence of demand on functionalities of our financial software;
- design of the individual modules of our financial software and their respective interfaces for the integration and operation as a system as a whole; and
- development of certain core modules of our financial software such as those for the operation of the order management of our financial software, which our Directors consider as the core component of our Front Office Solutions.

The process of outsourcing our application development which does not relate to the core components of our financial software, testing and day-to-day customer support work to the Technical Service Providers involve the following key stages:



Requirement collection and analysis

In general, our marketing team and project team will first collect requirements for our financial software which are: (i) initiated by our existing or potential clients; or (ii) associated with changes initiated by the Stock Exchange. Such requirements will be further analysed before passing to our AD Team for system designs.

System/module design

If such requirements involve customisation and/or modification of our financial software, our AD Team will carry out an analysis and design specifications will be complied for translating such requirements into technical requirements of the module and/or systems of our financial software.

Module development

After designs are confirmed, our AD Team will be responsible for the development work of the core modules of our financial software, which are mainly modules related to the underlying operation of order management of our Front Office Solutions. The development work of other modules of our financial software is carried out by the Technical Service Providers in accordance with the design, specifications and development standards specified in the design specifications. Our AD Team will also monitor progress of development of the Technical Service Providers, provide feedback, and participate in the resolution of key issues. We require the Technical Service Providers to work closely with our AD Team to ensure the quality and timeliness of the developed process.

Module test

Once the development work of the individual modules is completed, our AD Team and the Technical Service Providers will be responsible for the testing of their respective modules. Problems identified will be recorded and the modules will be revised and re-tested until the results are satisfactory.

System test

The developed modules will be tested together with other modules of our financial software on an integrated basis by the Technical Service Providers in accordance with the testing plan and scenarios or parameters specified by our AD Team. Problem identified will be recorded and the relevant modules will be revised and the system test will be repeated until the results are satisfied by our AD Team.

Installation for clients

Once the system test is passed or in the event if no customisation of our financial software is needed by our clients, our financial software will be installed by our project team on the servers designated by our clients.

Day-to-day customer support

The Technical Service Providers are responsible for the provision of day-to-day customer support services to our clients, which mainly involve:

- performing routine system health check on a daily basis in accordance with the checking procedures specified by our support team; and

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- addressing queries and logging issues raised by our clients through our customer support hotline.

Issue investigation

All outstanding issues logged by the Technical Service Providers will be investigated by our support team. If our support team considers such issues can only be addressed by revision or enhancement of the functionality of our financial software, the relevant issue will be passed to our AD Team for review of module design and followed by the corresponding module development, module testing and system testing.

Selection of the Technical Service Providers was made subsequent to a tender process which was a closed tender by invitation. Please refer to the section headed “Business – Procurement” in this prospectus for tender process. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, the amount of purchase from the Technical Service Providers accounted for approximately 65.8%, 74.7% and 74.8% of our total purchase, respectively.

Our Directors consider that the above services provided by the Technical Service Providers are routine in nature without any inspiration or expertise and can be replaced by other suppliers of comparable quality in the market on similar terms.

Background of the Technical Service Providers

Brilliant Technology and Shenzhen Yiboke are the Technical Service Providers which provided us with application development which does not relate to the core components of our financial software, testing and day-to-day customer support work during the Track Record Period. As at the Latest Practicable Date, Shenzhen Yiboke was a wholly-owned subsidiary of Brilliant Technology, which was an indirect wholly-owned subsidiary of Front Office Technology (HK), which in turn was owned as to 83.34% by Capital Master and 16.66% jointly by Mr. Chan and Ms. Cheung. As part of the Reorganisation, Capital Master transferred 9,151,917 shares of HK\$0.01 each in the share capital of our Company to Financial Data Technologies and 22,264,404 shares of HK\$0.01 each in the share capital of our Company to Eagle Business Consulting on 10 June 2016 respectively. As a result, the Technical Service Providers have ceased to be connected persons and related parties of our Company. For further information of the Reorganisation, please refer to the section headed “History, Reorganisation and Group structure” in this prospectus.

To the best knowledge of our Directors, the Technical Service Providers are principally engaged in the provision of software development services in Hong Kong and the PRC. For each of the years ended 31 December 2016 and 2017, the group of companies of Brilliant Technology (comprising Shenzhen Yiboke and another subsidiary of Brilliant Technology which had no business relationship with our Group) had around 100 employees in Hong Kong, Shenzhen and Guangzhou and generated revenue of not less than HK\$23 million from around 20 active clients.

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For the years ended 31 December 2016 and 31 December 2017, our purchases from the Technical Service Providers amounted to approximately HK\$5,257,000 and HK\$7,628,000, respectively, which accounted for not more than 22.86% and 33.17% of the total revenue of the group of companies of Technical Service Providers, respectively.

eBroker Systems entered into a service contract (the “**Service Contract**”) with the Technical Service Providers on 28 July 2016 for a term of three years ended 31 December 2018 for the purposes of maintaining our established business relationship and stability of supply of services by the Technical Service Providers. On 6 November 2018, eBroker Systems entered into a service contract (the “**New Service Contract**”, together with the Service Contract, the “**Service Contracts**”) with the Technical Service Providers, to renew the Service Contract for a term of one year ending 31 December 2019.

Principal terms of the Service Contracts

Term

Pursuant to the Service Contracts, the Technical Service Providers will provide certain technical services to our Group for the period from 1 January 2016 to 31 December 2019. Either party may terminate the Service Contracts at any time upon prior written notice of one month to the other party.

Scope of services

The services provided by the Technical Service Providers mainly include:

- (a) to assist our Group in analysing project requirements;
- (b) to formulate project development plan;
- (c) to complete development and testing work;
- (d) to assist our Group in launching the project; and
- (e) to provide our Group with system maintenance, technical support and any necessary improvement supports.

We consider that: (i) direct communication with our potential and existing clients; (ii) design of the individual modules of our financial software and their respective interfaces for the integration and operation as a system as a whole; and (iii) development of the core modules of our financial software are the core competence of our Group. Therefore, the services provided by the Technical Service Providers, which include: (a) development and testing of non-core modules of our financial software in accordance with the design, specifications and development standards specified by our AD Team; (b) performing system testing in accordance with the testing plan and scenarios or parameters specified by our AD Team; (c) providing day-to-day customer support, are routine and supportive in nature which are easily and readily replaceable by other similar suppliers or even by ourselves if we

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recruit additional staff for such purposes, our Directors consider that the services provided by the Technical Service Providers are not critical in our project development process as a whole.

Determination of terms of service fee

The service fees paid by our Group to the Technical Service Providers during the Track Record Period were determined after arm's length negotiation between our Group and the Technical Service Providers mainly with reference made to:

- (i) charging rates of technical services for each of the forthcoming year agreed in advance before the commencement of the term under the Service Contracts and at the end of each year during the term under the Service Contracts by our Group and the Technical Service Providers. Our Directors confirm that such charging rates were comparable to the charging rates for similar services quoted by independent third parties suppliers. The charging rates for the forthcoming year were subject to review and adjustment every year with the prevailing overall market inflation and overall salary level of the IT industry taken into consideration; and
- (ii) actual quantum of services provided to and acknowledged by our Group, which is affected by the volume and complexity of services provided by the Technical Service Providers.

After taking into consideration of: (i) comparison of rates charged by the Technical Service Providers with the quotation provided by other suppliers which are independent third parties and (ii) the volume and complexity of services required by our Group, our Directors are of the view that the Service Contracts were on normal commercial terms and are in ordinary and usual course of our business and the service fees paid by our Group to the Technical Service Providers during the Track Record Period were comparable to the terms charged by other independent third party suppliers for similar services.

Having reviewed the terms of the Service Contracts and the quotations for similar services provided by other suppliers, the Sole Sponsor concurs with the Directors that the Service Contracts were on normal commercial terms and are in ordinary and usual course of our business and that the service fees paid by our Group to the Technical Service Providers during the Track Record Period were comparable to the terms charged by other independent third party suppliers for similar services.

Our Directors consider that our dependence on the supply of technical services from the Technical Service Providers solely refers to the minimal time and effort to find an easily replaceable service provider. Our Directors also consider that if the Technical Service Providers cease to provide services to us, we would only encounter short-term inconvenience but our business operations would not suffer from any disruption as we can easily identify substitute suppliers for similar scope of work at similar terms to the Technical Service Providers. Please refer to the section headed "Risk factors – We are dependent on our largest supplier, the Technical Service Providers, for the supply of certain application development, testing and day-to-day customer support work" in this prospectus.

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PROCUREMENT

We have a procurement policy in place to identify alternative suppliers. In general, we prepare the tender invitation specifying, among other things, the requirements and conditions of contracts, required time of provision of service and assessment criteria to ensure that the tenderers have sufficient information to prepare quotations or tenders. We then send the tender invitation to selected suppliers to submit their tenders in writing. Upon receipt of the tenders, we would evaluate them based on their price, quality of the services and track records of the tenderers. Successful tenderer, which is considered by us to be the best one in terms of price, quality of services and track records, will enter into an agreement with us to formalise the terms and conditions of the service. If none of the tenders fulfils the required specifications and conditions in the tender invitation, the tendering exercise would be canceled. The original specifications and conditions would be amended as necessary for the purposes of re-tendering.

INVENTORY CONTROL

Our Group normally purchases inventories from suppliers of hardware on a project-by-project basis and the products will be delivered to the site after order is made. Therefore, we can pass the increase in the costs of inventory to our clients.

JOINT VENTURE WITH AN INDEPENDENT THIRD PARTY

In 2010, eBroker Systems established a joint venture company in Hong Kong, namely Winner Star Technology, which is owned as to 49% by eBroker Systems and 51% by Megahub Limited, an Independent Third Party. Winner Star Technology is principally engaged in the provision of financial market information.

Pursuant to a shareholders' agreement relating to Winner Star Technology (the **"Shareholders' Agreement"**), Megahub Limited shall provide real-time or delayed market information from HKEX to Winner Star Technology, while eBroker Systems shall refer its clients who require the real-time streaming data services solely to Winner Star Technology. Furthermore, eBroker Systems shall be responsible for the maintenance and support of software relating to the market data services business of Winner Star Technology, which allows our Group to extend the range of products and services that can be offered together with our financial software to our clients without further investment into such real-time streaming data services.

Since we are not a licensed market data vendor of HKEX, we are not in the capacity to disseminate any market data from the Market Datafeed System of HKEX. As such, if our clients require market data services, we would refer them to Winner Star Technology during the Track Record Period. The clients referred by us would then enter into separate agreements with Winner Star Technology and we would not charge Winner Star Technology for any referral fee. Such arrangement will be maintained irrespective of whether our intended application for the Basic Market Prices Service as mentioned below is successful or not. We intend to apply for the licence for the Basic Market Prices Service as a market data vendor of the HKEX soon after Listing. The Basic Market Prices Service which we intend to provide is different from streaming data service (**"Streaming Data Service"**) provided by

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Winner Star Technology. In short, the Basic Market Prices Service provides only the basic information, such as real-time price, total transaction volume, total turnover, day high price and day low price, of a single security or a futures/options contract on a per user request basis while the Streaming Data Service provides additional information, such as real-time bid/ask prices, market depth in terms of number of orders and aggregated volumes at different level of bid and ask prices, information of the brokers on the bid and ask sides of the order queues, of a single security or a futures/options contract on a streaming basis. As such, our Directors consider that eBroker Systems and Winner Star Technology will have different target clients. As the Basic Market Prices Service allows brokerage firms' end-customers to have access to the basic market information of a single security or a futures/options contract from our Group without requiring such end-customers to subscribe for such services separately, our Directors believe that the Basic Market Prices Service will help us to increase our customers' satisfaction through the more comprehensive range of services we can offer to our brokerage firm clients. In the meantime, the end-customers of our brokerage firm clients who require further details of the market information of such security or futures/options contract can subscribe for the Streaming Data Service provided by Winner Star Technology on a standalone basis. Therefore, there is no material conflict between the service that our Group is planning to provide and the service currently provided by Winner Star Technology. Basic Market Prices Service will be provided by eBroker Systems and Streaming Data Service will be separately provided by Winner Star Technology. As at the Latest Practicable Date, we had no plan to (i) dispose of our investment in or (ii) alter our referral arrangement with, Winner Star Technology.

The Shareholders' Agreement is terminable if any party materially defaults in the performance of its obligations and fails to remedy such default within 30 days after having been given written notice of such default by the party seeking to terminate. There is no renewal clause in the Shareholders' Agreement.

COMPETITION

Our Directors consider that our clients are brokerage firms, proprietary trading firms and wealth management companies, and our major competitors in the provision of equities trading system (or "BSS" as defined by HKEX) and derivatives trading system are mainly domestic financial software solution providers which provide services to these financial institutions, with different scale of operations and offering financial technology services similar to those provided by us. According to the information available on the HKEX website as at the Latest Practicable Date, including our Group, there were 31 financial software solution service providers that offer BSS solutions. However, according to the GreySpark Report as disclosed in the section headed "Industry overview" in this prospectus, not all of them provide proprietary trading solution, asset management solution, wealth management solution, retail brokerage solution, institutional brokerage solution and market making solution, global futures and options solution and global settlement solution, while we do offer all of these services. Our Directors are confident in the niche in our solutions as most of the local financial software solution service providers only specialise in one or a few aspects of the entire electronic trading platform or focus on a particular group of clientele, such as retail investors.

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Our Directors believe that we will be able to continue to maintain our competitiveness with (i) our experience in providing a suite of financial trading software solutions for a wide range of clientele, including both institutional investors and traders and retail investors; (ii) offering of various kinds of customisable software to cater for the specific needs, requirements and preferences of our potential clients in a cost-effective manner; (iii) our long term relationships with our major clients; and (iv) our experienced management team and AD Team.

Although competition within the industry is keen, our Directors believe that there are various entry barriers into the industry:

- it requires professional knowledge in the areas of financial market condition and financial technology. The solution service providers have to keep themselves abreast of the rapid technological changes, changes in industry standards and client requirements as well as frequent introduction of new products and services, and the development of the global financial market condition;
- it requires substantial initial and ongoing costs for installing and maintaining necessary hardware, software and network devices; and
- financial institutions generally face high transition costs and risks if they are migrating their system from one financial technology solutions provider to another as the training cost and time cost for them to adapt to a new system is comparatively high.

RESEARCH AND DEVELOPMENT

We develop our solutions by using various programming tools, which include, among others, Visual C++, Visual Basic, Delphi and AQtune. As we are committed to providing quality front office solution services and back office solution services to our clients, we recognise the importance of software design and development, and the importance of keeping abreast of the latest developments in technology.

Our AD Team is dedicated to the research of new technologies and development of new solutions by working closely with external technology partners. As at the Latest Practicable Date, our AD Team consisted of 5 members, who are all diploma or university degree holders in disciplines related to I.T. or computer engineering. During the Track Record Period and up to the Latest Practicable Date, advanced and complicated tasks including planning and design of system and interface of the core components of our financial software were carried out by our AD Team in Hong Kong, while the development part of the modules of our financial software which does not relate to the core components of our financial software, testing and day-to-day customer support work was outsourced to the Technical Service Providers. Following the Listing, we will continue to outsource the development of part of the modules of our financial software, testing and day-to-day customer support work to the Technical Service Providers until our research and development centre in the PRC is set up. After our research and development centre in the PRC commences operations in or about July 2019, our Directors expect that we can gradually reduce our reliance on the Technical Service Providers or other suppliers providing

similar service. Our Group does not intend to terminate the Service Contracts and our Directors expect that the Technical Service Providers will continue to provide certain technical services to our Group upon request of our Group until the expiry of the New Service Contract on 31 December 2019. Upon the expiry of the New Service Contract, the management of our Group will review the resources required and on a need basis, tender processes will be carried out by our Group for the procurement of technical services which cannot be provided by our research and development centre in the PRC.

Led by Mr. Lo, our executive Director and our chief executive officer, our AD Team is responsible for the software development cycle of our solutions for both front office and back office operations, primarily including: (i) interviewing clients who request customised solutions and giving advices to them; (ii) gathering feedbacks from our clients and other users, if any; (iii) developing software to achieve higher efficiency and effectiveness in the application of our software solutions in the business operations of our clients; (iv) providing on-site training to our clients; and (v) providing technical services and supports to our clients.

Our AD Team had successfully developed a wide range of software solutions to cater for the needs of different clients. We had designed and engineered the following software solutions during the Track Record Period: (i) Wealth Management Solution; (ii) new generation of Global Backoffice System (GBSX); (iii) 2FA Solution; and (iv) Global Backoffice System Common Reporting Standard (GBS CRS) module. 2FA solution allows our brokerage clients to provide internet trading application to the end users which meets the new cyber security guidelines of SFC. Common Reporting Standard (CRS) module enables GBSX to supply information to Hong Kong Inland Revenue Department following the standard. Several functions and modules such as fund and bond module based on both Front Office System and Back Office System and a new trading application to handle the fund and bond orders have been added to our Wealth Management Solution. Several functions and modules of our Global Backoffice System (GBSX) were upgraded such as new web application to provide management view of data, upgraded program managing client data and new system user interface. Research and development expenditure of approximately HK\$3.5 million in relation to such software solutions was incurred in connection therewith during the Track Record Period.

We also focus our research and development on building up electronic trading systems and back office systems which can be connected to other exchanges around the world apart from the existing ones.

Further, as we have established stable relationship with our hardware and software suppliers, we can always get the new products from them to conduct relevant testing and analysis. As such, we believe that this allows us to research and develop better software solution services for our clients.

Our Directors further believe that the expertise of our AD Team and our efforts in research and development can enable us to maintain our competitiveness in the financial technology industry.

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All research and development expenditures are expensed as incurred and consist primarily of staff costs of our AD Team members and project team members. The aggregate staff costs of our AD Team and project team were approximately HK\$6.0 million, HK\$6.6 million and HK\$4.1 million for the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018, respectively. Save for the above, no specific research and development expenditures were recorded during the same period. During the Track Record Period, no research and development expenditure has been capitalised.

RESEARCH AND DEVELOPMENT CENTRE IN THE PRC

As one of our business strategies, we plan to acquire a property in Qianhai, Shenzhen, the PRC, which will be of not more than approximately 210 square meters with a purchase price of not more than HK\$16.0 million, for establishing our own research and development centre in the PRC in order to enhance our research and development capability and reduce our reliance on the Technical Service Providers. Such decision was mainly driven by the following factors, notwithstanding our relatively long cooperation relationship with the Technical Service Providers:

(a) Necessity to strengthen research and development capability in order to maintain competitiveness

Competition within the industry in which we operate is keen and our Directors consider that the capability of research and development would be one of the major factors to differentiate the performance and market share of different market players. For example, our Directors are aware that the market players with less investment in research and development related activities tend to have less market share while some of them even experienced deteriorating financial performance in terms of revenue and profitability in the recent years. As such, our Directors are of the view and GreySpark concurs that given the growing awareness of innovative technologies in the coming years, expanding research and development team is an industry trend of information technology related industry.

In the meantime, our Directors believe that establishment of the research and development centre will strengthen our Group's capability in research and development. In particular, there were five staff of our AD Team as at the Latest Practicable Date, who are responsible for: (i) the design of the modules of our Group's financial software and their respective interfaces for the integration and operation as a system as a whole; and (ii) development of the core modules of our Group's financial software, which are part of the core competence of our Group. After the establishment of the research and development centre in the PRC, among the employees responsible for software design and development to be recruited and deployed therein, four of them are expected to have at least ten years of experience and relevant background/qualifications in financial software development and will also be responsible for the design and development of modules which are currently undertaken by our AD Team. As such, our Directors believe that the establishment of the research and development centre in the PRC will substantially enhance our research and development capability resulting from the significant increase in experienced research and development personnel of our Group, which will be the foundation to maintain the core competence of our Group for driving any future expansion.

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(b) Significant increase in service costs paid to the Technical Service Providers during the Track Record Period

The service costs paid by our Group to the Technical Service Providers increased by approximately HK\$2.4 million or approximately 45% from approximately HK\$5.3 million for the year ended 31 December 2016 to approximately HK\$7.6 million for the year ended 31 December 2017 and increased by approximately HK\$0.5 million or approximately 8.9% from approximately HK\$5.2 million for the eight months ended 31 August 2017 to approximately HK\$5.6 million for the eight months ended 31 August 2018.

(c) Anticipated increase in demands from clients on the customisation and client support due to the launch of our new products

We intend to develop new products for our Wealth Management System and user trading applications. The former might include the development of solutions covering two-factor authentication, know your client and anti-money laundering, faster payment system, non-face-to-face account opening, open API, distributed ledger technology while the later might include the development of solutions covering chart trading, database data encryption, non-face-to-face account opening, open API, instant messaging, integration of algo order functions system administration dashboard and distributed ledger technology. For further details, please refer to the paragraphs headed “Our business strategies – Expand business in Wealth Management Solution” and “Our business strategies – Improve user trading applications” in this section, respectively.

Our Directors expect that as most of such new products are developed in accordance with requirement initiated by regulators, such new products will have significant demands from our clients, which will be further customised by our clients upon implementation in order to meet their specific requirements or preferences on a case-by-case basis. Therefore, our Directors expect to have significant demand from our clients for needs of customisation of such new products when they are launched.

Our Directors also expect that the launch of our new products will expand the range of financial software solutions we can offer to our clients, which will in turn increase their needs of customisation and modification and on-going support of our financial software solutions in the long run.

In the meantime, our Group has also experienced the increasing difficulty in recruiting IT talents in Hong Kong in order to meet the road map of our Group in developing new products to meet market needs and enhance existing systems to serve existing clients.

(d) Estimated spending on financial trading software by small to medium-sized brokerage firms in Hong Kong

According the GreySpark Report, the spending on financial trading software by small to medium-sized brokerage firms in Hong Kong increased from HK\$823 million in 2013 to HK\$984 million in 2017, representing CAGR of 4.6%, and GreySpark expects that such

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spending will further increase to HK\$1,189 million in 2021, representing a CAGR of 4.9% since 2017. Therefore, our Directors are of the view that the establishment of the research and development centre will place us in a better position to capture such anticipated growth.

(e) More cost efficient as compared with outsourcing to the Technical Service Providers

Our Directors expect that other employees responsible for application development to be recruited and deployed in the research and development centre in the PRC will also be able to provide technical supports of development and testing of modules to our Group, which are currently outsourced to the Technical Service Providers.

For reference purpose, assuming the research and development centre is operating under its full capacity, our Directors expect that the AD Team members of the research and development centre (except for those who will be recruited for the design of modules and development of the core modules of the financial software of our Group) will be able to provide not less than 6,500 man-days (*Note*) technical support to our Group. Assuming that the research and development centre were in operation during the whole year of 2019, the total operating expenses of the research and development centre (excluding the staff cost for the AD Team members who would be recruited for the design of modules and development of the core modules of our financial software) would have been approximately HK\$6.7 million, which would be (1) approximately HK\$0.3 million less than the service fees payable to the Technical Service Providers (based on the charging rates applicable for 2019 as agreed between our Group and the Technical Service Providers); or (2) approximately HK\$1.4 million less than the maximum service fees payable (which are approximately HK\$8.1 million) to the Technical Service Providers under the New Service Contract, if such technical supports were outsourced to the Technical Service Providers. As such, our Directors are of the view that it is necessary and also economically justifiable for our Group to establish the research and development centre to reduce outsourcing the services currently provided by the Technical Service Providers.

Note: Based on past experience, our Directors expect that the technical services required by our Group (excluding those related to the design of modules and development of the core modules of our financial software) which are currently outsourced to the Technical Service Providers would be not less than 6,500 man-days per annum.

Therefore, our Directors are of the view that the establishment of the research and development centre in the PRC will allow us to significantly expand our AD Team, which will not only increase our Group's capacity for taking up additional development and testing works which are currently being outsourced to the Technical Service Providers, but most importantly, the expansion of the AD Team will substantially strengthen the core competence of our Group by improving our Group's technical capability on design of the modules and the development of the core modules resulting from the significant increase in experienced research and development personnel of our Group.

In addition, the establishment of the research and development centre will reduce our Group's reliance on the Technical Service Providers and assist our Group to improve profitability through better cost control.

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Given (i) the relatively lower labour costs; (ii) the business nature of our Group (development of software solutions) has nearly no geographical restrictions or inconvenience in communication between staff in different locations at all; (iii) the availability of talents in the areas of computer programming, system development and software engineering; (iv) the anticipated increase in headcount to accomplish the projects to be undertaken by us upon Listing as set out in the paragraph headed “Project to be undertaken by us” below and the corresponding saving in costs in lieu of the Technical Service Providers; (v) the expected market demand for our new products and services and clients’ demand for upgrade of existing products and services as a result of (a) the upcoming changes from HKEX and SFC for regulatory purposes, technology enhancement or market development, all of which shall cause the Exchange Participants to upgrade their systems or introduce customisation to be done on their existing systems; and (b) an increasing demands from Exchange Participants and banks for Wealth Management System, our Directors consider that it is appropriate to establish a research and development centre in the PRC despite the fact that we operate our business principally in Hong Kong. Upon the establishment of our research and development centre in the PRC, our existing AD Team members will remain stationed in Hong Kong and the research and development personnel to be recruited and deployed in the research and development centre in the PRC will also form part of our AD Team. With the expansion of our AD Team through the establishment of the research and development centre in the PRC, our Directors believe our research and development capability will be enhanced accordingly.

Analysis of acquiring a property instead of leasing a property

As compared to operating our own research and development centre in a leased property, operating our own research and development centre on a self-owned property would have the following advantages and disadvantages:

Advantages:

- *Minimise uncertainties to our business*

The proposed acquisition of a property in Qianhai, Shenzhen, the PRC for establishing our own research and development centre in the PRC would: (a) allow us to minimise the likelihood of any material disruption or temporary suspension to our business and operations and avoid incurring additional costs for relocation in the event the lease renewal is declined; and (b) protect us from any abrupt increase in rentals upon renewal of leases in the future.

- *Improve our operating cash flow in the long run*

Operating the research and development centre on a self-owned property would help improving the operating cash flow of our Group in the long run by eliminating our Group’s rental expenses for the leased property. It is estimated that the proposed acquisition of a property in Qianhai, Shenzhen, the PRC would enable our Group to reduce its cash outflow from operating activities by approximately RMB340,000 to RMB380,000 per annum based on the existing market rental rate.

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- *Enhance our Group's ability to secure bank loans*

Generally, banks require clients to provide collaterals, such as cash deposit, lands or properties in order to secure the loans. As such, our Directors are of the view that owning a property will strengthen our bargaining power to negotiate more favourable terms for future bank loans.

- *Benefit from any appreciation in the value of the property*

By having a self-owned property, we can benefit from any appreciation in its value.

Disadvantages:

- *Property price is subject to fluctuation*

The price of our self-owned property will be affected by a number of factors, such as economic conditions, its location, the surrounding areas and market demand. Hence, if the property price is lower than our acquisition cost due to the factors mentioned above, our financial position may be adversely affected.

Our Directors have also considered the cost and benefits of establishing the research and development centre in a self-owned property (the “**Own Approach**”) as compared to a leased property (the “**Lease Approach**”). After taking into consideration the various factors therein, our Directors are of the view that while the functionality of the research and development centre would not be affected whether the property is leased or self-owned, the impact of potential increase in the rental expenses under the Lease Approach might significantly affect the profitability of our Group, in particular as the pricing model of our Group is not based on a cost-plus approach. In addition, in the event if the lease under the Lease Approach cannot be renewed, not only the profitability will be negatively affected due to the additional renovation costs for the replacement lease property and the relocation costs, but the relocation might also result in potential interruption to the operation of the research and development centre.

The cost and benefit analysis of the Own Approach and the Lease Approach is summarised as follows:

Factors under consideration	Impacts on the Own Approach	Impacts on the Lease Approach	Remark
Initial cash outflow	Initial cash outflow for settlement of consideration for the acquisition of property	Initial cash outflow for payment of deposit which is normally equivalent to rental of a few months	Own Approach requires significant initial funding
Initial investment in renovation		Same	The initial investment in renovation would not be affected by whether the property is leased or owned by our Group

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Factors under consideration	Impacts on the Own Approach	Impacts on the Lease Approach	Remark
Investment in computer hardware and computer software		Same	The investment in computer hardware and computer software would not be affected by whether the property is leased or owned by our Group
Lease payment/amortisation of acquisition cost of property	– No cash outflow of rental expenses involved – Amortisation cost of around HK\$400,000 per annum expected (<i>Note 1</i>)	– Cash outflow of rental expenses of RMB340,000 (or HK\$408,000) to RMB380,000 (or HK\$456,000) per annum (<i>Note 2</i>) – No amortisation involved	– The impact on the profitability of our Group caused by lease payment and amortisation of acquisition cost under the Lease Approach and the Own Approach, respectively, are similar to each other based on the prevailing market price and rental level – There will be ongoing cash outflow of rental expenses under the Lease Approach while there will be no cashflow impact under the Own Approach
Depreciation of renovation cost, investment in computer hardware and computer software		Same	The depreciation of renovation costs, computer hardware and computer software would not be affected by whether the property is leased or owned by our Group
Impact from fluctuation in rental level	Not affected	Rental expenses will be affected directly	– Decrease in rental level will result in favorable impact on our Group's profitability under the Lease Approach as compared with the Own Approach – Increase in rental level will result in favorable impact on our Group's profitability under the Own Approach as compared with the Lease Approach

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Factors under consideration	Impacts on the Own Approach	Impacts on the Lease Approach	Remark
Impact of failure in lease renewal	Not affected	Replacement office premises would be needed	While the Own Approach is not subject to lease renewal, the Lease Approach will suffer from the following impacts if the lease cannot be renewed: – Operation of the research and development centre might be interrupted due to relocation – The investment in renovation for the original office premises will be forfeited and additional renovation cost will be incurred for the replacement office premises – Additional relocation cost will be incurred

Note 1: For demonstration purpose, our Directors assume that the useful life of the property is 40 years and the amortisation policy of acquisition cost is over the shorter of the remaining lease term or 40 years on straight line method.

Note 2: Representing the prevailing market rate of rental expenses of office properties with size and location similar to the one under the Own Approach for demonstration purpose.

As such, our Directors are of the view that as compared with the Lease Approach, the Own Approach allows our Group to focus our resources on the Customisation and Modification Development and the expansion of product offering without suffering from the risk of any unfavourable fluctuation of rental expenses, which is unrelated to the ordinary course of business of our Group.

In light of the above, our Directors are of the view that acquiring a property is preferable than leasing a property for our own research and development centre in the PRC.

Our Directors plan to acquire a suitable property soon after completion of the Share Offer. We estimate the research and development centre will commence operations in or about July 2019, according to the timeframe for the key milestones of establishing the research and development centre per below.

Timeframe for the key milestones of establishing the research and development centre

- In or about April to June 2019, we will establish the relevant PRC subsidiary and complete the necessary capital injection;
- In or about June 2019, we will acquire the property, commence renovation work and acquire furniture and equipment for the PRC research and development centre and we will carry out recruitment of personnel and staff of the PRC research and development centre; and

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- In or about July 2019, the PRC research and development centre will commence operations.

Tentatively, we plan to recruit a total of 36 staff through our internal resources for our research and development centre in the PRC. Our Directors expect that the total monthly salary of all these staff would be approximately HK\$0.7 million, including approximately HK\$0.6 million for the application development staff and approximately HK\$68,000 for other staff. The functions of such staff to be recruited for the research and development centre in the PRC are set out in the following table:

Function	Number of employees
Human resources and administration	4
Finance and accounts	2
Application development	17
– Software design and development	7
– Testing	4
– Technical support	2
– Network engineering	<u>2</u>
Total:	<u><u>36</u></u>

We anticipate that we would invest as capital expenditure of an aggregate of approximately HK\$18 million in setting up the research and development centre, while in the first 12 months of its operations, we would incur a total expenses of approximately HK\$6.5 million in running the research and development centre.

We intend to develop new products for our Wealth Management Solutions and user trading applications. For further details, please refer to the paragraphs headed “Our business strategies – Expand business in Wealth Management Solution” and “Our business strategies – Improve user trading applications”, respectively.

After the establishment of the research and development centre, the existing AD Team of our Group will remain stationed in Hong Kong and the research and development personnel to be recruited and deployed in the research and development centre in the PRC will also form part of the AD Team of our Group.

Despite the fact that our business nature has nearly no geographical restrictions or inconvenience in communication between staff in different locations, our Directors consider that travels of the senior management and members of the AD Team of our Group on a regular basis would be inevitable. Therefore, by planning to establish the research and development centre in Qianhai, Shenzhen, the PRC, our Directors have also taken into consideration of the proximity of location.

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INTELLECTUAL PROPERTY

In order to enhance our corporate image and market recognition, as at the Latest Practicable Date, our Group was licensed to use a trademark, namely, “iTrader”. Furthermore, our Group had registered the domain name *www.ebrokersystems.com*. For details, please refer to the section headed “Further information about our business – Intellectual property rights of our Group” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringement of intellectual property rights owned by us, and we confirmed that there were no material disputes or litigation regarding the intellectual property rights owned by us during the Track Record Period.

As advised by Wilkinson & Grist, legal advisers to our Company relating to the use of our trademark “eBrokerSystems”, as at the Latest Practicable Date, there are no other identical trademark registered in Hong Kong and the risk of infringing other similar trademarks registered in Hong Kong in respect of provision of financial software solution services is remote as the overall representation of our trademark is differentiable from other similar trademarks. Our Directors also confirm that no claim or litigation proceedings had been instituted against us in respect of any alleged infringement of intellectual property rights of any third party during the Track Record Period. We had not suffered any material loss from system failure due to virus, worms and any automated mechanism, system hacking by unauthorised third party during the course of our business since operation during the Track Record Period.

PROPERTY

As at the Latest Practicable Date, we leased a property in Hong Kong from Easy System Design, a connected person of our Company. The following table sets out a summary of the details of the property.

Description/location	Saleable area (sq. ft.)	Existing Usage	Lease term
Room 603 within Office B, C, D1 on 6th Floor, China Insurance Group Building, No. 141 Des Voeux Road Central, No. 73 Connaught Road Central & Nos. 61 – 65 Gilman Street, Hong Kong	approximately 2,947	Office	From 1 January 2016 to 31 December 2018 and then renewed to 31 December 2021

For details of the above lease, please see the section headed “Connected transactions” in this prospectus.

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EMPLOYEES AND EMPLOYEE BENEFITS

As at 31 December 2016, 31 December 2017, 31 August 2018 and the Latest Practicable Date, our Group had 33, 31, 32 and 33 employees, respectively. As at the Latest Practicable Date, all of our employees were located in Hong Kong. The following table sets forth the number of our employees by functional role as at the Latest Practicable Date:

Function	Number of employees
Directors	2
Project management	4
Marketing	7
Human resources and administration	5
Application development	5
Finance and accounts	3
Customer service support	5
System and infrastructure management	2

During the Track Record Period, we did not experience any strike or labour dispute with our staff which had a material effect on our business or results of operations.

Our Group will use our best effort to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development. We recruit employees primarily from the open market and internal reference. We enter into individual employment agreements with our employees, specifying terms including, among other things, remuneration, benefits, confidentiality obligations and termination.

To encourage our employees to continuously develop themselves by further education, we provide our employees on-the-job training relevant to their current roles in our Group.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, the remuneration payable to our employees including salaries, bonuses and allowances and contributions to the mandatory provident fund scheme were approximately HK\$18.4 million, HK\$19.3 million and HK\$13.2 million, respectively. We determine our employees' remunerations based on factors such as qualifications, duties, contributions and experience.

PRODUCT LIABILITY

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

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In addition, our contracts with our clients contain provisions which disclaim our liability for all consequences of the use of our products and in no event that we shall be liable for any indirect or consequential loss, damage or cost of any kind suffered or incurred by our clients by reason of or in connection with our products, the usage of them or any related services provided by us. Subject to the above, our Group's aggregate liability to any client shall not exceed the value of the contract or quotation.

In view of the above, we have not taken out any product liability insurance policy in relation to the products we offer. As advised by our Directors, it is not the industry norm to take out such product liability insurance policy. Please refer to the section headed "Risk factors – Product liability and related claims may be asserted against us and our reputation may be damaged as a result of errors or other problems with our software solution services" in this prospectus.

INSURANCE

We have taken out employees' compensation insurance and medical insurance policies for our staff. Based on our mode of operations, and the fact that our contracts with clients contain provisions which disclaim our product liability as mentioned above, our Directors consider that we have maintained adequate insurance coverage for our operations.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENT MATTERS

Our Group maintains medical insurance for its employees and adopts policies and procedures regarding work safety and occupational health issues.

During the Track Record Period and up to the Latest Practicable Date, our Group did not incur any cost of compliance with applicable environmental protection and safety rules and regulations, as our Group does not generate industrial pollutants and did not raise any material safety issues due to nature of business of our Group.

During the Track Record Period and up to the Latest Practicable Date, our Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection and work safety or any complaints from the employees, clients or the public in respect of work safety and health issues relating to our Group's operations. Our Directors are of the view that there are no environmental and safety laws and regulations which may affect the provision of financial software solution services in any material respect and that the operations of our Group are in compliance with the applicable laws and regulations of Hong Kong in all material respects.

LAWS AND REGULATIONS

As at the Latest Practicable Date, there were no particular laws or regulations of Hong Kong which are specific to the business of our Group and the industry i.e. provision of financial software solution services, in which our Group operates in Hong Kong. Our Directors confirm that our Group has complied with all relevant laws, rules and regulations of Hong Kong during the Track Record Period and up to the Latest Practicable Date.

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LICENCES AND PERMITS

There are no licences, permits or approval necessary to be obtained by us to carry out our business of provision of financial software solution services in Hong Kong except the business registration under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong).

LEGAL PROCEEDINGS

During the Track Record Period, we were not involved in any legal, arbitral or administrative proceedings, either as plaintiff or defendant. As at the Latest Practicable Date, we were not aware of any legal, administrative or arbitration proceedings or any litigations or claims or potential litigations or claims which will commence or to be threatened by or against us which have, or may have, material adverse effect on our business, financial condition or operating results.

NON-COMPLIANCE

Our Directors confirm that we have complied in all material respects with the applicable laws, rules and regulations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT

We are exposed to various risks in the course of our business operations. Further information on the risks is set forth in the section headed “Risk factors” in this prospectus. We have implemented various policies and procedures to ensure effective risk management in various aspects of our business operations. Such policies and procedures include the following:

Audit Committee

We oversee and manage the various risks associated with our operations primarily through our Board. We have established an audit committee to review and supervise the financial reporting process and our internal control system. The audit committee comprises three members, all of whom are our independent non-executive Directors. Further information is set forth in the section headed “Directors, senior management and employees” in this prospectus. We have prepared written terms of reference of the audit committee in compliance with the GEM Listing Rules and the Corporate Governance Code and the Corporate Governance Report as set forth in Appendix 15 to the GEM Listing Rules.

Other risks

Our management implements our risk management policies by way of operational manuals so as to reduce the possible risks in the course of our business. Our Directors do not consider that our business is subject to a significant credit risk. All cash and cheques received by us will be deposited to banks with minimal amount of cash maintained at head office.

INTERNAL CONTROL

In October 2017 and October 2018, we engaged RSM Consulting (Hong Kong) Limited (“**RSM Consulting**”), an Independent Third Party, as our internal control consultant to execute an agreed set of due diligence review procedures on the financial procedures, systems and controls (including accounting and management systems) adopted by us covering the period from 1 January 2016 to 31 August 2018. RSM Consulting is principally engaged in providing consulting and advisory services to listed companies and companies preparing for a listing in Hong Kong. We have adopted different internal guidelines, along with written policies and procedures to monitor and reduce the impact of risks which are relevant to our business and control our daily business operations. In order to ensure sound implementation of our risk management and internal control policies, we have also adopted various on-going measures as set out below:

- we have engaged RSM Consulting as our internal control consultant to perform internal controls review in connection with our internal control policies;
- we have improved the existing internal control framework by adopting a set of internal control manual and policies, which cover corporate governance, financial reporting and operations-related matters; and
- we will establish annual training plan and maintain training attendance records as appropriate in order to ensure that our staff have adequate knowledge and competence to fulfill the job requirement.

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), our Company will be owned as to approximately 33.49% by Quantsmile (BVI) which is held as to approximately 50.85% by Eagle Business Consulting, 25.42% jointly by Mr. Chan and Ms. Cheung and 23.73% by Supergrand. Supergrand is in turn held as to 50% each by Mr. Su Kee Ying, Albert and Mr. Wong Tit Shing. Eagle Business Consulting is in turn held as to approximately 95.19% by Good Steward Foundation, 4.76% by Ms. Cheung (the spouse of Mr. Chan) and 0.05% by Mr. Ng. Eagle Business Consulting also directly holds approximately 18.10% interests in our Company.

According to the Guidance Letter HKEX-GL89-16 (November 2016) (Updated in October 2017 and February 2018) issued by the Stock Exchange, Quantsmile (BVI) is a Controlling Shareholder as it is entitled to exercise or control the exercise of 30% or more of the voting power at the general meeting of our Company immediately following the Listing and, by virtue of its shareholding structure, Quantsmile (BVI), Mr. Chan, Ms. Cheung, Eagle Business Consulting and Good Steward Foundation are presumed to be a group of Controlling Shareholders under the GEM Listing Rules. As such, each of Quantsmile (BVI), Mr. Chan, Ms. Cheung, Eagle Business Consulting and Good Steward Foundation will be regarded as a Controlling Shareholder of our Group.

Quantsmile (BVI) was incorporated in the BVI on 14 June 2011 and is an investment holding company. Eagle Business Consulting was incorporated in Hong Kong on 31 May 1999 and is an investment holding company. Mr. Liew and Ms. Wen are directors of Eagle Business Consulting. Good Steward Foundation is a company limited by guarantee and incorporated in Hong Kong on 7 February 2012. It is a charitable company exempt from tax under Section 88 of the Inland Revenue Ordinance and was founded by Mr. Liew (our company secretary and financial controller) and Ms. Wen. Save as disclosed in this prospectus, Ms. Wen is not related to any Directors, members of senior management, substantial Shareholders or Controlling Shareholders.

As a charitable organisation, the objectives of Good Steward Foundation are a range of charitable initiatives which mainly include (i) to donate or support the activities in advancement or betterment of education and relief of poverty in the world; and (ii) to donate or support the activities in advancement or betterment of medicine and services to the old folks in Hong Kong.

Our Directors have confirmed that to the best of their knowledge, information and belief, as at the Latest Practicable Date, none of our Controlling Shareholders, substantial Shareholders nor Directors and any of their respective associates had interest in business, other than our Group's businesses, which may directly or indirectly compete against the business of our Group and would require disclosure under Rule 11.04 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having taken into account the following factors, our Directors are satisfied that we can carry on our business independently of our Controlling Shareholders and its associates after Listing for the following reasons:

Management independence

Our Group's management and operational decisions are made by our Board and our senior management team. Our Board comprises two executive Directors and three independent non-executive Directors. Given the composition of our Board, we believe that our independent non-executive Directors will be able to exercise their independent judgment and provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders. We also believe that our senior management personnel, who are responsible to take charge of our daily operations, are independent from our Controlling Shareholders and their respective close associates. Our senior management team has served our Group for a long time and has substantial experience in the industry in which our Group is engaged will be able to make business decisions that are in the best interest of our Group. For further details on the biography of our Directors and senior management, please refer to the section headed "Directors, senior management and employees" in this prospectus. In this regard, our Directors are of the view that our Group can be managed independently notwithstanding that Mr. Chan, being our Controlling Shareholder, is our executive Director.

Each of our Directors is aware of his fiduciary duties as a director of our Company, which requires, 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 as his personal interest. 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 meetings of our Board in respect of such transactions, and shall not be counted towards the quorum.

In addition, our Group has adopted certain corporate governance measures for conflict situation in order to safeguard the interests of our Shareholders as a whole, details of which are set out in the paragraph below headed "Corporate governance measures".

Operational independence

Front Office Technology (HK) and eBroker Systems entered into a trademark licence agreement (the "**Trademark Licence Agreement**") on 27 July 2016, pursuant to which Front Office Technology (HK) authorises eBroker Systems to grant sub-licences to its subsidiaries to use the registered trademark "iTrader" at a nominal consideration of HK\$1.00 exclusively in Hong Kong. The Trademark Licence Agreement is for a term of three years from 1 January 2016 to 31 December 2018 and renewable automatically for successive terms of one year each at the end of the initial term and at the end of each extended term, unless terminated by either party by giving to the other not less than three months' prior written notice. As at the Latest Practicable Date, no termination notice was received or given in respect of the Trademark Licence Agreement. The Directors expect that the Trademark Licence Agreement will be extended at least for another term of one year until 31 December

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

2019. As (i) the use of the licensed trademark “iTrader” is limited to be a label of an internet trading application, being one of the optional components of front office solutions provided by our Group, which is not and will not become our core product; and (ii) the revenue generated from the sale of such software product bearing the trademark “iTrader” was relatively insignificant to our Group’s total revenue during the Track Record Period, our Directors consider that the importance of the licenced trademark is not high and the positive effect brought by it can be easily replaced by other kinds of marketing effort. Furthermore, we undertake our own research and development of the existing and new software solutions and do not rely on our Controlling Shareholders.

T G Securities (a related party of our Company) is one of the top clients of our Group during the Track Record Period, the total revenue generated from T G Securities for the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018 accounted for approximately 7.6%, 4.5% and 5.5% of our Group’s total revenue for the same periods, respectively. Further, for the same periods, our Group had 87, 85 and 81 clients, out of which 62, 60 and 55 clients have business relationships with us of not less than five consecutive years as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively. Accordingly, our Directors consider that our Group’s operation did not focus on one particular client or T G Securities, and our Group did not rely on T G Securities as a major source of revenue during the Track Record Period. As part of the expansion plan, our Group will continue to seek opportunities in the financial technology sectors and expand its client base. With further diversification of our Group’s clients, our Directors expect that the revenue generated from T G Securities will remain stable and/or may be reduced.

The Technical Service Providers (used to be related persons of our Company prior to the Reorganisation) are one of the five largest suppliers of our Group during the Track Record Period, and accounted for approximately 65.8%, 74.7% and 74.8% of the total purchase of our Group for the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018, respectively. Our Directors consider that the services provided by the Technical Service Providers are routine in nature without any expertise such as system design and system interface and can be replaced by other suppliers of comparable quality in the market on similar terms. As such, our Directors consider that there is no significant reliance on the Technical Service Providers for our supply of technical services. For details, please refer to the section headed “Business – Suppliers – Reliance on our largest supplier” in this prospectus.

Easy System Design (a connected person of our Company) and eBroker Systems entered into a tenancy agreement on 18 August 2016 and 5 November 2018 on arm’s length basis in relation to the leasing of a property for our office use. As our office can be easily relocated to new office space in Central, Hong Kong that suit the requirements of our operation and business, our Directors consider that there is no reliance on the property leased by Easy System Design. For details of the leased property, please refer to the section headed “Connected transactions” in this prospectus.

Our Group has established its own organisational structure comprising individual departments with specific areas of responsibilities. For details, please refer to the section headed “Business – Employees and employee benefits” in this prospectus. In addition, we have our own administrative and corporate governance measures and staff and we do not

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

share any operational capabilities with our Controlling Shareholders. We have independent access to clients, as well as an independent management team to handle our day-to-day operations and we have sufficient operational capacity in terms of capital and employees to operate independently.

Notwithstanding that there are certain transactions with related persons and connected person of our Company, our Company has full rights to make all decisions on, and to carry out our own business operations independently. Accordingly, our Directors are of the view that our Group can carry out our business operations independently.

Financial independence

Our Group has its own financial management and accounting systems and the ability to operate independently from our Controlling Shareholders from a financial perspective. Our Directors confirm that our Group does not have any financial assistance, including amounts due to, loans or guarantees provided by our Controlling Shareholders and its associates to our Group during the Track Record Period or after Listing.

Taking into account of (i) our Group's bank balance of cash as at 31 August 2018, (ii) the cash flows from our operations, and (iii) the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient working capital for its requirements for at least the next 12 months from the date of publication of this prospectus. Our Directors also believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares to our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Underwriters, details of which are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Undertakings" in this prospectus.

NON-COMPETITION UNDERTAKING

To better safeguard our Group from any potential competition and conditional upon the Listing taking place, each of our Controlling Shareholders (collectively, the "Covenantors") has entered into the Deed of Non-Competition in favour of our Company, pursuant to which each of the Covenantors jointly and severally, irrevocably and unconditionally, undertakes with us that with effect from the Listing Date and for as long as our Shares remain so listed on the Stock Exchange and the Covenantors are regarded as controlling shareholders (as defined under the GEM Listing Rules), each of the Covenantors will not, and will procure that none of their respective close associates will:

- (a) directly or indirectly carry on, participate or be interested or engaged in or acquire or hold any right or interest in any business which is or may be in competition, whether directly or indirectly, with the principal business of any member of our Group in the provision of financial software solutions and services to primarily financial institutions (including mainly brokerage firms, proprietary

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

trading firms and wealth management companies) in Hong Kong and the related businesses ancillary to any of the foregoing from time to time (the “**Restricted Business**”) save for (i) the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their close associates collectively) in any listed company in Hong Kong; or (ii) the holding of shares in any listed company in Hong Kong where the Restricted Business conducted or engaged in by such company accounts for less than 10% of the relevant company’s consolidated turnover or consolidated assets, or (iii) where the Covenantors are already, directly or indirectly, interested or invested in the operations of companies which are engaging in Restricted Business and details of which have been specifically disclosed in this prospectus;

- (b) take any direct or indirect action which constitutes an interference with or a disruption to our business activities including, but not limited to, solicitation of our clients, suppliers or staff; and
- (c) keep our Directors informed of any matters of potential conflicts of interest between the Covenantors and our Group.

In addition, each of the Covenantors hereby jointly and severally undertakes that if any new business opportunity relating to any Restricted Business is made available to any of the Covenantors, it will direct the Restricted Business to us with such required information to enable us to evaluate the merits of the Restricted Business.

Any decision of our Company as to whether or not to engage in the Restricted Business will have to be approved by our independent non-executive Directors. Where our independent non-executive Directors have reviewed the opportunity to invest, participate, be engaged in or operate with a third party any Restricted Business and has declined such opportunity, the Covenantors (or its close associate(s)) may subsequently invest, participate, engage in or operate the Restricted Business as long as the terms by which the Covenantors subsequently invest are not more favourable than those disclosed to our Company.

Where our Company decides and offers to invest, participate, be engaged in and/or operate any Restricted Business with any of the Covenantors and/or its close associates, such Covenantor and/or its close associates can invest, participate, be engaged in and/or operate such Restricted Business with our Company. Our Company will comply with the requirements of the GEM Listing Rules in case of such cooperation with the Covenantors and/or its close associates.

Each of the Covenantors further jointly and severally undertakes that it will provide to us all information necessary for the enforcement of the above non-competition undertakings.

Each of the Covenantors also represents and warrants that apart from the disclosures made in this prospectus, neither it nor any of its close associates is currently interested or engaging, directly or indirectly, in any business that competes or may compete with us.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Deed of Non-Competition will cease to have effect on any of the Covenantors if it ceases to be a Controlling Shareholder of our Company, or the date on which the Listing is withdrawn, whichever occurs first.

CORPORATE GOVERNANCE MEASURES

We have adopted the following measures to manage the conflict of interests arising from competing business and to safeguard the interest of our Shareholders:

- (a) the Covenantors will promptly provide to us such information as we may from time to time reasonably request to ascertain the compliance by the Covenantor of its obligations under the Deed of Non-Competition;
- (b) our independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition;
- (c) the Covenantors undertake to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (d) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-Competition either through our annual report or by way of announcement to the public;
- (e) the Covenantors undertake to abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interest;
- (f) the Covenantors will make an annual declaration on compliance with their undertaking under the Deed of Non-Competition in our annual report and make disclosure on how the Deed of Non-Competition has been complied with and enforced, consistent with the principle of making voluntary disclosure in the corporate governance report; and
- (g) we have appointed Somerley Capital Limited as our compliance adviser which shall provide us with professional advice and guidance in respect of compliance with the GEM Listing Rules and applicable laws.

CONNECTED TRANSACTIONS

RELATIONSHIP BETWEEN OUR GROUP AND THE CONNECTED PERSONS

Easy System Design

Quantsmile (BVI) is one of our Controlling Shareholders and will become a connected person of our Company under Rule 20.07(1) of the GEM Listing Rules upon Listing.

Easy System Design, a company incorporated in Hong Kong with limited liability, is wholly owned by eBroker (Cayman), which is in turn owned by Quantsmile (BVI) as to approximately 41.19%. Easy System Design will therefore be an associate of Quantsmile (BVI) under Rule 20.11(3) of the GEM Listing Rules upon Listing and accordingly, a connected person of our Company under Rule 20.07(4) of the GEM Listing Rules.

Beevest Securities

Financial Data Technologies is our substantial Shareholder and will become a connected person of our Company under Rule 20.07(1) of the GEM Listing Rules upon Listing.

Beevest Securities, a company incorporated in Hong Kong with limited liability, was acquired by Beevest Capital Limited in August 2016 and became its direct wholly-owned subsidiary. As Beevest Capital Limited is directly wholly owned by Financial Data Technologies, Beevest Securities is an indirect wholly-owned subsidiary of Financial Data Technologies. Beevest Securities will therefore be an associate of Financial Data Technologies under Rule 20.11(1) of the GEM Listing Rules upon Listing and accordingly, a connected person of our Company under Rule 20.07(4) of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Upon Listing, the following transactions will constitute continuing connected transactions for our Company under the GEM Listing Rules.

Tenancy Agreement with Easy System Design

(a) Background of the transaction

On 18 August 2016, eBroker Systems (as tenant) and Easy System Design (as landlord) entered into a tenancy agreement (the “**Current Tenancy Agreement**”) for the leasing of a property located at Room 603 within offices B, C and D1 on the 6th Floor of China Insurance Group Building, No. 141 Des Voeux Road Central, No. 73 Connaught Road Central & Nos. 61 – 65 Gilman Street, Hong Kong (the “**Property**”) for a term of three years from 1 January 2016 to 31 December 2018 (both days inclusive), and at a monthly rent of HK\$100,000 from 1 January 2016 to 31 May 2016 and HK\$135,000 from 1 June 2016 to 31 December 2018. On 5 November 2018, eBroker Systems and Easy System Design entered into a tenancy agreement (the “**New Tenancy Agreement**”, together with the Current Tenancy Agreement, the “**Tenancy Agreements**”) to renew the leasing of the Property for a term of three years from 1 January 2019 to 31 December 2021 at a monthly

CONNECTED TRANSACTIONS

rent of HK\$180,000. The government rates and rent, management charges and the air-conditioning charges, if any, were borne by the tenant and the landlord equally, while the property tax in respect of the Property was borne by the landlord as stipulated in the Tenancy Agreements.

(b) Pricing

The monthly rental was determined after arm's length negotiations between the parties and reflected the then prevailing market rates for similar properties in the vicinity. Prior to the signing of each the Tenancy Agreements, an independent property valuer, Asset Appraisal Limited, was engaged to review the rental payable under the Tenancy Agreements. According to Asset Appraisal Limited, the rental payable by our Group was comparative to the then market level of similar properties in the vicinity and that the terms under the Tenancy Agreements are on normal commercial terms, fair and reasonable.

(c) Historical transaction amounts

The total rent paid by eBroker Systems to Easy System Design under the Current Tenancy Agreement for the two years ended 31 December 2017 and the eight months ended 31 August 2018 amounted to HK\$1,445,000, HK\$1,620,000 and HK\$1,080,000, respectively. As at 31 December 2016 and 2017 and 31 August 2018, our Group did not have any payable nor receivable balance with Easy System Design.

(d) Annual caps

It is proposed that the annual cap for the rental payable under the Tenancy Agreements will be HK\$2,160,000, HK\$2,160,000 and HK\$2,160,000 for the years ending 31 December 2019, 2020 and 2021. The said annual cap was arrived at with reference to the actual rental payable thereunder.

(e) Reasons for the transaction

We have historically leased the Property from Easy System Design as our office. As such, any relocation of our office by cessation of such lease would incur unnecessary costs. Our Directors are of the view that the Tenancy Agreements were entered into on normal commercial terms and that the terms thereof are fair, reasonable and in the interest of our Group and our Shareholders as a whole.

(f) Implications under the GEM Listing Rules

As certain of the applicable ratios (other than the profits ratio) of the Tenancy Agreements, on an annual basis, are expected to be less than 25% and the total consideration is less than HK\$10,000,000, the transactions are subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

CONNECTED TRANSACTIONS

Provision of financial software solutions and maintenance services to Beevest Securities

(a) Background of transaction

We began to provide financial software solutions and maintenance services to Beevest Securities in 2001 as part of our ordinary and usual course of business.

On 22 January 2019, eBroker Systems entered into a master service agreement (the “**Master Service Agreement**”) with Beevest Securities for a term of three years commencing from the Listing Date and shall continue for the period ending on 31 December 2021, being the last day of the third financial year from the effective date. Pursuant to the Master Service Agreement, our Group would provide financial software solutions and maintenance services (the “**Services**”) to Beevest Securities. The Master Service Agreement is a framework agreement which provides the mechanism for the provision of the Services described therein. It is envisaged that from time to time and as required, individual service agreements may be required to be entered into between our Group and Beevest Securities. Each individual service agreement will set out the relevant scope of services provided by our Group and the service fees. The individual service agreements may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the Master Service Agreement. As the individual service agreements are simply further elaborations on the Master Service Agreement, they do not constitute new categories of connected transactions as far as the GEM Listing Rules are concerned.

(b) Pricing

The service fees under the Master Service Agreement will be negotiated on an arm’s length basis between Beevest Securities and our Group having regard to the scope, quantity, specifications and/or other conditions of each Services to be provided on the basis of (a) the price at which our Group provides the same or similar services to Independent Third Parties; (b) the price at which any Independent Third Party in the market provides the same or similar services to other Independent Third Parties; or (c) the price determined with reference to industry standards or market practices of the market of the same or similar services, such that individual agreements will have been entered into on normal commercial terms.

To ensure that the above-mentioned pricing policy will be strictly complied with after Listing, each individual service agreement under the Master Service Agreement shall be reviewed and approved by (a) our financial controller; and (b) our director of business development pursuant to the above-mentioned pricing policies prior to the execution of the relevant individual service agreement. All of the individual service agreements under the Master Service Agreement will also be subject to the review of our independent non-executive Directors and the auditors on a yearly basis in accordance with the GEM Listing Rules.

CONNECTED TRANSACTIONS

(c) Historical transaction amounts

The service fees credited to income from Beevest Securities for the two years ended 31 December 2017 and the eight months ended 31 August 2018 amounted to approximately HK\$2,162,000, HK\$1,818,000 and HK\$1,077,600, respectively, representing approximately 4.5%, 3.7% and 3.0% of our total revenue from continuing operations in the same periods, respectively. As at 31 December 2016 and 2017 and 31 August 2018, our Group had approximately HK\$153,000, HK\$135,000 and HK\$674,000 trade receivable balances from Beevest Securities respectively.

(d) Annual caps

Having taken into consideration the historical service fees charged by our Group to Beevest Securities, it is proposed that the annual caps for the service fees will be HK\$2,200,000, HK\$2,200,000 and HK\$2,200,000, respectively, for each of the years ending 31 December 2019, 2020 and 2021.

(e) Reasons for the transaction

In the past and during the Track Record Period, our Group has been providing the Services to Beevest Securities. These services are expected to continue after the Listing and generate revenue for our Group. As the Services will be provided by our Group in the ordinary course of business on terms no less favourable to our Group than those offered to Independent Third Parties seeking similar services, the Master Service Agreement is in line with the business operation and is in the interests of our Company and our Shareholders as a whole.

(f) Implications under the GEM Listing Rules

As certain of the applicable ratios (other than the profits ratio) of the transactions under the Master Service Agreement, on an annual basis, are expected to be less than 25% and the total consideration is less than HK\$10,000,000, the transactions are subject to reporting, announcement and annual review requirements but exempt from independent shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

Application for waiver from strict compliance with the GEM Listing Rules

Pursuant to Rule 20.103 of the GEM Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under the GEM Listing Rules in respect of the transactions as contemplated under the New Tenancy Agreement and the Master Service Agreement subject to (a) the transactions as contemplated under the New Tenancy Agreement and the Master Service Agreement being carried out in compliance with the requirements of the GEM Listing Rules and our compliance with the relevant requirements for continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules; and (b) the aggregate value of such non-exempt continuing connected transactions for each relevant financial year not exceeding the relevant annual caps set forth above.

CONNECTED TRANSACTIONS

Confirmation from our Directors

Our Directors (including our independent non-executive Directors) are of the view that (i) the New Tenancy Agreement and the Master Service Agreement were entered into and are in our ordinary and usual course of business, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable and in the interests of our Shareholders as a whole.

Our Company confirmed that we will comply with the applicable requirements under Chapter 20 of the GEM Listing Rules as amended from time to time, and will immediately inform the Stock Exchange if there are any material changes to the aforesaid transaction.

Confirmation from the Sole Sponsor

The Sole Sponsor considers that (i) the New Tenancy Agreement and the Master Service Agreement were entered into and are in our ordinary and usual course of business, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable and in the interests of our Shareholders as a whole.

RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the Track Record Period, details of which are set out in note 30 to the Accountants' Report in Appendix I to this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of five Directors, of whom two are executive Directors and three are independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business. Our Company has entered into a service contract or letter of appointment with each of our Directors and senior management members. The following table sets forth certain information regarding our Directors and senior management:

Name	Age	Existing position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director	Relationship with other Directors and/or senior management
Mr. Chan Lap Tak, Douglas (陳立德)	53	Executive Director and Chairman	Responsible for formulating and monitoring our Company's overall strategic plan and research and development	3 May 2000	23 May 2016	None
Mr. Lo Chi Ho (盧志豪)	46	Executive Director and chief executive officer	Responsible for developing our Group's solutions with the latest technology	5 July 2007	23 May 2016	None
Mr. Chan Chi Kwong Dickson (陳智光)	47	Independent non-executive Director	Responsible for providing independent advice to our Board; member of our audit committee and nomination committee	19 June 2018	19 June 2018	None
Mr. Liu Kin Sing (廖健昇)	50	Independent non-executive Director	Responsible for providing independent advice to our Board; chairman of our remuneration committee, member of our audit committee and nomination committee	19 June 2018	19 June 2018	None
Mr. Au Yeung, Po Fung (歐陽寶豐)	51	Independent non-executive Director	Responsible for providing independent advice to our Board; chairman of our audit committee and member of our remuneration committee	19 June 2018	19 June 2018	None

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Senior management

Name	Age	Existing position	Roles and responsibilities	Date of joining our Group	Date of appointment as senior management	Relationship with other Directors and/or senior management
Mr. Liew Swee Yean (劉瑞源)	55	Financial controller	Responsible for the corporate financial affairs of our Group	10 December 2012	10 December 2012	None
Mr. Liu Kwun Kiu (廖冠僑)	41	Director of business development	Responsible for managing the sales team and business development division of our Group	17 June 2010	1 July 2016	None
Mr. Koo Man Fai (顧文輝)	58	Application development manager	Responsible for managing the development team and working with outsourcing vendor to design and develop system applications	1 May 2005	1 June 2011	None
Mr. Wong Kwing Nam (黃焯南)	40	Senior marketing manager	Responsible for leading the sales and marketing team and managing trading system implementation projects	10 May 2006	1 June 2010	None

BOARD OF DIRECTORS

Our Board is responsible for and has general powers for the management and conduct of our business.

Executive Directors

Mr. CHAN Lap Tak, Douglas (陳立德), aged 53, is our executive Director, founder of our Group and Chairman. Mr. Chan is responsible for formulating and monitoring our Company's overall strategic plan and research and development. Mr. Chan is the architect of our global order management system as well as a key researcher of our alpha investment model. Mr. Chan has over 30 years of experience in the securities and derivatives field in the United States and Hong Kong. He was the first generation involved in financial network computing technologies with over 30 years of experience on the Arpanet/Internet and over 27 years of experience in the brokerage industry. Prior to founding our Group, Mr. Chan was a vice president and executive director at The Goldman Sachs Group, Inc. in the United States, a global investment banking, securities and investment management firm that provides a wide range of financial services and listed on the New York Stock Exchange (stock symbol: GS), between July 1991 and January 2000 and helped in setting up its Asian equity derivatives business in 1994. He was also a member of the quantitative strategies group at The Goldman Sachs Group, Inc. and was responsible for developing various global

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

trading and risk management systems for both cash and equity derivatives. Mr. Chan was then transferred to the Hong Kong office in September 1994 and gained experience with trading systems at both the Stock Exchange and the Hong Kong Futures Exchange. He worked at The Bear Stearns Companies, Inc., a New York-based global investment bank and securities trading and brokerage firm as vice president in advanced technologies between August 1987 and September 1989. In the late 1980s, he was also the first generation in developing program trading system in a distributed computing environment when he worked at Salomon Brothers, an investment banking firm providing investment-banking, securities underwriting, and foreign exchange trading services as manager of systems programming between October 1989 and July 1991 in the United States.

Mr. Chan was a member of the derivatives market consultative panel of HKEX from June 2009 to May 2015. He was awarded the Hong Kong Computer Society Outstanding IT Achiever Awards 2008 – IT Professional Competency Award in March 2009.

Mr. Chan graduated from the State University of New York at Stony Brook, United States as the Valedictorian with a bachelor's degree of science majoring in computer science in May 1985 and was further awarded the degree of master of science majoring in computer science by the New York University, United States in May 1992.

Mr. Chan has not been a director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas for the three years immediately preceding the date of this prospectus.

Mr. LO Chi Ho (盧志豪), aged 46, is our executive Director and chief executive officer. Mr Lo is responsible for developing our Group's solutions with the latest technology. Mr. Lo has over 16 years of experience in the software industry and more than 10 years of experience in applying the latest technology to improve finance business processes. Prior to joining our Group in 2007, Mr. Lo worked for Hongkong and Shanghai Banking Corporation, a licensed bank in Hong Kong, as an IT project manager of CIBM IT cross products between September 2006 and July 2007 and he was responsible for project management in relation to information technology.

Mr. Lo has been a Microsoft Certified Professional (MCP), Microsoft Certified Professional + Internet (MCP + Internet), Microsoft Certified System Engineer (MCSE), Microsoft Certified Database Administrator (MCDBA), Microsoft Certified System Engineer + Internet (MCSE+Internet) accredited by Microsoft Corporation that validates IT professional and developer technical expertise since 2000.

Mr. Lo graduated from the University of Michigan, United States with the degree of bachelor of science in engineering in August 1994. He subsequently obtained a degree of master of science in information systems management from the Hong Kong University of Science and Technology in November 2003.

Mr. Lo has not been a director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas for the three years immediately preceding the date of this prospectus.

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Independent non-Executive Directors

Mr. CHAN Chi Kwong Dickson (陳智光), aged 47, was appointed as our independent non-executive Director on 19 June 2018. He is a member of our audit committee and nomination committee.

Mr. Chan has over 25 years of experience in accounting in Hong Kong. Between September 1989 and March 1991, he worked as an accounts clerk at L&D Investment Ltd. He was later employed by Yip, Leung & Chan, Certified Public Accountants, as an audit clerk from April 1991 to June 1992. Afterwards, he was an audit semi-senior of Chan, Wong, Chung & Co. and Philip P.L. Choi & Co., both of which are Certified Public Accountants, for the period from June 1992 to August 1993 and from January 1994 to April 1996, respectively. Further, Mr. Chan worked for H.M. Tsang & Mak and RSM Nelson Wheeler (following the merger of Lai & Fan, Sothertons and Nelson Wheeler on 1 January 1999), both of which are Certified Public Accountants, as an audit senior for the period from April 1996 to January 1997 and from January 1997 to October 2003, respectively.

Subsequently, Mr. Chan acted as a practising accountant of Dickson C.K. Chan, Certified Public Accountants for the period from January 2004 to December 2006, where he was a sole proprietor involved in providing assurance and tax services. He later founded and was a partner of FC Partners CPA Limited, from January 2007 to May 2014. Afterwards, Mr. Chan co-founded CF Partners Limited, Certified Public Accountants, in November 2009 and is now a partner therein. He has also been a director and partner of JH CPA Alliance Limited, Certified Public Accountants, since January 2010, where he is responsible for providing assurance and tax advisory services. Mr. Chan also founded Infinity Assurance Limited, Certified Public Accountants, in June 2014.

Between December 2011 and April 2013, Mr. Chan was an independent non-executive director of Megalogic Technology Holdings Limited (stock code: 8242), the shares of which are listed on GEM and is principally engaged in the integrated circuit business, property management and money lending business. From October 2016 to September 2018, Mr. Chan was the company secretary of Coastal Corporation Limited. Since July 2018, Mr. Chan has been the chief financial officer of iCentury Holdings Limited (stock code: 8507), the shares of which are listed on GEM and is an apparel supply chain management services provider.

Mr. Chan has been registered as a certified public accountant of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 2004 and has been a member since March 2001. In December 2008, he became a fellow of the Hong Kong Institute of Certified Public Accountants. He has been a member of The Association of Chartered Certified Accountants since November 2000 and was admitted as a fellow in November 2005. In November 2004, Mr. Chan obtained a master degree of Corporate Finance from The Hong Kong Polytechnic University and a degree in Bachelor of Laws from City University of Hong Kong in October 2014.

Saved as disclosed in this prospectus, Mr. Chan has not been a director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas for the three years immediately preceding the date of this prospectus.

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Mr. LIU Kin Sing (廖健昇), aged 50, was appointed as our independent non-executive Director on 19 June 2018. He is the chairman of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Liu has over 26 years of experience in the legal industry in Hong Kong. He started his career as an articulated clerk in Boase Cohen & Collins Solicitors & Notaries (“BC&C”), a law firm in Hong Kong, between August 1991 and July 1993, and was an assistant solicitor there between August 1993 and April 1995. In September 1999, he re-joined BC&C as a consultant and has been a partner of BC&C since December 2000.

Mr. Liu is also a member of the Board of Review (Inland Revenue Ordinance) and the Transport Tribunals’ Panel. He is also an independent director of the Travel Industry Council of Hong Kong. He was also a member of the Solicitors Disciplinary Tribunal Panel between 15 January 2005 and 14 January 2017.

Mr. Liu is also an honorary legal adviser of the Hong Kong Small and Medium Enterprises Association, an honorary legal adviser of the International Association of Lions Clubs District 303 Hong Kong & Macao, China and the legal adviser of the Hong Kong General Chamber of Young Entrepreneurs.

Mr. Liu graduated from the University of Hong Kong with a bachelor degree of laws in December 1990. He then went on to obtain a Postgraduate Certificate in Laws from the same university in June 1991. Mr. Liu was admitted as a solicitor in the supreme court of Hong Kong in September 1993. In June 2008, Mr. Liu obtained a master of business administration from the Kellogg School of Management, Northwestern University jointly with the School of Business and Management of the Hong Kong University of Science and Technology.

Mr. Liu has not been a director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas for the three years immediately preceding the date of this prospectus.

Mr. AU YEUNG, Po Fung (歐陽寶豐), aged 51, was appointed as our independent non-executive Director on 19 June 2018. He is the chairman of our audit committee and a member of our remuneration committee.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Au Yeung has over 27 years of experience in property development, financing, credit control, tax and other financial matters. Mr. Au Yeung has worked at various financial institutions, conglomerates and international audit firms. He holds or has held the following positions:

Employer	Stock code (if listed on the Stock Exchange)	Principal business activity(s)	Position and responsibilities	Period of employment
Redsun Properties Group Limited	1996	Property development	Independent non-executive director	June 2018 – present
Shanshan Brand Management Co., Ltd.	1749	Design, marketing and sale of formal and casual business menswear	Independent non-executive director	May 2018 – present
GR Properties Limited	108	Property development and investment	Independent non-executive director	July 2017 – present
China LNG Group Limited	931	Investment in property and natural-gas businesses	Independent non-executive director	July 2016 – present
Sansheng Holdings (Group) Co. Ltd.	2183	Property development and investment	Vice-president of 福建三盛房地產開發有限公司 (Fujian Sansheng Property Development Company Limited), and chief financial officer and secretary of the board of 利福地產發展有限公司 (Lifu Property Development Company Limited)	September 2017 – January 2018
Smart Faith Management Limited, a member of the South China Group	N/A	Property development and investment	Chief financial officer	July 2016 – September 2017
Kiu Hung International Holdings Limited	381	Toys, resources and leisure – related businesses	Independent non-executive director	May 2016 – September 2016
Shanghai Fosun High Technology (Group) Co., Limited	N/A	Financial property, steel and healthcare	Vice president and chief financial officer	February 2014 – August 2014
Sun Hung Kai Real Estate Agency Ltd	N/A	General management and agency	Chief financial officer – Mainland Operations in the PRC department	October 2011 – December 2013
Powerlong Real Estate Holdings Limited	1238	Property development and investment	Deputy president, chief financial officer, company secretary and authorised representative	November 2007 – October 2011
Hong Kong Exchanges and Clearing Limited	388	Stock market and futures market operator	Senior manager of the Clearing Division	January 2001 – January 2005
Dao Heng Bank Limited	N/A	Banking	Financial accountant	June 1998 – January 2001
Fu Wah International Enterprises Group Ltd.	N/A	Property development and management	Financial controller	December 1996 – May 1998
Andersen Consulting	N/A	Providing accounting, tax and consulting services	Assistant manager, management accounting in the practice competency group	July 1990 – December 1996

Notwithstanding Mr. Au Yeung's appointment as an independent non-executive director of four other companies listed on the Stock Exchange, as advised and confirmed by Mr. Au Yeung, he has sufficient time to act as our independent non-executive Director based on the following:

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- (i) his roles in those listed companies are non-executive in nature which do not require his full time involvement and he does not participate in the day-to-day operations of those listed companies;
- (ii) as advised and confirmed by Mr. Au Yeung, he has not found difficulties in devoting to and managing his time in acting as an independent non-executive director of numerous listed companies and he is confident that with his experience in being responsible for multiple roles, he will be able to discharge his duties as an independent non-executive Director;
- (iii) as advised and confirmed by Mr. Au Yeung, neither the listed companies that he has directorship with has questioned or complained about his time devoted to the listed companies and the engagement with our Group; and
- (iv) according to Mr. Au Yeung's confirmation, in respect of the most recent two complete financial years in which Mr. Au Yeung had been an independent non-executive director of such companies, he had attended most of the board meetings held.

Based on the foregoing, Mr. Au Yeung has confirmed that he has sufficient time to act as our independent non-executive Director. Based on the same, our Directors consider that the various positions currently held by Mr. Au Yeung will not result in him having insufficient time to act as our independent non-executive Director or not properly discharging his fiduciary duties as the independent non-executive Director.

Mr. Au Yeung has been a fellow member of the Institute of Chartered Accountants in England and Wales since July 2015, a chartered financial analyst of the CFA Institute since September 2006, a fellow member of the Association of Chartered Certified Accountants since November 2000, and a fellow of the Hong Kong Institute of Certified Public Accountants since May 2003.

Mr. Au Yeung graduated from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1990 with a degree of bachelor of arts in business studies.

Saved as disclosed in this prospectus, Mr. Au Yeung has not been a director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas for the three years immediately preceding the date of this prospectus.

Save as disclosed above, none of our Directors is interested in any business apart from our Group's business, which competes or is likely to compete, either directly or indirectly, with our business.

Save as disclosed in this prospectus, none of our Directors is related to any other Directors, members of senior management, substantial Shareholders or Controlling Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

FURTHER INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO GEM LISTING RULE 17.50(2)(L)

Mr. Chan Chi Kwong Dickson was a director of the following company which was dissolved with details as follows:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
FC Partners Accounting Limited (博智會計事務有限公司)	Hong Kong	Accounting	30 May 2014	Deregistration

Mr. Liu Kin Sing was a director of the following companies which were dissolved with details as follows:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Welcas Limited (滙啟有限公司)	Hong Kong	Property investment	N/A	Deregistration
Boacoh Services Limited	Hong Kong	Company secretarial services	15 February 2002	Deregistration
Wintact Limited (衛德有限公司)	Hong Kong	Investment holding	22 June 2001	Deregistration

Note: As at the Latest Practicable Date, Welcas Limited was in the process of deregistration.

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Mr. Au Yeung, Po Fung was a director of the following company which was dissolved with details as follows:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Uniford Asia Limited (統發亞洲有限公司)	Hong Kong	Investment holding	18 May 2001	Striking off

Each of our Directors above confirm that there is no wrongful act on his part leading to the above dissolutions of the companies and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the companies.

Save as disclosed in this prospectus, to the best of the knowledge, information and belief, our Directors having made all reasonable enquiries, there is no other information which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2) of the GEM Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with his appointment as a Director.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business.

Mr. LIEW Swee Yeap (劉瑞源), aged 55, is the financial controller of eBroker Systems and is responsible for the corporate financial affairs of our Group. He has over 11 years of experience in the finance and accounting fields.

Prior to joining our Group in 2012, Mr. Liew was a director of finance of Quantsmile (HK) that principally engages in asset management between October 2005 and November 2012, and was responsible for financial reporting functions and operating risk management issues. He was the regional financial controller of Pico Global Services Limited, a company that provides event marketing solution services between April 2005 and October 2005, and was responsible for financial reporting and related matters. Mr. Liew worked as the financial controller with Dah Hwa International (Holdings) Ltd. (now known as China Infrastructure Investment Limited (中國基建投資有限公司)) that principally engages in property investment (a company listed on the Main Board of the Stock Exchange, stock code: 00600) between November 2002 and April 2005 and was responsible for financial reporting and related matters. He was the financial controller of Polytek Engineering Co., Ltd., a manufacturer and importer of kitchen and laundry equipment between March 1997 and December 1998, and was responsible for financial reporting and related matters.

Mr. Liew was an independent non-executive director with Siberian Mining Group Company Limited that principally engages in mining and mineral resources and commodities trading (a company listed on the Main Board of the Stock Exchange, stock code: 01142) between December 2008 and February 2014. From November 2006, he has been an independent non-executive director with Kaisun Energy Group Limited (a company listed on

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

GEM of the Stock Exchange, stock code: 08203) that principally engages in coal production, production of mining machineries and provision of supply chain management services for mineral business.

Mr. Liew graduated from the City University of Hong Kong with a master's degree in business administration (executive) in November 2002. He has been admitted as a fellow member of the Association of Chartered Certified Accountants since May 1998 and a fellow member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 2003.

Mr. LIU Kwun Kiu (廖冠僑), aged 41, is the director of business development of eBroker Systems. He is responsible for managing the sales team and business development division of our Group. Mr. Liu has over 13 years of experience in the financial information technology industry. He rejoined our Group in June 2010 and was the deputy director of eBroker Systems between June 2010 and June 2016, being responsible for managing sales and account management teams and developing business partnership. Prior to re-joining our Group in 2010, Mr. Liu was an account manager at Thomson Reuters Hong Kong Limited, a mass media and information company between June 2006 and June 2010 and was responsible for management of clients' account. From June 2004 to May 2006, he was a marketing manager at eBroker Systems and was responsible for managing the sales and marketing division, handling major accounts and developing business and strategic partners. From May 2001 to May 2004, he was a sales and marketing executive at eBroker Systems and was responsible for managing corporate accounts and sales.

Mr. Liu graduated from the Jinan University of China with a bachelor's degree in economic information management in June 2000 and further obtained a master's degree in financial engineering at the City University of Hong Kong in July 2009.

Mr. KOO Man Fai (顧文輝), aged 58, is the application development manager of eBroker Systems and is principally responsible for managing the development team and working with outsourcing vendor to design and develop system applications. Mr. Koo joined our Group in May 2005 and has over 16 years of experience in the computing software development field. Prior to joining our Group, Mr. Koo worked as a software engineer with Globe Technology Development Limited, a mobile network service provider from February 2004 to April 2005 where he was responsible for software engineering. From May 2000 to August 2003, he was an assistant computer officer with the Hong Kong University of Science and Technology, Cyberspace Centre, where he was responsible for handling projects focusing on smart card technology and security-related applications on mobile devices.

Mr. Koo obtained a bachelor's degree in computer science in January 1989 and further achieved a master's degree in computer science in June 1990 at the New York Institute of Technology. He also obtained a diploma in internet technology management at the HKUST College of Lifelong Learning of Hong Kong University of Science and Technology in January 2002.

Mr. WONG Kwing Nam (黃焯南), aged 40, is the senior marketing manager of eBroker Systems and is principally responsible for leading the sales and marketing team and managing trading system implementation projects. Mr. Wong joined our Group in May 2006

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and has over 16 years of experience in the fields of information technology and project management. Prior to joining our Group, Mr. Wong worked as a system administrator with Opus IT Services Pte Ltd, an information technology service solutions company from January 2005 to January 2006 and was responsible for coordinating and implementing network devices and servers for the Media Development Authority of Singapore and Singapore Management University. From December 2003 to December 2004, Mr. Wong worked as a server support officer with Standard Chartered Bank, and was responsible for servers management, carrying out servers application upgrade projects and user desktop support. From June 2000 to June 2001, Mr. Wong worked as a trainee with Compaq Computer Limited, a company that develops and sells computers and related products, and was responsible for providing helpdesk support, network trouble shooting, and managing computer network and systems.

Mr. Wong graduated from the Chinese University of Hong Kong with a bachelor's degree in engineering in May 2002.

Save as disclosed in this prospectus, none of our senior management is related to any other Directors, members of senior management, substantial Shareholders or Controlling Shareholders.

Save as disclosed in this prospectus, none of our senior management members has been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Mr. LIEW Swee Yean (劉瑞源), who is a member of our senior management, was appointed as our company secretary on 19 July 2016. His biographical details are set out in the paragraph above headed "Senior Management".

COMPLIANCE OFFICER

Mr. LO Chi Ho (盧志豪), who also holds the post of executive Director and chief executive officer, is also our compliance officer. His biographical details are set out in the paragraph above headed "Board of Directors".

BOARD COMMITTEES

We have established an audit committee, a remuneration committee and a nomination committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities. The committees operate in accordance with their respective terms of reference established by our Board.

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Audit Committee

Our audit committee was established by our Board on 19 June 2018, with effect from the Listing, in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the “**Corporate Governance Code**”). Amongst other things, the primary duties of our audit committee are to review and supervise our financial reporting process, risk management and internal control systems and to provide advice and comments to our Board.

Our audit committee consists of three members, namely Mr. Au Yeung, Po Fung, Mr. Chan Chi Kwong, Dickson and Mr. Liu Kin Sing, all being independent non-executive Directors. The chairman of our audit committee is Mr. Au Yeung, Po Fung.

Remuneration Committee

Our remuneration committee was established by our Board on 19 June 2018, with effect from the Listing, in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1.2 of the Corporate Governance Code. Amongst other things, the primary duties of our remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and the senior management personnel of our Group.

Our remuneration committee consists of three members, comprising Mr. Chan and our two independent non-executive Directors, namely Mr. Liu Kin Sing and Mr. Au Yeung, Po Fung. Mr. Liu Kin Sing has been appointed as the chairman of our remuneration committee.

Nomination Committee

Our nomination committee was established by our Board on 19 June 2018, with effect from the Listing, in compliance with paragraphs A.5.1 and A.5.2 of the Corporate Governance Code. Amongst other things, the primary duty of our nomination committee are to make recommendations to our Board regarding the candidate for directorship, either to fill vacancies or to appoint additional Directors.

Our nomination committee consists of three members, comprising Mr. Chan and our two independent non-executive Directors, namely Mr. Liu Kin Sing and Mr. Chan Chi Kwong, Dickson. Mr. Chan has been appointed as the chairman of our nomination committee.

CORPORATE GOVERNANCE

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. To accomplish this, we will comply with the code provisions set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules upon the Listing.

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BOARD DIVERSITY

We have adopted a board diversity policy with the aim of achieving diversity on the Board. Our Company recognises and embraces the benefits of having a diverse Board to enhance its operating results and quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board. While we recognise that the gender diversity at the Board level can be improved given its current composition of all-male directors, we will continue to apply the principle of appointment based on merits with reference to our diversity policy as a whole. After Listing, our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on annual basis.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors receive compensation, in their capacities as our Group's employees, in the form of salaries, bonuses, other allowances and benefits in kind, including contribution to the pension scheme for our executive Directors.

The remuneration policy of our Group is and will be formulated by the Board on the recommendation of the remuneration committee of the Board. Going forward, our Directors' emoluments will be determined after considering various factors including but not limited to the experience and performance of each of the individual Directors, time commitment, responsibilities, the salaries paid by comparable companies, market salary statistics and prevailing market conditions, as well as the recommendation of the remuneration committee so as to (i) give encouragement to enhance our Company's performance and ensure that our Directors are rewarded for their individual contributions and performance; and (ii) achieve the goal of aligning the remuneration policy with corporate objectives and business strategy. In addition, the remuneration package of each individual Director is subject to periodic review and assessment.

For the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018, the aggregate amount of emoluments, including fees, salaries, contributions to pension schemes and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors were approximately HK\$3.1 million, HK\$3.2 million and HK\$2.2 million, respectively. Under the arrangements currently in force, we estimate the aggregate remuneration and benefits in kind, excluding discretionary bonuses, payable to our Directors for the year ending 31 December 2018 to be approximately HK\$3.0 million.

For the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018, the aggregate amount of emoluments, including fees, salaries, contributions to pension schemes and other allowances and benefits in kind and discretionary bonuses which were paid to our senior management were approximately HK\$3.0 million, HK\$3.2 million and HK\$2.1 million, respectively.

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The aggregate amount of emoluments including fees, salaries, contributions to pension schemes and other allowances and benefits in kind and discretionary bonuses which were paid by our Group to our five highest paid individuals for the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018 was approximately HK\$7.3 million and HK\$7.7 million and HK\$5.1 million, respectively.

No emolument was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid or are payable to the Directors or the five highest paid individuals of our Group for each of the years ended 31 December 2016 and 31 December 2017 and the eight months ended 31 August 2018.

Further details of the terms of the service contracts of our Directors are set out in the section headed “Statutory and General Information – Further information about our Directors and substantial Shareholders – Directors – Particulars of service contracts” in Appendix IV to this prospectus.

For further details of the emoluments of our Directors during the Track Record Period as well as the information on the five highest paid individuals, please see note 12 to the Accountants’ Report in Appendix I to this prospectus.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 33 employees. All of our employees are located in Hong Kong. For further details of our employees by functional role, please refer to the section headed “Business – Employees and employee benefits” in this prospectus.

Recruitment policies and employee relationship

We believe that we have maintained good relationships with our employees and our management policies, working environment, development opportunities and employee benefits have contributed to the maintenance of good employee relations and employee retention.

We generally recruit our employees through recruitment agent and websites. During the Track Record Period, we have not experienced any work stoppage or labour strike in the past and have not experienced any significant difficulty in recruiting or retaining qualified staff.

Training

Our Directors believe that the employees are among the most valuable assets of our Group and have contributed to our success. We provide management training courses, which are conducted by our senior management team, to our employees in the supervisory level to

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develop their management and leadership skills and to better manage their work and their team. Our software engineers participate in courses provided by our suppliers to keep abreast of the latest technology development.

Staff remuneration and benefits

The remuneration packages of the employees include salary and insurance benefits. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of the employees, which forms the basis of determination on pay rise, bonus and promotion. Our Directors believe that the salaries and benefits that the employees receive are competitive in comparison with the market rates.

Retirement benefit schemes

All of our employees have joined a mandatory provident fund scheme (the “**MPF Scheme**”). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. We have complied with the relevant laws and regulations, and that relevant contributions have been paid by us in accordance with the aforesaid laws and regulations.

SHARE OPTION SCHEME

Our Company has conditionally adopted a Share Option Scheme on 22 January 2019 pursuant to which selected participants may be granted options to subscribe for Shares as incentives or rewards for their service rendered to our Group and any entity in which any member of our Group holds any equity interest. Our Directors believe that the implementation of the Share Option Scheme enables our Group to recruit and retain high calibre executives and employees. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information – Share Option Scheme” in Appendix IV to this prospectus.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

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- (3) where our Group proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our Group's business activities, development or results of operation deviate from any forecast, estimate or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Shares or any other matters in accordance with Rule 17.11 of the GEM Listing Rules.

The term of the appointment of the compliance adviser will commence on the Listing Date and end on the date on which our Group 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.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors as of the Latest Practicable Date, the following persons will, immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, 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:

Name of Shareholder	Nature of interests <i>(Note 1)</i>	Shares held immediately prior to the completion of the Share Offer		Shares held immediately following the completion of the Share Offer	
		<i>Number of Shares</i>	<i>Percentage (%)</i>	<i>Number of Shares</i>	<i>Percentage (%)</i>
Quantsmile (BVI) <i>(Note 2)</i>	Beneficial interests	411,902,870 Shares	41.19%	411,902,870 Shares	33.49%
Eagle Business Consulting <i>(Notes 2 and 3)</i>	Beneficial interests /Interest in a controlled corporation	634,546,910 Shares	63.45%	634,546,910 Shares	51.59%
Good Steward Foundation <i>(Notes 3 and 4)</i>	Interest in a controlled corporation	634,546,910 Shares	63.45%	634,546,910 Shares	51.59%
Financial Data Technologies <i>(Note 5)</i>	Beneficial interests	130,000,000 Shares	13%	130,000,000 Shares	10.57%
Mr. Nie Lehui <i>(Note 5)</i>	Interest in a controlled corporation	130,000,000 Shares	13%	130,000,000 Shares	10.57%
Glory Sight Holdings Ltd. <i>(Note 6)</i>	Beneficial interests	87,218,200 Shares	8.72%	87,218,200 Shares	7.09%
Mr. Wong Tit Shing <i>(Note 6)</i>	Interest in a controlled corporation	87,218,200 Shares	8.72%	87,218,200 Shares	7.09%

Notes:

1. All interests stated are long positions.

SUBSTANTIAL SHAREHOLDERS

2. Quantsmile (BVI) is an investment holding company incorporated in the BVI and is held as to approximately 50.85% by Eagle Business Consulting, 23.73% by Supergrand and 25.42% jointly by Mr. Chan (our executive Director) and Ms. Cheung (the spouse of Mr. Chan). By virtue of the SFO, Eagle Business Consulting is deemed to be interested in the Shares held by Quantsmile (BVI) in our Company.
3. Eagle Business Consulting is an investment holding company incorporated in Hong Kong and is held as to approximately 95.19% by Good Steward Foundation, 4.76% by Ms. Cheung (the spouse of Mr. Chan) and 0.05% by Mr. Ng. By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Quantsmile (BVI), which holds approximately 33.49% interests in our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

Eagle Business Consulting also directly holds approximately 18.10% interest in our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme). By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Eagle Business Consulting in our Company.

4. Good Steward Foundation is a charitable company incorporated in Hong Kong and holds approximately 95.19% interest in Eagle Business Consulting, which holds approximately 50.85% in Quantamile (BVI), which in turn holds approximately 33.49% interests in our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme). By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Eagle Business Consulting.
5. Financial Data Technologies, our pre-IPO investor, is beneficially wholly owned by Mr. Nie Lehui.
6. Glory Sight Holdings Ltd. (“**Glory Sight**”) is an investment holding company incorporated in the BVI and is held as to 70% by Mr. Wong Tit Shing and 30% by Mr. Luke Hung Pong, Patrick, each an Independent Third Party. By virtue of the SFO, Mr. Wong Tit Shing is deemed to be interested in the Shares held by Glory Sight in our Company.

Save as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), have an interest or short positions in any of our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly, 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 Company.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

Assuming the Adjustment Options are not exercised, the share capital of our Company immediately following completion of the Share Offer will be as follows:

HK\$

Authorised share capital:

<u>5,000,000,000</u>	Shares	<u>5,000,000</u>

Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:

Number of Shares

1,000,000,000	Shares in issue as at the date of this prospectus	1,000,000.00
<u>230,000,000</u>	Shares to be issued pursuant to the Share Offer	<u>230,000.00</u>
<u>1,230,000,000</u>	Total	<u>1,230,000.00</u>

Assuming any of the Adjustment Options is exercised in full, the share capital of our Company immediately following the Share Offer will be as follows:

Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:

Number of Shares

1,000,000,000	Shares in issue as at the date of this prospectus	1,000,000.00
230,000,000	Shares to be issued pursuant to the Share Offer	230,000.00
<u>34,500,000</u>	Shares to be issued pursuant to any of the Adjustment Options	<u>34,500.00</u>
<u>1,264,500,000</u>	Total	<u>1,264,500.00</u>

In the event that any of the Adjustment Options is exercised in full, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately after completion of the Share Offer will be HK\$1,264,500 divided into 1,264,500,000 Shares.

SHARE CAPITAL

Assumptions

The above tables assume that the Share Offer has become unconditional and our Shares are issued pursuant thereto. It does not take into account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Ranking

The Offer Shares and the Shares which may be issued pursuant to the exercise of any of the Adjustment Options will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus, and will qualify for all dividends or other distributions declared, paid or made on our Shares after the date of this prospectus.

Public Float

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum level of 25% of the issued share capital of our Company in the hands of the public.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 22 January 2019. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information – Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE NEW SHARES

Subject to the Share Offer becoming unconditional, a general unconditional mandate has been granted to our Directors to allot, issue and deal with unissued Shares with a total number not exceeding:

- 20% of the aggregate of the total number of Shares in issue immediately following completion of the Share Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme); and
- the total number of the Shares repurchased by our Company (if any) under the authority referred to in the paragraph headed “General mandate to repurchase Shares” in this section.

The total number of our Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of Shares under a rights issue, script dividend scheme or similar arrangement in accordance with our Articles, or pursuant to the exercise of options which may be granted under the Share Option Scheme or under the Share Offer.

SHARE CAPITAL

This general mandate will expire:

- (a) at the conclusion of our Company's next annual general meeting; or
- (b) upon the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or its Articles to hold our next annual general meeting; or
- (c) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

Particulars of this general mandate are set forth under the section headed "Statutory and General Information – Further information about our Group – Resolutions passed by our Shareholders at the extraordinary general meetings held on 19 June 2018 and 22 January 2019" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, a general unconditional mandate has been granted to our Directors to exercise all the powers of our Company to repurchase Shares not exceeding 10% of the aggregate number of shares in issue immediately following completion of Share Offer (without taking into account any shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options that may be granted under the Share Option Scheme).

This repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the GEM Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed "Statutory and General Information – Further information about our Group – Repurchase by our Company of its own securities" in Appendix IV to this prospectus.

This repurchase mandate will expire:

- (a) at the conclusion of our Company's next annual general meeting; or
- (b) upon the expiration of the period within which our Company is required by any applicable law of the Cayman Islands or its Articles to hold our next annual general meeting; or
- (c) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

SHARE CAPITAL

Particulars of this general mandate are set forth in the section headed “Statutory and General Information – Further information about our Group – Resolutions passed by our Shareholders at the extraordinary general meetings held on 19 June 2018 and 22 January 2019” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

The circumstances under which general meeting and class meeting are required are provided in the Articles. For further details, please refer to the section headed “Summary of the constitution of the Company and Cayman company law – Articles of Association” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical consolidated financial information and operating data included elsewhere in this prospectus. Our consolidated financial information has been prepared in accordance with HKFRSs. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. For further information in relation to our Group's structure, please refer to the section headed "History, Reorganisation and Group structure" in this prospectus. The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses 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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk factors" and "Forward-looking statements" for discussions of those risks and uncertainties. Unless the context otherwise requires, financial information described in this section is described on consolidated basis. Please also refer to the section headed "Business – Software solution services" in this prospectus for details of our business.

OVERVIEW

We are a financial technology solution provider focusing on the provision of financial software solution services to primarily financial institutions (including mainly brokerage firms, proprietary trading firms and wealth management companies) in Hong Kong. Since 2000, after the introduction of the third generation of AMS by HKEX, we launched *eBrokerSys*, our OMS with straight-through processing and automated capabilities for Exchange Participants. Our software solutions perform a variety of functions for both front office operations and back office operations. For front office operations, our services include trading execution, fund management, credit control, risk management and cyber security. As for back office operations, our services include clearing and settlement of trading orders, portfolio risk reporting and colocation services. Our services are designed to serve Exchange Participants by providing them, among others, equities and futures trading execution services and clearing services as well as settlement services to retail and institutional clients.

In addition to our commitment in local exchanges, we also develop software solutions that address the increasingly sophisticated and varied needs of prospective clients and respond to technological advances of other exchanges and the demands for trading in other leading exchanges such as CME by launching a global derivatives trading platform with pre-trade and post-trade risk management capabilities. We were certified by CME as an independent software vendor in January 2013, being the first vendor in Hong Kong to obtain this certification.

For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our revenue was approximately HK\$47.9 million, HK\$48.7 million and HK\$35.9 million, respectively.

FINANCIAL INFORMATION

BASIS OF PREPARATION OF FINANCIAL INFORMATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 May 2016. Through the Reorganisation, as fully explained in the section headed “History, Reorganisation and Group structure” in this prospectus, our Company became the holding company of the companies now comprising our Group on 2 June 2016. Accordingly, the financial information of our Group for the Track Record Period had been prepared on a consolidated basis as if the current group structure had been in existence throughout the Track Record Period. As the Reorganisation involved only the insertion of new holding company at the top of the existing group and did not result in any change in economic substance, the financial information for the Track Record Period has been prepared as a continuation of the existing group using the principles of merger accounting. Please refer to the section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus for further details.

The financial information of our Group has been prepared in accordance with HKFRSs issued by the HKICPA, and also in compliance with the applicable requirements of the Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules. HKFRSs comprise Hong Kong Accounting Standards and Interpretations. Inter-company transactions, balances and unrealised gains on transactions among our Group companies are eliminated on consolidation.

For more information on the basis of preparation included herein, please see note 2 to the historical financial information included in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR BUSINESS RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those discussed below, some of which are beyond our control.

General conditions of finance and securities trading industry

During the Track Record Period, all our clients were engaged in the finance and securities trading industry in Hong Kong. In general, our clients, which are mainly brokerage firms, expand more on developing their systems to enhance efficiency when they are more profitable. In the event that our clients become less profitable due to the economic conditions or the constraints in their own industry, the demand for our services may decrease and our financial performance may be adversely affected.

Information technology change and client demands

The market for the products of our Group is characterised by rapidly-changing information technology and introduction of new financial products. The demand for upgrading financial software solution services may rise or fall along with overall economic growth and business investment environment. The success will depend upon its technical know-how on these new information technologies, product features and implementation

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methods, its ability to respond and adapt quickly to information technology change and business cycles, as well as its capabilities to understand the changing needs, preferences and requirements of its clients, in particular in the face of introduction of new products and upgrade of trading platforms by stock exchanges around the world. If our Group fails to keep updating on information technology change and introduction of new products, or keep pace with new developments and trends in the information technology market and the demands of our clients, our ability to respond effectively to our client demands may be affected, which may undermine the future development and have an adverse impact on our business and financial results.

Staff costs

Our staff costs mainly include basic salaries, allowances and bonuses and contributions to the mandatory provident fund scheme, which are major costs components of our operations. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, our Group's staff costs amounted to approximately HK\$18.4 million, HK\$19.3 million and HK\$13.2 million, respectively, representing approximately 38.4%, 39.8% and 36.7% of our revenue during the respective periods. If our staff costs increase materially and we fail to pass the same onto our clients, our business and results of operations may be adversely affected.

For illustration purpose, the sensitivity analysis below illustrates the impact of hypothetical fluctuations in staff costs on our profit before tax from continuing operations during the Track Record Period, assuming all other variables remained constant and adopting a hypothetical fluctuation of 2%, 5% and 8% in performing the sensitivity analysis below:

<i>Hypothetical fluctuations of our staff costs</i>	<i>+/-2%</i> <i>HK\$'000</i>	<i>+/-5%</i> <i>HK\$'000</i>	<i>+/-8%</i> <i>HK\$'000</i>
Decrease/increase in profit before tax from continuing operations			
Year ended 31 December 2016	-/+ 367.8	-/+ 919.4	-/+ 1,471.0
Year ended 31 December 2017	-/+ 386.9	-/+ 967.3	-/+ 1,547.7
Eight months ended 31 August 2017	-/+ 264.3	-/+ 660.9	-/+ 1,057.4
Eight months ended 31 August 2018	-/+ 263.8	-/+ 659.5	-/+ 1,055.1

Ability to attract and retain professionals

We depend on our technical team (including AD Team, project team, support team and system team) to provide financial technology solution services to our clients who look for quality financial technology solutions. We enter into service agreements with our technical team which may be terminated after giving relevant notice. In such event, our business may be adversely affected if we are not able to recruit or retain our technical team to support our operations. Our Group recruits new members for our technical team on a need basis, and recruitment of suitable candidates can be competitive as we compete with other providers of financial technology solutions and related services. If we are not able to recruit suitable candidates, our business and results of operations may be adversely affected.

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES, JUDGEMENT AND ESTIMATES

For the purpose of preparing and presenting the historical financial information for the Track Record Period, our Group has applied all the new and revised HKFRSs issued by the HKICPA that are relevant to our operations and effective for accounting periods beginning on 1 January 2018 throughout the Track Record Period, except that our Group adopted HKFRS 9 Financial Instruments (“HKFRS 9”) and HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) from 1 January 2018 and HKAS 39 Financial Instruments: Recognition and Measurement (“HKAS 39”), HKAS 18 Revenue (“HKAS 18”) and HKAS 11 Construction Contracts (“HKAS 11”) prior to 1 January 2018. The adoption of HKFRS 9 and HKFRS 15 did not have significant impact on the financial position and performance of our Group compared to the requirements of HKAS 39 and HKAS 18, respectively.

(1) HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. Our Group has adopted the new standard on the required effective date and does not restate comparative information.

The impact of HKFRS 9 to our Group’s consolidated financial statements is as follows:

(i) Classification and measurement

The adoption of HKFRS 9 does not have significant impact to the classification and measurement of financial assets of our Group. The classification and measurement policy of financial assets under HKFRS 9 had been disclosed in Note 4(h) to the Accountants’ Report in Appendix I to this prospectus.

(ii) Impairment

Our Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Our Group has established a provision matrix that is based on our Group’s historical credit loss, adjusted for forward-looking factors specific to the receivables and the economic environment. The application of the expected credit loss model does not result in earlier recognition of credit losses at 1 January 2018.

(2) HKFRS 15 Revenue from Contracts with Customers

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for provision of services and sale of goods in the ordinary course of our Group’s activities. Revenue is shown net of discounts. Our Group recognises revenue when the

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amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of our Group's activities, as described below.

(a) Revenue from provision of services

Revenue is recognised when or as the control of services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of services may be transferred over time or at a point in time. Control of the services is transferred over time if our Group's performance: (1) provides all of the benefits received and consumed simultaneously by the customer; (2) creates and enhances an asset that the customer control as our Group performs; or (3) does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the direct measurements of the value of individual service transferred by our Group to customer, by reference to the cost incurred to date of each individual project.

When either party to a contract has performed, our Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or our Group has a right to an amount of consideration that is unconditional, before our Group transfers services to the customer, our Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is our Group's obligation to transfer services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when our Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

(b) Revenue from the sales of hardware and software

Revenue from the sales of hardware and software products are recognised when control of the goods has been transferred which generally coincides with the time when the goods are delivered and the title has passed to the customers.

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- (c) Interest income is recognised on a time-proportion basis using the effective interest method.
- (d) Rental income is recognised on a straight-line basis over the lease term.

(ii) Application of HKFRS 15

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective approach or a modified retrospective approach for the adoption. Our Group has adopted the standard using the modified retrospective approach and does not restate the comparative information.

Our Group has identified the following areas which are affected:

Timing of revenue recognition

Previously, revenue arising from the provision of services is recognised when the services are rendered, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. HKFRS 15 identifies three situations in which control of the promised goods or service is regarded as being transferred over time.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, the adoption of HKFRS 15 does not have a significant impact on when our Group recognises revenue from sale of goods. Our Group's revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of goods.

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The adoption of HKFRS 15 does not have significant impact on how our Group recognises revenue from the provision of services and sale of goods. However, the adoption of HKFRS 15 would affect the recognition and presentation of receipt in advance, contract assets and liabilities. The accounting policies and presentation of contract assets and liabilities are further disclosed in Note 4(m) and Note 20 of the Accountants' Report set out in Appendix I to this prospectus.

The following table summarises the impact on our Group's financial statements for the eight months ended 31 August 2018.

Impact on changes in accounting policies			
			Balance without adoption of HKFRS 15
As at 31 August 2018	As reported	Adjustments	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract assets	313	(313)	–
Contract liabilities	(2,540)	2,540	–
Receipt in advance	–	(2,227)	(2,227)

For further details for the impacts of the new and revised HKFRSs, please refer to Note 3 of the Accountants' Report set out in Appendix I to this prospectus.

We have identified certain accounting policies that are significant to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgements and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Our significant accounting policies, critical judgements and key estimates are set forth in details in Note 4 and Note 5 to our historical financial information included in the Accountants' Report set out in Appendix I to this prospectus respectively.

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RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations, which have been extracted from the Accountants' Report set out in Appendix I to this prospectus. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period:

Consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Continuing operations				
Revenue	47,874	48,665	32,678	35,930
Other income	1,166	94	65	65
Purchases and changes in inventories	(757)	(367)	(300)	(437)
Staff costs	(18,388)	(19,346)	(13,217)	(13,189)
Depreciation	(229)	(225)	(118)	(118)
Other operating expenses	(20,062)	(16,717)	(9,659)	(15,445)
Profit before tax	9,604	12,104	9,449	6,806
Income tax expense	(2,961)	(2,227)	(1,626)	(2,011)
Profit for the year/period from continuing operations	6,643	9,877	7,823	4,795
Discontinued operation				
Profit for the year/period from discontinued operation	146	—	—	—
Profit and total comprehensive income for the year/period attributable to owners of our Company	<u>6,789</u>	<u>9,877</u>	<u>7,823</u>	<u>4,795</u>
Profit for the year/period from continuing operations	6,643	9,877	7,823	4,795
Non-HKFRS Measures				
Add: Listing expenses	8,753	2,722	318	5,649
Less: Other income – reversal of over-provision of listing expenses for listing application in prior years	(1,088)	—	—	—
Profit for the year/period (excluding Listing expenses and one off other income) from continuing operations (Note)	<u>14,308</u>	<u>12,599</u>	<u>8,141</u>	<u>10,444</u>

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Note:

- (1) Profit for the year/period (excluding Listing expenses and one-off other income in 2016 relating to the reversal of over-provision of listing expenses in 2013 which is not in ordinary course of business of our Group and is non-recurring in nature) from continuing operations is not measure required by, or presented in accordance with HKFRS. We present this financial measure because they are used by our management to evaluate our operating performance and our Directors consider that such non-HKFRS measure is useful for investors to assess our Group's financial performance on an ongoing basis, exclusive of Listing expenses and other income in 2016 relating to the reversal of over-provision of listing expenses in 2013 as one-off items.
- (2) For the year ended 31 December 2016, the profit for the year (excluding Listing expenses and one-off other income relating to the reversal of over-provision of listing expenses in 2013 which is not in ordinary course of business of our Group and is non-recurring in nature) from continuing operations of approximately HK\$14.3 million is calculated from profit and total comprehensive income for the year attributable to owners of our Company from continuing operations of approximately HK\$6.6 million adjusted by deducting other income of reversal of over-provision of listing expenses in 2013 of approximately HK\$1.0 million and adding back Listing expenses of approximately HK\$8.7 million.
- (3) For the year ended 31 December 2017, the profit for the year (excluding Listing expenses) from continuing operations of approximately HK\$12.6 million is calculated from profit and total comprehensive income for the year attributable to owners of our Company from continuing operations of approximately HK\$9.9 million adjusted by adding back Listing expenses of approximately HK\$2.7 million.
- (4) For the eight months ended 31 August 2017, the profit for the period (excluding Listing expenses) from continuing operations of approximately HK\$8.1 million is calculated from profit and total comprehensive income for the period attributable to owners of our Company from continuing operations of approximately HK\$7.8 million adjusted by adding back Listing expenses of approximately HK\$0.3 million.
- (5) For the eight months ended 31 August 2018, the profit for the period (excluding Listing expenses) from continuing operations of approximately HK\$10.4 million is calculated from profit and total comprehensive income for the period attributable to owners of our Company from continuing operations of approximately HK\$4.8 million adjusted by adding back Listing expenses of approximately HK\$5.6 million.

DESCRIPTION OF SELECTED LINE ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

Revenue

Our Group generated total revenue of approximately HK\$47.9 million, HK\$48.7 million, HK\$32.7 million and HK\$35.9 million for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, respectively. The following tables show the breakdowns of our Group's revenue (1) by income streams, (2) by types of clients, and (3) by business lines, during the Track Record Period.

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(1) *By income streams*

	For the year ended 31 December				For the eight months ended 31 August			
	2016		2017		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Recurrent revenue								
– licence fees	38,072	79.6	39,470	81.1	26,211	80.2	27,498	76.5
– others (primarily monthly service fees for managed cloud services and the lease of leased lines)	1,927	4.0	2,947	6.1	1,900	5.8	2,309	6.5
Subtotal	39,999	83.6	42,417	87.2	28,111	86.0	29,807	83.0
One-off revenue	7,875	16.4	6,248	12.8	4,567	14.0	6,123	17.0
Total	47,874	100.0	48,665	100.0	32,678	100.0	35,930	100.0

Our revenue can be categorised by income streams into (i) recurrent monthly licence fee and service fees and (ii) one-off installation fee, depending on the nature of the solutions and services we provide. We generally charge one-off installation fee(s) primarily for the entire suite of both front office solutions and back office solutions, network infrastructure for managed cloud services and leased lines, and thereafter we principally charge a monthly licence fees and service fees, which will generate recurrent revenue to our Group.

Recurrent revenue generated the largest portion of our total revenue. For the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, our recurrent revenue amounted to approximately 83.6%, 87.2%, 86.0% and 83.0% of our total revenue, respectively. For the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, our one-off revenue amounted to approximately 16.4%, 12.8%, 14.0% and 17.0% of our total revenue, respectively.

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(2) *By types of clients*

	For the year ended 31 December				For the eight months ended 31 August			
	2016		2017		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Brokerage firms	41,110	85.9	44,441	91.3	30,030	91.9	32,174	89.5
Proprietary trading firms	4,718	9.9	2,772	5.7	1,888	5.8	2,219	6.2
Wealth management companies	2,010	4.2	1,451	3.0	759	2.3	1,537	4.3
Others	36	–	1	–	1	–	–	–
Total	<u>47,874</u>	<u>100.0</u>	<u>48,665</u>	<u>100.0</u>	<u>32,678</u>	<u>100.0</u>	<u>35,930</u>	<u>100.0</u>

Our revenue can be categorised by types of clients into (i) brokerage firms; (ii) proprietary trading firms; and (iii) wealth management companies. For the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, revenue contributed by brokerage firms amounted to approximately 85.9%, 91.3%, 91.9% and 89.5%, respectively.

(3) *By business lines*

	For the year ended 31 December				For the eight months ended 31 August			
	2016		2017		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Front office solution service income								
– Trading Solutions	24,741	51.7	25,474	52.3	16,955	51.9	17,685	49.2
– Algo Solutions	1,552	3.2	1,515	3.1	1,010	3.1	928	2.6
– Investment Solutions	485	1.0	574	1.2	323	1.0	680	1.9
Sub-total:	26,778	55.9	27,563	56.6	18,288	56.0	19,293	53.7
Back office solution service income*								
– Global Backoffice System	10,848	22.7	11,551	23.8	7,643	23.4	8,052	22.4
– Hong Kong Data Centres Hosting and Exchange Colocation Services	446	0.9	356	0.7	280	0.8	153	0.4
Sub-total:	11,294	23.6	11,907	24.5	7,923	24.2	8,205	22.8
Installation and customisation service income	5,855	12.2	4,560	9.4	3,414	10.4	4,921	13.7
Managed cloud service income	828	1.8	2,231	4.6	1,362	4.2	1,899	5.3
Others	3,119	6.5	2,404	4.9	1,691	5.2	1,612	4.5
Total	<u>47,874</u>	<u>100.0</u>	<u>48,665</u>	<u>100.0</u>	<u>32,678</u>	<u>100.0</u>	<u>35,930</u>	<u>100.0</u>

* The income from our Group's existing business of the Portfolio Risk Reporting System was nil during the Track Record Period.

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Our revenue can be categorised by business lines into (i) front office solution service income; (ii) back office solution service income; (iii) installation and customisation service income; (iv) managed cloud services income; and (v) others which include income from leased line, product sales, testing lines and other services.

(i) Front office solution service income

Revenue from front office solution service income represented mainly the monthly licence fee in relation to the provision of three types of service, including (a) Trading Solutions; (b) Algo Solutions; and (c) Investment Solutions. For the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, the revenue from our front office solution service income accounted for approximately HK\$26.8 million (or 55.9% of the total revenue), HK\$27.6 million (or 56.6% of the total revenue), HK\$18.3 million (or 56.0% of the total revenue) and HK\$19.3 million (or 53.7% of the total revenue), respectively. The pricing of our front office solution service income depends on the nature of software solutions and modules subscribed by our clients, the complexity of the system required by our clients and the enhancement work required for customisation of our front office solution service income for our clients.

The following table sets out the details of our front office solution service income and the average revenue per client for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, respectively:

	For the year ended		For the eight months	
	31 December		ended 31 August	
	2016	2017	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Total revenue from front office				
solution service income	26,778	27,563	18,288	19,293
Average revenue per client	431.9	467.2	315.3	311.2
 Total number of clients as at the				
date indicated	62	59	58	62

The average revenue per client for our front office solution service income increased slightly by approximately 8.2% from approximately HK\$432,000 for the year ended 31 December 2016 to approximately HK\$467,000 for the year ended 31 December 2017. The average revenue per client remained relatively stable at approximately HK\$315,000 for the eight months ended 31 August 2017 and approximately HK\$311,000 for the eight months ended 31 August 2018, respectively. The total number of clients for our front office solution service income decreased slightly from 62 as at 31 December 2016 to 59 as at 31 December 2017. The total number of customers for our front office solution services increased from 58 as at 31 August 2017 to 62 as at 31 August 2018.

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(ii) Back office solution service income

Revenue from back office solution service income represented monthly licence fee we charged to our clients in relation to (a) the Global Backoffice System; (b) Portfolio Risk Reporting System; and (c) Hong Kong Data Centre Hosting and Exchange Colocation Services. The amount of monthly licence fees payable by our clients with respect to our provision of back office solution services depends on the numbers of users, the markets in which the stock, securities or other derivatives are listed and traded and the types of solutions and services required by our clients.

The following tables sets out the details of back office solution service income and the average revenue per client for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, respectively:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Total revenue from back office solution service income	11,294	11,907	7,923	8,205
Average revenue per client	213.1	233.5	158.5	164.1
Total number of clients as at the date indicated	53	51	50	50

The average revenue per client increased by approximately 9.6% from approximately HK\$213,000 for the year ended 31 December 2016 to approximately HK\$234,000 for the year ended 31 December 2017. The average revenue per client remained relatively stable at approximately HK\$158,000 for the eight months ended 31 August 2017 and approximately HK\$164,000 for the eight months ended 31 August 2018, respectively. The total number of clients for our back office solution services decreased slightly from 53 as at 31 December 2016 to 51 as at 31 December 2017. The total number of clients for our back office solution services remained stable at 50 as at 31 August 2017 and 31 August 2018.

(iii) Installation and customisation service income

Revenue from installation service income represents service income from the initial set up of software and hardware, such as servers, networking and storage systems, for our clients. Our Group's revenue from customisation services mainly represents services income for software solutions development for our clients, which can be used alone or together with other software solutions in order to perform different functions, to meet our clients' changing needs, requirements and preferences. The price of our installation and customisation services vary according to the complexity of the system and the specifications of our clients.

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The following table sets out the details of installation and customisation service income and the average revenue per client for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, respectively:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Total revenue from installation and customisation service income	5,855	4,560	3,414	4,921
Average revenue per client	146.4	116.9	106.7	96.5
Total number of clients	40	39	32	51

The average revenue per client decreased by approximately 20.2% from approximately HK\$146,000 for the year ended 31 December 2016 to approximately HK\$117,000 for the year ended 31 December 2017. The average revenue per client remained relatively stable at approximately HK\$107,000 for the eight months ended 31 August 2017 and approximately HK\$97,000 for the eight months ended 31 August 2018, respectively. The total number of clients for our installation and customisation services for the year ended 31 December 2016 as compared to the year ended 31 December 2017 decreased slightly from 40 to 39. The total number of clients for our installation and customisation service income increased from 32 as at 31 August 2017 to 51 as at 31 August 2018, which was mainly attributable to the increase of installation orders for 2FA solution.

(iv) Managed cloud services income

Revenue from managed cloud service income represents one-off installation fees and monthly service income primarily from the provision of managed cloud solutions and related services. The pricing of our managed cloud services depends on the specifications in relation to managed cloud services (i.e. storage capacity, processing speed, operating system and network infrastructure) required by our clients.

The following table sets out the details of our managed cloud service income and the average revenue per client for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, respectively:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Total revenue from managed cloud service income	828	2,231	1,362	1,899
Average revenue per client	276.0	371.8	272.4	158.3
Total number of clients	3	6	5	12

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The average revenue per client for our managed cloud services increased by approximately 34.7% from approximately HK\$276,000 for the year ended 31 December 2016 to approximately HK\$372,000 for the year ended 31 December 2017. The average revenue per client decreased by approximately 41.9% from approximately HK\$272,000 for the eight months ended 31 August 2017 to approximately HK\$158,000 for the eight months ended 31 August 2018 which was mainly because of the relatively lower revenue per client generated from our new clients of managed cloud services for the eight months ended 31 August 2018 while the average revenue of our clients for the eight months ended 31 August 2017 remained stable during the eight months ended 31 August 2018. The total number of clients for our managed cloud services increased from 3 as at 31 December 2016 to 6 as at 31 December 2017. The total number of clients for our managed cloud services income increased from 5 as at 31 August 2017 to 12 as at 31 August 2018.

(v) *Other services income*

Revenue from others services includes income from leased lines, product sales and other miscellaneous services. The following table sets out the details of other services income for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, respectively:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(unaudited)</i>	
Leased lines income	1,098	716	538	410
Product sales	983	456	379	642
Others	<u>1,038</u>	<u>1,232</u>	<u>774</u>	<u>560</u>
Total	<u><u>3,119</u></u>	<u><u>2,404</u></u>	<u><u>1,691</u></u>	<u><u>1,612</u></u>

- *Leased lines income.* Represents the rental fee which we charge to our clients in relation to the leased lines connecting our system to that of our clients, which enable us to provide real-time on-line monitoring and support services to our clients.
- *Product sales.* Represents our sales of hardware and/or software and ancillary devices and parts from our suppliers to support or to enhance the operation of our systems in the initial set-up and ongoing operation of our systems for our clients.
- *Others.* Represents income which we charge to our clients in relation to the provision of (a) maintenance and warranty services on a particular kind of hardware and/or software and (b) testing line services. As for the maintenance and warranty services we provide, we source such services from our suppliers and subsequently re-sell such services to our clients upon their requests. As for the testing line services, we connect HKEX testing environment for trading for

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Exchange Participants to test their systems under a testing environment. The passing of all requirements set by HKEX under that environment is essential before Exchange Participants start trading at HKEX.

For the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2017 and 31 August 2018, our revenue from other services amounted to approximately HK\$3.1 million, HK\$2.4 million, HK\$1.7 million and HK\$1.6 million, respectively.

Profitability of the business lines of our Group

Information reported to our Group's chief operating decision maker, for the purpose of resources allocation and assessment of our Group's performance, is focused on the operating results of our Group as a whole as our Group's resources are integrated and no discrete financial information is available. The operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to Hong Kong Financial Reporting Standards, that are regularly reviewed by our Directors.

In addition, similar to other companies principally engaged in provision of services, staff costs account for a significant portion of the costs and expenses of our Group. Meanwhile, because of the similarity of the skill sets required for various business lines of our Group, services are provided to clients by our employees for products across different business lines on a need basis.

As such, our Directors are of the view and the Reporting Accountants concur that despite that revenue of major business lines of our Group can be presented separately, it would be impractical for our Group to allocate the costs and expenses to the respective business lines in a reasonable and accurate manner.

Accordingly, no profit margins of each business line about our Group's services can be presented. The pricing of our Group's services under each business line is generally determined by and adjusted according to scope of work, the number of users which are allowed to use the software, the number of transactions to be executed by the users with the software, the number of system components, the number of exchanges to be connected and the usage of the software solutions by our clients.

Our Directors have also taken into consideration of revenue generated and demand from clients under each business lines when making decision on allocation of resources, which mainly include staff costs, across all business lines for the provision of relevant services. In the meantime, our Directors also monitor the overall costs of our Group on an on-going basis in order to enhance the profitability of our Group.

Therefore, our Directors are of the view that all of the business lines of our Group are profit making despite that no margins of each business line can be presented due to reasons explained above.

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Other income

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Interest income	—*	—*	—*	10
Management fees from a joint venture	78	94	65	55
Reversal of over-provision of listing expenses in 2013	1,088	—	—	—
	<u>1,166</u>	<u>94</u>	<u>65</u>	<u>65</u>

* Represents amount less than HK\$1,000

During the Track Record Period, other income mainly includes management fees from a joint venture and the reversal of over-provision of listing expenses in 2013. The management fees from a joint venture represented our provision of arrangement of licensed lines services and administrative support services to Winner Star Technology. The reversal of over-provision of listing expenses in 2013 represented the listing expenses over provided in 2013 and then reversed as other income.

Purchase of and changes in inventories

Purchase of inventories represents the hardware and software products purchased from external suppliers for our product sales of the hardware and software products. Purchase of and changes in inventories decreased by approximately HK\$390,000 or 51.5%, from approximately HK\$757,000 for the year ended 31 December 2016 to approximately HK\$367,000 for the year ended 31 December 2017. The decrease was primarily attributable to the reduction in one-off revenue from clients in relation to hardware products sales during the year ended 31 December 2017. Purchase of and changes in inventories for the eight months ended 31 August 2017 and 2018 amounted to approximately HK\$300,000 and approximately HK\$437,000, respectively. The increase was mainly attributable to the increase in one-off revenue from clients in relation to hardware products sales during the same period.

Staff costs

Staff costs mainly represent salaries, bonuses and allowances and contributions to mandatory provident fund scheme. For the years ended 31 December 2016 and 31 December 2017, our staff costs amounted to approximately HK\$18.4 million and HK\$19.3 million, respectively. Staff costs for the eight months ended 31 August 2017 and 2018 remained stable at approximately HK\$13.2 million.

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Depreciation

Depreciation represents the depreciation charge for our Group's property, plant and equipment. For the years ended 31 December 2016 and 31 December 2017, our depreciation expenses amounted to approximately HK\$229,000 and HK\$225,000 respectively. Depreciation for the eight months ended 31 August 2017 and 2018 remained stable at approximately HK\$118,000.

Other operating expenses

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(unaudited)</i>	
Cost of services	6,287	9,065	6,028	6,646
Rent, building management fee and rates	1,225	1,896	1,264	1,263
Lease line costs	423	340	228	222
Listing expenses	8,753	2,722	318	5,649
Others	3,374	2,694	1,821	1,665
Total	<u>20,062</u>	<u>16,717</u>	<u>9,659</u>	<u>15,445</u>

During the Track Record Period, other operating expenses primarily consisted of cost of services (including costs associated with technical support services and managed cloud services), rent, building management fee and rates, lease line costs, and Listing expenses, while others mainly represented office related expenses such as utilities.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) Cayman Islands/BVI income tax

Our group has not been subject to any taxation in the Cayman Islands/BVI.

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising from operations in Hong Kong during the Track Record Period.

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Profit for the year from continuing operations attributable to owners of our Company

For the years ended 31 December 2016 and 31 December 2017, our Group's profit for the year from continuing operations attributable to owners of our Company was approximately HK\$6.6 million and HK\$9.9 million, respectively. The net profit margin from continuing operations attributable to owners of our Company (*Note 1*) for the corresponding years were approximately 13.9% and 20.3%, respectively. Such increase was mainly due to the fact that during the year ended 31 December 2016 there was incurrence of Listing expenses of approximately HK\$8.7 million, the effect of which was partially offset by the reversal of over-provision of listing expenses in 2013 of approximately HK\$1.0 million, comparing to incurrence of Listing expenses of approximately HK\$2.7 million during the year ended 31 December 2017. Excluding the Listing expenses and one-off other income in 2016 relating to the reversal of over-provision of listing expenses in 2013 which is not in ordinary course of business of our Group and is non-recurring in nature, our net profit from continuing operations changed from approximately HK\$14.3 million to approximately HK\$12.6 million with net profit margin of approximately 29.9% and 25.9% for the years ended 31 December 2016 and 31 December 2017, respectively, which was mainly due to the increase in other operating expenses primarily attributable to the increase in cost of services of approximately HK\$2.8 million which was due to (i) the increase in charging rate of the Technical Service Providers, (ii) the increase in man-days utilised and (iii) for some services performed by Technical Service Providers in 2016, the relevant user acceptance tests by our clients were satisfied in 2017, thereby causing the technical support services fee prepaid in 2016 for such projects was recognised in 2017. For the eight months ended 31 August 2017 and 2018, our Group's profit for the period from continuing operations attributable to owners of our Company were approximately HK\$7.8 million and HK\$4.8 million, respectively. The net profit margin from continuing operations attributable to owners of our Company for the corresponding periods were approximately 23.9% and 13.3%, respectively. Such decrease was mainly attributable to the increase of Listing expenses from approximately HK\$0.3 million to approximately HK\$5.6 million for the eight months ended 31 August 2017 and 2018, respectively. Excluding the Listing expenses, our net profit from continuing operations increased from approximately HK\$8.1 million to approximately HK\$10.4 million with net profit margin of approximately 24.9% and 29.1% for the eight months ended 31 August 2017 and 31 August 2018, respectively, which was mainly attributable to the increase in revenue of approximately HK\$3.3 million while our operating costs and expenses remained relatively stable during the eight months ended 31 August 2018 as compared with the eight months ended 31 August 2017.

Note 1: Net profit margin attributable to owners of our Company is calculated by profit for the year attributable to owners of our Company over revenue for the same year.

FINANCIAL INFORMATION

PERIOD TO PERIOD COMPARISON OF RESULTS OF CONTINUING OPERATIONS

Year ended 31 December 2017 compared to year ended 31 December 2016

Revenue

Our revenue increased by approximately HK\$791,000 or 1.7%, from approximately HK\$47.9 million for the year ended 31 December 2016 to approximately HK\$48.7 million for the year ended 31 December 2017, which was mainly due to the increase in front office solutions service income, back office solutions service income and managed cloud services income despite the reduction in installation and customisation services income. In terms of income streams, the increase of our recurrent revenue of license fee contributed to overall increase in total revenue. The recurrent revenue increased by approximately HK\$2.4 million or 6.0%, from approximately HK\$40.0 million for the year ended 31 December 2016 to approximately HK\$42.4 million for the year ended 31 December 2017 and was mainly attributable to the increase in the services rendered for both front office and back office solutions.

Other income

Our other income decreased by approximately HK\$1.0 million or 91.9%, from approximately HK\$1.1 million for the year ended 31 December 2016 to approximately HK\$94,000 for the year ended 31 December 2017, which was primarily due to the fact that an one-off reversal of over-provision of listing expenses in 2013 was recorded for the year ended 31 December 2016.

Purchases of and changes in inventories

Our purchases of and changes in inventories decreased significantly by approximately HK\$390,000 or 51.5%, from approximately HK\$757,000 for the year ended 31 December 2016 to approximately HK\$367,000 for the year ended 31 December 2017, which was primarily due to the reduction in one-off revenue from clients in relation to hardware products sales during the year ended 31 December 2017.

Staff costs

Our staff costs increased slightly by approximately HK\$958,000 or 5.2%, from approximately HK\$18.4 million for the year ended 31 December 2016 to approximately HK\$19.3 million for the year ended 31 December 2017, which was primarily due to the annual increases in salaries of our staff by approximately 4.0% in June 2017.

Depreciation

Our depreciation remained stable at approximately HK\$229,000 and HK\$225,000 for the years ended 31 December 2016 and 31 December 2017, respectively, since there was no acquisition or disposal of fixed asset.

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Other operating expenses

Our other operating expenses decreased by approximately HK\$3.3 million or 16.7%, from approximately HK\$20.1 million for the year ended 31 December 2016 to approximately HK\$16.7 million for the year ended 31 December 2017, which was primarily due to the net effect of decrease in Listing expenses and increase in cost of services. The Listing expenses decreased by approximately HK\$6.0 million or 68.9%, from approximately HK\$8.7 million recognised for the year ended 31 December 2016 to approximately HK\$2.7 million recognised for the year ended 31 December 2017. Our cost of services increased by approximately HK\$2.8 million or 44.2%, from approximately HK\$6.3 million for the year ended 31 December 2016 to approximately HK\$9.1 million for the year ended 31 December 2017, primarily attributable to the fact that the increase of service fees of Brilliant Technology and Shenzhen Yiboke by approximately HK\$1.0 million and approximately HK\$1.4 million respectively for the year ended 31 December 2017, which was due to (i) the increase in charging rate of the Technical Service Providers; (ii) the increase in man-days utilised by our Group; and (iii) the fact that for some services performed by the Technical Service Providers in 2016, the user acceptance tests by our clients were satisfied in 2017, thereby causing the technical support services fee prepaid in 2016 for such projects was recognised in 2017.

Income tax expense

Our effective tax rate decreased from approximately 30.8% for the year ended 31 December 2016 to approximately 18.4% for the year ended 31 December 2017. The effective tax rates for the years ended 31 December 2016 and 31 December 2017 were higher than the standard corporate tax rate of 16.5% mainly because non-deductible Listing expenses of approximately HK\$8.7 million and HK\$2.7 million were incurred by our Group for the years ended 31 December 2016 and 31 December 2017, respectively and non-taxable reversal of listing expenses in other income of approximately HK\$1.0 million during the year of 2016.

Profit for the year from continuing operations attributable to owners of our Company

As a result of the effect of the above factors, our profit for the year from continuing operations attributable to owners of our Company increased by approximately HK\$3.3 million or 48.7%, from approximately HK\$6.6 million for the year ended 31 December 2016 to approximately HK\$9.9 million for the year ended 31 December 2017.

Profit for the year from discontinued operation attributable to owners of our Company

The profit for the year from discontinued operation of approximately HK\$146,000 was from Easy System Design which was a subsidiary of our Group in 2016. For the detailed breakdown of the profit, please refer to the paragraph headed “Discontinued operation” in this section. Easy System Design is no longer within our Group after the Reorganisation in 2016. For details, please refer the section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus.

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Eight months ended 31 August 2018 compared to eight months ended 31 August 2017

Revenue

Our revenue increased by approximately HK\$3.3 million or 10.0% from approximately HK\$32.7 million for the eight months ended 31 August 2017 to approximately HK\$35.9 million for the eight months ended 31 August 2018, which was primarily attributable to the increase in front office solutions service income, back office solutions service income, managed cloud services income and the installation and customisation services income. In terms of income streams, the increase of our recurrent revenue of license fee and the one-off revenue of installation fee contributed to the overall increase in total revenue. The recurrent revenue increased by approximately HK\$1.7 million or 6.0%, from approximately HK\$28.1 million for the eight months ended 31 August 2017 to approximately HK\$29.8 million for the eight months ended 31 August 2018 and was mainly attributable to the increase in the services rendered for both front office and back office solutions. The one-off revenue increased by approximately HK\$1.6 million or 34.1%, from approximately HK\$4.6 million for the eight months ended 31 August 2017 to approximately HK\$6.1 million for the eight months ended 31 August 2018 and was mainly attributable to the increase in the services rendered for installation and customisation.

Other income

Our other income remained stable at approximately HK\$65,000 for the eight months ended 31 August 2017 and the eight months ended 31 August 2018, which mainly comprised of the management fees income from a joint venture in relation to the provision of arrangement of licensed lines services and administrative support services to the joint venture.

Purchases of and changes in inventories

Our purchases of and changes in inventories increased from approximately HK\$300,000 for the eight months ended 31 August 2017 to HK\$437,000 for the eight months ended 31 August 2018, which was primarily attributable to the increase in one-off revenue from clients in relation to hardware products sales during the same period.

Staff costs

Our staff costs remained stable at approximately HK\$13.2 million for the eight months ended 31 August 2017 and 2018, respectively.

Depreciation

Our depreciation remained stable at approximately HK\$118,000 for the eight months ended 31 August 2017 and 2018 as there was no significant acquisition of fixed asset.

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Other operating expenses

Our other operating expenses increased by approximately HK\$5.7 million or 59.9% from approximately HK\$9.7 million for the eight months ended 31 August 2017 to approximately HK\$15.4 million for the eight months ended 31 August 2018, which was primarily attributable to the increase of Listing expenses from approximately HK\$0.3 million to HK\$5.6 million for the eight months ended 31 August 2017 and 2018, respectively.

Income tax expenses

Our effective tax rate increased from approximately 17.2% for the eight months ended 31 August 2017 to approximately 29.5% for the eight months ended 31 August 2018. The effective tax rates for the eight months ended 31 August 2017 and 2018 were higher than the standard corporate tax rate of 16.5% mainly because non-deductible Listing expenses of approximately HK\$0.3 million and HK\$5.6 million were incurred by our Group for the eight months ended 31 August 2017 and 2018, respectively.

Profit for the period from continuing operations attributable to owners of our Company

As a result of the effect of the above factors, our profit for the period from continuing operations attributable to owners of our Company decreased by approximately HK\$3.0 million or 38.7% from approximately HK\$7.8 million for the eight months ended 31 August 2017 to approximately HK\$4.8 million for the eight months ended 31 August 2018.

LIQUIDITY AND CAPITAL RESOURCES

Our Group's primary uses of cash are mainly to finance its operations. During the Track Record Period, our Group's working capital and other capital requirements were principally satisfied by cash generated from our continuing and discontinuing operations.

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Cash flows of our Group

The following table summarises our Group's cash flows for the period indicated:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(unaudited)</i>	
Net cash generated from operating activities	5,926	9,373	9,319	1,793
Net cash used in investing activities	(267)	(237)	(76)	(36)
Net cash used in financing activities	(1,124)	—	—	—
Net increase in cash and cash equivalents	4,535	9,136	9,243	1,757
Cash and cash equivalents at the beginning of year/period	10,367	14,902	14,902	24,038
Cash and cash equivalents at the end of year/period	14,902	24,038	24,145	25,795

Cashflow from operating activities

Our Group's operating cash inflow was principally derived from the receipt of payments for the sales of our financial trading solutions and related supporting service. Our Group's cash outflow from operating activities is principally due to the payments for staff costs, the cost of services and Listing expenses. Net cash from operating activities reflects profit before income tax, adjusted for (i) non-cash items, included depreciation, and (ii) working capital changes, mainly included changes in (a) trade and other receivables; and (b) trade and other payables.

For the year ended 31 December 2016, net cash generated from operating activities amounted to approximately HK\$5.9 million, which mainly reflected operating profit before working capital changes of approximately HK\$10.5 million adjusted by cash outflow for changes in working capital of approximately HK\$1.6 million, which was mainly due to the cash outflow related to the increase in trade and other receivables by approximately HK\$3.0 million for the year ended 31 December 2016, the effect was partially off set by cash inflow due to the increase in trade and other payables by approximately HK\$1.3 million for the year ended 31 December 2016.

For the year ended 31 December 2017, net cash generated from operating activities amounted to approximately HK\$9.4 million, which mainly reflected operating profit before working capital changes at approximately HK\$12.3 million adjusted by cash outflow for

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changes in working capital at approximately HK\$368,000, which was mainly due to the increase in trade and other receivables of approximately HK\$304,000 and decrease in trade and other payables of approximately HK\$48,000.

For the eight months ended 31 August 2017, net cash generated from operating activities amounted to approximately HK\$9.3 million, which mainly reflected operating profit before working capital changes at approximately HK\$9.6 million adjusted by cash outflow for changes in working capital at approximately HK\$248,000. Cash outflow adjustments for changes in working capital mainly represented cash outflow of approximately HK\$1.2 million resulting from the decrease in trade and other payables and contract liabilities, partially offset by cash inflow of approximately HK\$0.9 million due to decrease in trade and other receivables and contract assets balance.

For the eight months ended 31 August 2018, net cash generated from operating activities amounted to approximately HK\$1.8 million, which mainly reflected operating profit before working capital changes at approximately HK\$6.9 million adjusted by cash outflow for changes in working capital at approximately HK\$5.1 million. Cash outflow adjustments for changes in working capital mainly represented cash outflow of approximately HK\$5.9 million resulting from the increase in trade and other receivables and contract assets, partially offset by cash inflow of approximately HK\$0.8 million due to increase in trade and other payables and contract liabilities balance.

Cashflow from investing activities

For the year ended 31 December 2016, net cash used in investing activities was approximately HK\$267,000 which was mainly attributable to the purchase of computer equipment.

For the year ended 31 December 2017, net cash used in investing activities was approximately HK\$237,000 which was attributable to the purchase of computer equipment.

For the eight months ended 31 August 2017, net cash used in investing activities was approximately HK\$76,000 which was attributable to the purchase of computer equipment.

For the eight months ended 31 August 2018, net cash used in investing activities was approximately HK\$36,000 which was mainly attributable to the purchase of computer equipment.

Cashflow from financing activities

For the year ended 31 December 2016, net cash used in financing activities was approximately HK\$1.1 million which was mainly attributable to the repayment of the bank loan under Easy System Design. Easy System Design is no longer within our Group after the Reorganisation in 2016. For details, please refer to section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus.

For the year ended 31 December 2017, there were no financing activities with cash inflow and outflow.

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For the eight months ended 31 August 2017, there were no financing activities with cash inflow and outflow.

For the eight months ended 31 August 2018, there were no financing activities with cash inflow and outflow.

CAPITAL EXPENDITURES

Our capital expenditures were approximately HK\$247,000, HK\$237,000 and HK\$46,000 for the two years ended 31 December 2017 and the eight months ended 31 August 2018, respectively. Our capital expenditures were used primarily for purchase of computer equipment. During the Track Record Period, we financed our capital expenditures primarily with cash generated from operations.

The following table sets forth our capital expenditures for the years indicated:

	For the year ended 31 December		For the eight months ended 31 August
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Acquisition of computer and related equipment	247	237	46

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Operating lease commitment

We lease certain of our office, car parks and rack spaces at data centres, as lessee under operating lease arrangements. For the two years ended 31 December 2017 and the eight months ended 31 August 2018, leases were negotiated for terms ranging from 2 to 3 years and rentals were fixed over the lease terms and did not include contingent rentals.

The following table sets forth the aggregate future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		As at 31 August
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Within one year	514	329	261

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ANALYSIS OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Our property, plant and equipment increased slightly by approximately HK\$12,000 or 2.6% from approximately HK\$470,000 as at 31 December 2016 to approximately HK\$482,000 as at 31 December 2017, primarily due to the costs of acquisition of computer equipment of approximately HK\$237,000 which were partially offset by the depreciation of approximately HK\$225,000. Our property, plant and equipment slightly decreased by approximately HK\$72,000 or 14.9% from approximately HK\$482,000 as at 31 December 2017 to approximately HK\$410,000 as at 31 August 2018, primarily due to the depreciation of approximately HK\$118,000 which was partially offset by the costs of acquisition of computer equipment of approximately HK\$46,000.

Inventories

Our inventories mainly comprise of computer hardware. As at 31 December 2016, 31 December 2017 and 31 August 2018, all of our inventories represented finished goods. The value of our inventories remained at an insignificant level and amounted to approximately HK\$51,000 as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively, which was approximately 0.2% for 2016 and 2017 and approximately 0.1% for the eight months ended 31 August 2018 of our total current assets.

During the Track Record Period, we generated very insignificant amount of revenue from the sales of such products. Accordingly, the inventory turnover day and inventory ageing analysis are not indicative of our operation status and thus are not included in our analysis.

As at the Latest Practicable Date, no inventory as at 31 August 2018 had been used or consumed subsequently.

Contract Assets

Contract assets related to provision of services consist of unbilled amount resulting from provision of services when revenue recognised over time exceeds the amounts billed to the customer. As our Group did not early adopt HKFRS 15, which became effective on 1 January 2018, therefore the amount of contract assets recorded was nil as at 31 December 2016 and 2017. As at 31 August 2018, our contract assets amounted to approximately HK\$313,000. The contract assets mainly consisted of unbilled amount resulting from installation and customisation service.

As at the Latest Practicable Date, approximately HK\$148,000, representing 47.3% of our contract assets as at 31 August 2018, had subsequently been billed to our customers.

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Trade and other receivables

The following table sets forth our trade and other receivables as at the dates indicated:

	As at 31 December		As at 31 August
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Trade receivables*	5,010	5,477	7,925
Prepayment, deposits and other receivables**	<u>2,120</u>	<u>1,957</u>	<u>5,102</u>
Total	<u>7,130</u>	<u>7,434</u>	<u>13,027</u>

* Included in the trade receivables as at 31 December 2016, 31 December 2017 and 31 August 2018 are approximately HK\$555,000, HK\$342,000 and HK\$383,000 respectively of trade receivables due from a company in which Mr. Chan had beneficial interests.

** Included in the prepayment, deposits and other receivables as at 31 December 2016, 31 December 2017 and 31 August 2018 are approximately HK\$477,000, HK\$190,000 and HK\$85,000 respectively of technical support services fee prepaid to a related company in which Mr. Chan had beneficial interests.

Our Group's trading terms with clients are due upon presentation of invoices. However, as our Group seeks to develop long-term relationship with our clients, we may allow an average credit period of 60 days to our clients, depending on the creditworthiness of clients and the existing relationships with our Group.

Our trade receivables increased by approximately HK\$467,000 or 9.3%, from approximately HK\$5.0 million as at 31 December 2016 to approximately HK\$5.5 million as at 31 December 2017, primarily due to the fact that as at 31 December 2017, there was an increase of approximately HK\$480,000 for accounts receivable balance with aging over 60 days, most of the account receivables with aging over 60 days as at 31 December 2017 was derived from the customisation services, for which the clients generally repay relatively slower than the clients of front office solution services and back office solution services, which are recurring in nature. Our prepayments, deposits and other receivables decreased by approximately HK\$163,000 or 7.7%, from approximately HK\$2.1 million as at 31 December 2016 to approximately HK\$2.0 million as at 31 December 2017, primarily due to the net effect of decrease of prepaid technical support services fee of approximately HK\$398,000, increase in prepayment of Listing expenses of approximately HK\$348,000 and decrease of refund for rack for co-location deposit of approximately HK\$53,000 and a decrease in prepayment of insurance of approximately HK\$57,000 at 31 December 2017.

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Our trade receivables increased by approximately HK\$2.4 million or 44.7%, from approximately HK\$5.5 million as at 31 December 2017 to approximately HK\$7.9 million as at 31 August 2018 which was mainly attributable to the increase in trade receivables due from certain customers in relation to the installation and customisation services provided to such customers by our Group during the period. Prepayments, deposits and other receivables increased by approximately HK\$3.1 million, from approximately HK\$2.0 million as at 31 December 2017 to approximately HK\$5.1 million as at 31 August 2018, primarily resulting from the Listing expenses of approximately HK\$2.8 million being capitalised as prepayment during the eight months ended 31 August 2018 which will be accounted for as a deduction from equity upon Listing.

The followings table sets forth our trade receivables turnover days for the periods indicated:

	As at 31 December 2016	As at 31 December 2017	As at 31 August 2018
Trade receivables turnover days	<u>35</u>	<u>39</u>	<u>45</u>

Note: Average trade receivables turnover days is equal to the average trade receivables divided by sales and multiplied by 365 days for the years ended 31 December 2016 and 31 December 2017, and multiplied by 243 days for the eight months ended 31 August 2018 respectively. Average trade receivables equals trade receivables at the beginning of the year or period plus trade receivables at the end of the year or period and divided by two.

Our trade receivables turnover days increased from approximately 35 days as at 31 December 2016 to approximately 39 days as at 31 December 2017, primarily due to the fact that most of the account receivables with aging over 60 days as at 31 December 2017 were derived from the customisation services, for which the clients generally repay relatively slower than the clients of front office solution service and back office solution service, which are recurring in nature. Our trade receivables turnover days further increased to approximately 45 days as at 31 August 2018 which was mainly attributable to the increase in trade receivables in relation to the installation and customisation services provided by our Group, for which the clients generally repay relatively slower than clients of front office solution service and back office solution service. We intend to maintain our trade receivables turnover days at a level of less than approximately 60 days and have undertaken measures aimed at reducing our trade receivables turnover days. We regularly review our clients' payment history and also review the aging of our trade receivables on a monthly basis. We believe our credit control policy is appropriate.

As at 31 December 2016 and 2017 and 31 August 2018, no allowance was made for estimated irrecoverable trade receivables.

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The following table sets forth our aging analysis of the trade receivables, based on the invoice date and net of allowance:

	As at 31 December		As at 31 August
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	2,549	2,584	2,707
31 to 60 days	1,136	1,088	1,785
61 to 90 days	168	365	684
91 to 180 days	832	588	1,956
Over 181 days	325	852	793
Total	5,010	5,477	7,925

The following table sets forth the aging analysis of our trade receivables that were past due but not impaired as at the dates indicated:

	As at 31 December		As at 31 August
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Up to 3 months	804	880	1,757
Over 3 months	521	925	1,676
Total	1,325	1,805	3,433

We consider an amount that is not paid on schedule pursuant to the credit term agreed with us to be past due. As at 31 December 2016, 31 December 2017 and 31 August 2018, the amounts past due but not impaired of our trade receivables were approximately HK\$1.3 million, HK\$1.8 million and HK\$3.4 million, respectively, representing approximately 26.4%, 33.0% and 43.3% of our trade receivables, respectively. The increase in the amounts past due of our trade receivables as at 31 December 2017 and 31 August 2018 was primarily due to the delay of payment by few customers. Based on our past experience, our Directors believe that no allowance for doubtful debts is necessary for these balances as there has not been any sign of significant adverse change in credit strength of our customers. We do not hold any collateral against our trade receivables and we review the aging of trade receivables on a monthly basis.

Our clients generally settled their receivables between 0 day to 60 days.

As at the Latest Practicable Date, approximately HK\$6.9 million, or 87.5% of our trade receivables outstanding as at 31 August 2018 had been subsequently settled.

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Current tax assets

The value of current tax assets accounted for approximately HK\$224,000, HK\$587,000 and nil as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively, which was primarily due to the payment of excessive provisional tax of prior year.

Bank and cash balances

Bank and cash balances comprised of the cash held by us. As at 31 December 2016, 31 December 2017 and 31 August 2018, the bank and cash balances were approximately HK\$14.9 million, HK\$24.0 million and HK\$25.8 million, respectively. The increment of bank and cash balances would be mainly used for the payment of Listing expenses before Listing.

Contract liabilities

The contract liabilities of our Group arise from the advance payments made by the customers or billing involved to the customers (whichever is earlier) while underlying services are yet to be provided. As our Group did not early adopt HKFRS 15, which became effective on 1 January 2018, therefore the amount of contract liabilities recorded was nil as at 31 December 2016 and 2017. As at 31 August 2018, our contract liabilities amounted to HK\$2.5 million. The contract liabilities mainly included advance payments received from installation and customisation service.

Trade and other payables

Our trade and other payables decreased slightly by approximately HK\$48,000 or 0.7%, from approximately HK\$6.9 million as at 31 December 2016 to approximately HK\$6.9 million as at 31 December 2017, of which our trade payables mainly relate to outstanding balance of purchase of hardware and software for clients, lease line, test line, subcontracting fees from the suppliers. Our trade and other payables decreased by approximately HK\$1.8 million or 25.9% to approximately HK\$5.1 million as at 31 August 2018 and was mainly attributable to adoption of HKFRS 15 which became effective on 1 January 2018.

The following table sets forth our trade payables turnover days for the periods indicated:

	As at 31 December 2016	As at 31 December 2017	As at 31 August 2018
Trade payables turnover days	<u>12</u>	<u>12</u>	<u>12</u>

Note: Average trade payables turnover days is equal to the average trade payables divided by costs including costs of products sales and cost of services, leased line cost, testing line cost and sub-contracting fees and multiplied by 365 days for the years ended 31 December 2016 and 31 December 2017, and multiplied by 243 days for the eight months ended 31 August 2018. Average trade payables equals trade payables at the beginning of the year or period plus trade payables at the end of the year or period and divided by two.

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Our trade payables turnover days remain stable at approximately 12 days, 12 days and 12 days for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2018.

The following table sets forth the aging analysis of our trade payables as at the dates indicated, based on the date of receipt of goods or services.

	As at		As at 31
	31 December	2017	August
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	182	209	194
31 to 60 days	116	67	77
61 to 90 days	–	21	106
Over 90 days	4	53	36
	<u>302</u>	<u>350</u>	<u>413</u>

As at the Latest Practicable Date, approximately HK\$413,000 or 100% of our trade payables as at 31 August 2018 had been subsequently settled. The credit periods granted by our suppliers was generally between 0 days to 60 days. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not default in payment of any trade payables.

Current tax liabilities

The value of current tax liabilities accounted for approximately HK\$278,000, HK\$280,000 and HK\$1.7 million as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively, which was primarily due to the tax payables provided for the latest year of assessment.

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RELATED PARTY TRANSACTIONS

During the Track Record Period, we had the following related party transactions for the continuing operations of our Group which are considered by our Directors to be material:

Name of related parties	Details of transactions	For the year ended		For the eight months ended	
		31 December		31 August	
		2016	2017	2017	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(unaudited)</i>	
T G Securities (<i>Note 1</i>)	We provided financial software solution services to it	1,615	–	–	–
Brilliant Technology (including Shenzhen Yiboke) (<i>Note 2</i>)	Provided technical services to us	2,411	–	–	–
Easy System Design	We rented the office owned by Easy System Design	945	1,620	1,080	1,080

Note 1: The total amount of transactions between T G Securities and our Group amounted to approximately HK\$3,660,000, HK\$2,214,000, HK\$1,474,000 and HK\$1,968,000 for the years ended 31 December 2016 and 2017 and for the eight months ended 31 August 2017 and 2018, respectively. T G Securities ceased to be a related party of our Group since June 2016. As such, only approximately HK\$1,615,000, nil, nil and nil of such transactions were classified as related party transactions for the years ended 31 December 2016 and 2017 and for the eight months ended 31 August 2017 and 2018, respectively.

Note 2: The total amount of transactions between Brilliant Technology (including Shenzhen Yiboke) and our Group amounted to approximately HK\$5,257,000, HK\$7,628,000, HK\$5,159,000 and HK\$5,616,000 for the years ended 31 December 2016 and 2017 and for the eight months ended 31 August 2017 and 2018, respectively. Brilliant Technology (including Shenzhen Yiboke) ceased to be a related party of our Group since June 2016. As such, only approximately HK\$2,411,000, approximately nil, nil and nil of such transactions were classified as related party transactions for the years ended 31 December 2016 and 2017 and for the eight months ended 31 August 2017 and 2018, respectively.

For the details of all related party transactions, please see Note 30 in the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on normal commercial terms. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results not reflective in the Track Record Period.

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DISCONTINUED OPERATION

In 2015, our Group planned to focus its resources on financial technology business and decided to cease its property investment business. Our Group's business in the property investment was undertaken by Easy System Design. On 1 June 2016, Easy System Design was transferred to eBroker (Cayman), the then ultimate holding company of our Group, as part of the Reorganisation.

For the period 1 January 2016 to 1 June 2016, excluding the revenue generated from our Group, the profit generated from Easy System Design attributable to owners of our Company was approximately HK\$146,000.

During the Track Record Period, the associated operation of Easy System Design was classified as discontinued operation.

The results of the discontinued operation are as follows:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Profit from discontinued operation:				
Other income	500	–	–	–
Depreciation	(62)	–	–	–
Administrative expenses	(16)	–	–	–
Profit from operations	422	–	–	–
Finance costs	(159)	–	–	–
Profit before tax	263	–	–	–
Income tax expense	(117)	–	–	–
Profit for the year/period from discontinued operation attributable to owners of our Company	146	–	–	–
Profit from discontinued operation include the following:				
Depreciation	62	–	–	–
Auditor's remuneration	4	–	–	–
Direct operating expenses of investment properties that generate rental income	7	–	–	–

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Profit from discontinued operation attributable to owners of our Company decreased, from approximately HK\$146,000 for the year ended 31 December 2016 to nil and nil for the year ended 31 December 2017 and for the eight months ended 31 August 2018, primarily because Easy System Design is no longer within our Group after the Reorganisation in 2016. For details, please refer to section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus.

NET CURRENT ASSETS POSITIONS

The following table sets out the breakdown of our current assets, current liabilities, and net current assets as at 31 December 2016, 31 December 2017, 31 August 2018 and 30 November 2018, being the latest practicable date for determining our Group’s indebtedness:

	As at 31 December		As at 31 August	As at 30 November
	2016	2017	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Current assets				
Inventories	51	51	51	51
Contract assets	–	–	313	208
Trade and other receivables	7,130	7,434	13,027	11,923
Due from a joint venture	78	94	67	67
Current tax assets	224	587	–	–
Bank and cash balances	<u>14,902</u>	<u>24,038</u>	<u>25,795</u>	<u>24,723</u>
Total current assets	<u>22,385</u>	<u>32,204</u>	<u>39,253</u>	<u>36,972</u>
Current liabilities				
Contract liabilities	–	–	2,540	1,999
Trade and other payables	6,922	6,874	5,092	6,899
Current tax liabilities	<u>278</u>	<u>280</u>	<u>1,704</u>	<u>892</u>
Total current liabilities	<u>7,200</u>	<u>7,154</u>	<u>9,336</u>	<u>9,790</u>
Net current assets	<u>15,185</u>	<u>25,050</u>	<u>29,917</u>	<u>27,182</u>

Our net current assets increased by approximately HK\$9.9 million or 65.0%, from approximately HK\$15.2 million as at 31 December 2016 to approximately HK\$25.1 million as at 31 December 2017, which was primarily due to the increase of bank and cash balances.

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Our net current assets increased by approximately HK\$4.8 million or 19.4%, from approximately HK\$25.1 million as at 31 December 2017 to approximately HK\$29.9 million as at 31 August 2018, which is primarily due to the increase of trade and other receivables balance.

As at 30 November 2018, being the latest practicable date for determining our Group's indebtedness, the unaudited net current assets of our Group were approximately HK\$27.2 million, representing a decrease of approximately HK\$2.7 million or 9.1%, from approximately HK\$29.9 million as at 31 August 2018, which was primarily due to the decrease of bank and cash balances and trade and other receivables and the increase of trade and other payables, the effect of which was offset by the decrease in contract liabilities.

Working Capital Management

We adopt the following approaches to manage our Group's working capital requirements:

- (i) we will monitor our cash flow situation closely and adopt a more conservative approach on further working capital requirements, capital commitment, and investment, if any;
- (ii) we expect to finance our operation and capital requirement by utilising our existing financial resources. As confirmed by our Directors, during the Track Record Period and up to 31 August 2018, we had not encountered any material difficulty or obstacle in obtaining financing and banking facilities from banks and financial institutions nor did we receive any notice from banks and financial institutions for early payment of outstanding banking facilities.
- (iii) net proceeds that we expect to receive from the Share Offer are estimated to be approximately HK\$39.5 million (assuming an Offer Price of HK\$0.36, being the mid-point of the indicative Offer Price range). We will review our implementation plan in relation to the expansion and capital requirements from time to time and reschedule our implementation plan if necessary.

Our Directors are committed to keep monitoring our working capital requirements as well as financial position.

Working capital sufficiency

We have historically financed our operations through cash from operating activities. During the Track Record Period, the banking facilities of Easy System Design was transferred out of our Group with Easy System Design under ES Transfer as part of the Reorganisation.

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Our Directors are of the opinion, and the Sole Sponsor and the reporting accountants concur, that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus, taking into account (i) our Group's bank balance of cash as at 31 August 2018; (ii) the cash flows from our operations, and (iii) the estimated net proceeds from the Share Offer.

Our Directors confirm that there had not been any material defaults in payment of trade and other payables and bank borrowing or any material covenants relating to our Group's outstanding borrowing during the Track Record Period.

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios as at the dates or for the periods indicated:

	As at 31 December		As at
	2016	2017	31 August 2018
Current ratio ⁽¹⁾	3.1	4.5	4.2
Quick ratio ⁽²⁾	3.1	4.5	4.2
Gearing ratio ⁽³⁾	N/A	N/A	N/A
Return on total assets ^{(4), (9)}	29.1%	30.2%	18.1%
Return on equity ^{(5), (9)}	42.6%	38.8%	23.8%
Net debt to equity ⁽⁶⁾	N/A	N/A	N/A
Interest coverage ⁽⁷⁾	N/A	N/A	N/A
Net profit margin ⁽⁸⁾	13.9%	20.3%	13.3%

Notes:

1. Current ratio is calculated by total current assets over total current liabilities as at the end of the relevant year or period.
2. Quick ratio is calculated by total current assets less inventories divided by total current liabilities as at the end of the relevant year or period.
3. Gearing ratio is calculated as total interest-bearing borrowings divided by total equity as at the end of the relevant year and multiplied by 100%. There is no interest-bearing borrowings as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively.
4. Return on total assets is calculated by profit after taxation from continuing operations for the year or period attributable to owners of our Company over total assets at the end of the relevant year and multiplied by 100%.
5. Return on equity is calculated by profit after taxation from continuing operations for the year or period attributable to owners of our Company over total equity attributable to owners of our Company after taxation at the end of the relevant year or period and multiplied by 100%.
6. The net debt to equity ratio is based on the net interest-bearing borrowings net of cash and cash equivalents divided by the total shareholders' equity of our Group as at the end of the relevant year or period and multiplied by 100%. There is no interest-bearing borrowings as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively.

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7. Interest expenses for coverage ratio is calculated by dividing profit before interest and tax from continuing operations by interest expense from continuing operation of the relevant year or period. There was no interest expense from continuing operating during the relevant year or period.
8. Net profit margin is calculated by net profit after tax from continuing operations attributable to owners of our Company over revenue from continuing operations of the relevant year or period and multiplied by 100%.
9. Annualised figures are used so as to be comparable with annual data.

Current ratio

Our current ratio was approximately 3.1 times and 4.5 times as at 31 December 2016 and 31 December 2017, respectively. Such increase was mainly due to the increase in bank and cash balances. As at 31 December 2016 and 31 December 2017, the bank and cash balances were approximately HK\$14.9 million and HK\$24.0 million, respectively. The current ratio decreased slightly to approximately 4.2 times as at 31 August 2018 because the current liabilities increased proportionately more than the current assets during the period. The current liabilities increased by approximately 30.5% whereas the current assets increased by approximately 21.9%. The increase of current liabilities was mainly due to the increase of current tax liabilities by approximately HK\$1.4 million and the overall increase of contract liabilities and trade and other payables by approximately HK\$0.8 million.

Quick ratio

Our quick ratio was approximately 3.1 times, 4.5 times and 4.2 times as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively, which was similar to the current ratio for the corresponding periods given that the inventory level was considered as insignificant.

Gearing ratio

Given that there was no interest-bearing borrowing as at 31 December 2016, 31 December 2017 and 31 August 2018, the gearing ratio is not applicable for analysis.

Return on total assets

Our return on total assets was approximately 29.1% and 30.2% for the years ended 31 December 2016 and 31 December 2017, respectively. The annualised return on total assets for the eight months ended 31 August 2018 was 18.1%. The increase in return on total assets from approximately 29.1% for the year ended 31 December 2016 to approximately 30.2% for the year ended 31 December 2017 was mainly due to the increase in profit for the year from continuing operations by approximately HK\$3.3 million or 48.7%, from approximately HK\$6.6 million for the year ended 31 December 2016 to approximately HK\$9.9 million for the year ended 31 December 2017. The increase in profit was mainly due to the decrease in Listing expenses by approximately HK\$6.0 million from approximately HK\$8.7 million for the year ended 31 December 2016 to approximately HK\$2.7 million for the year ended 31 December 2017. The increase in profit is proportionately larger than the increase of total asset of approximately HK\$9.8 million or 43.0%, from approximately HK\$22.9 million as at 31 December 2016 to approximately

FINANCIAL INFORMATION

HK\$32.7 million as at 31 December 2017, mainly due to the increase in bank and cash balance. The decrease in return on total assets from approximately 30.2% for the year ended 31 December 2017 to the annualised return on total assets of 18.1% for the eight months ended 31 August 2018 was mainly attributable to the incurrence of Listing expenses of approximately HK\$5.6 million during the eight months ended 31 August 2018 as compared with the Listing expenses of approximately HK\$2.7 million for the year ended 31 December 2017 while the total assets increased from approximately HK\$32.7 million as at 31 December 2017 to approximately HK\$39.7 million as at 31 August 2018, mainly due to the increase in trade and other receivables balance.

Return on equity

Our return on equity was approximately 42.6% and 38.8% as at 31 December 2016 and 31 December 2017, respectively. The annualised return on equity for the eight months ended 31 August 2018 was 23.8%. The decrease in return on total equity from approximately 42.6% for the year ended 31 December 2016 to approximately 38.8% for the year ended 31 December 2017 was mainly due to the fact that, our Group's net profit increased by approximately 48.7% from 2016 to 2017 which is proportionally less than the increase in total equity by approximately 62.8% from 2016 to 2017. Our Group's total equity increased from approximately HK\$15.6 million as at 31 December 2016 to approximately HK\$25.5 million as at 31 December 2017 which was resulting from our Group's net profit being recognised of approximately HK\$9.9 million for the year ended 31 December 2017. The decrease in return on equity from approximately 38.8% for the year ended 31 December 2017 to the annualised return on equity of 23.8% for the eight months ended 31 August 2018 was mainly attributable to the incurrence of Listing expenses of approximately HK\$5.6 million during the eight months ended 31 August 2018 as compared with the Listing expenses of approximately HK\$2.7 million for the year ended 31 December 2017 while the total equity increased from approximately HK\$25.5 million as at 31 December 2017 to approximately HK\$30.2 million as at 31 August 2018, mainly due to our Group's net profit of approximately HK\$4.8 million being recognised for the eight months ended 31 August 2018.

Net debt to equity

Given that there was no interest bearing borrowings as at 31 December 2016, 31 December 2017 and 31 August 2018, respectively, the net debt to equity is not applicable for analysis.

Interest coverage

For the continuing operation of our Group, no interest expense was incurred for the years ended 31 December 2016, 31 December 2017 and 31 August 2018 and hence interest coverage was not applicable for the continuing operation of our Group.

Net profit margin

Our net profit margin was approximately 13.9% and 20.3% for the years ended 31 December 2016 and 31 December 2017, respectively. Such increase was mainly due to the profit for the year from continuing operation increased by approximately HK\$3.3 million or

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48.7%, from approximately HK\$6.6 million for the year ended 31 December 2016 to approximately HK\$9.9 million for the year ended 31 December 2017, which is mainly attributable to the decrease of the Listing expenses by approximately HK\$6.0 million or 68.9%, from approximately HK\$8.7 million for the year ended 31 December 2016 to HK\$2.7 million for the year ended 31 December 2017 the effect of which was partially offset by the reversal of over-provision of listing expenses in 2013 of approximately HK\$1.0 million, comparing to incurrence of Listing expenses of approximately HK\$2.7 million during the year ended 31 December 2017. Excluding the Listing expenses and one-off other income in 2016 relating to the reversal of over-provision of listing expenses in 2013 which is not in ordinary course of business of our Group and is non-recurring in nature, our net profit changed from approximately HK\$14.3 million to approximately HK\$12.6 million with net profit margin of approximately 29.9% and 25.9% for the years ended 31 December 2016 and 31 December 2017, respectively, which was mainly due to the increase in other operating expenses primarily attributable to the increase in cost of services of approximately HK\$2.8 million which is due to (i) the increase in charging rate of the Technical Service Providers, (ii) the increase in man-days utilised and the fact that (iii) for some services performed by the Technical Service Providers in 2016, the user acceptance tests by our clients was satisfied in 2017, thereby causing the technical support services fee prepaid in 2016 for such projects was recognised in 2017. The net profit margin decreased to approximately 13.3% for the eight months ended 31 August 2018 which was mainly attributable to the incurrence of Listing expenses of approximately HK\$5.6 million during the eight months ended 31 August 2018 as compared with the Listing expenses of approximately HK\$2.7 million for the year ended 31 December 2017. Excluding the Listing expenses, the net profit margin was 29.1% for the eight months ended 31 August 2018.

INDEBTEDNESS

Borrowings

As at 31 December 2016 and 2017, our Group had no interest-bearing and non-interest-bearing borrowing nor available banking facilities.

As at 31 August 2018 and 30 November 2018, our Group had no interest-bearing and non-interest bearing borrowing. On the same dates, our Group had unused banking facilities of HK\$5.0 million which was secured by cash deposit of not less than HK\$5.0 million.

Contingent liabilities

As at 31 December 2016, 31 December 2017 and 31 August 2018 and 30 November 2018, eBroker Systems has provided corporate guarantee to a bank to the extent of HK\$74.5 million for the banking facilities granted to Easy System Design. Our Directors considered that the fair value of the corporate guarantee provided by eBroker Systems is insignificant. As at 31 December 2016, 31 December 2017, 31 August 2018 and 30 November 2018, the maximum liability of our Group under the guarantee was the outstanding balance of bank loan due by Easy System Design in the sum of approximately HK\$19.4 million, HK\$16.6 million, HK\$14.8 million and HK\$14.1 million, respectively. Pursuant to the banking facilities letter dated 4 July 2016, the corporate guarantee will be released upon the Listing.

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Save as aforesaid or as otherwise disclosed herein, we did not have, at the close of business on 30 November 2018, being the latest practicable date for determining our Group's indebtedness, any outstanding debt securities, debentures, loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

The Directors confirmed that our Company did not have material defaults in payment of trade or non-trade payables and bank borrowings, or breaches of finance covenants (if any) during the years ended 31 December 2016 and 2017 and the eleven months ended 30 November 2018.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Further, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

DIVIDENDS

During the Track Record Period, no dividend was declared or paid by our Group. As at the Latest Practicable Date, we had no intention to declare any dividend prior to the Listing.

We may distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval.

Our Board will review the dividend policy from time to time in light of the following factors in determining whether dividends are to be declared and paid:

- our results of operations;
- our cash flows;
- our financial condition;
- our Shareholders' interests;
- general business conditions and strategies;
- our capital requirements;
- the payment by our subsidiaries of cash dividends to us; and
- other factors our Board may deem relevant.

Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to any applicable laws and regulations including the Companies Law, and our Articles which also require the approval of our Shareholders. The amount of any dividends to be declared

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and paid in the future will depend on, among others, our dividend policy, results of operations, cash flows and financial condition, operating and capital requirements and other relevant factors. Our Board has not adopted any dividend policy for the time being and does not have any pre-determined dividend ratio. Our Board will consider the relevant factors when determining the dividends to be declared if any. 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 dividends that may be declared or paid by our Board in the future.

DISTRIBUTABLE RESERVES

As at 31 August 2018, our Company had no distributable reserves available for distribution to our Shareholders.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

Our Group is exposed to foreign exchange, credit, liquidity and interest rate risks arising in the normal course of our business. These risks are limited by our financial management policies and practices described below.

Foreign exchange risk

Our Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, Renminbi and United States dollars. Our Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. Our Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The credit risk of our Group is primarily attributable to its, trade and other receivables, contract assets, due from a joint venture and bank and cash balances. The carrying amounts of contract asset, trade and other receivables and cash deposits at banks represent our Group's maximum exposure to credit risk in relation to financial assets.

In respect of trade receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customers financial position, past history of making payments and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, our Group reviews the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

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Our Group always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables and contract assets are estimated using a simplified method. Our Group has assessed that the expected credit losses for trade receivables and contract assets based on individually significant customer or the ageing of customers collectively that are not individually significant. Thus, no loss allowance provision was recognised during the Track Record Period.

For other receivables and amount due from joint venture, the management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and amount due from joint venture. Our Group has assessed that the expected credit losses for other receivables and amount due from joint venture are not material under the 12 months expected credit losses method. Thus, no loss allowance provision was recognised during the Track Record Period.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Our Group's policy is to regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and longer term.

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The maturity analysis based on contractual undiscounted cash flows of our Group's non-derivative financial liabilities is as follows:

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2016						
Trade and other payables	–	6,922	–	–	–	6,922
Financial guarantee	19,358	–	–	–	–	19,358
	<u>19,358</u>	<u>6,922</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>26,280</u>
At 31 December 2017						
Trade and other payables	–	6,874	–	–	–	6,874
Financial guarantee	16,620	–	–	–	–	16,620
	<u>16,620</u>	<u>6,874</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,494</u>
At 31 August 2018						
Contract liabilities	–	2,540	–	–	–	2,540
Trade and other payables	–	5,092	–	–	–	5,092
Financial guarantee	14,796	–	–	–	–	14,796
	<u>14,796</u>	<u>7,632</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>22,428</u>

The amounts included above for a financial guarantee contract are the maximum amounts our Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each year/period, our Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Interest rate risk

Our Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition. Our Group does not have significant exposure on interest rate risk. Except as stated above, our Group has no other interest-bearing assets and liabilities as at 31 December 2016, 31 December 2017 and 31 August 2018, its income and operating cash flows are substantially independent of changes in variable interest rates.

FINANCIAL INFORMATION

FINANCIAL INSTRUMENTS

During the Track Record Period and as at the Latest Practicable Date, we did not enter into any other financial instruments for hedging purposes.

LISTING EXPENSES

Our Directors estimate that we will incur a total amount of expenses of approximately HK\$43.3 million in relation to the Listing (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme) based on an Offer Price of HK\$0.36 (being the mid-point of the indicative Offer Price range stated in this prospectus), of which (i) approximately HK\$17.2 million will be accounted for as a deduction from equity upon Listing in connection with the issue of Offer Shares; and (ii) approximately HK\$26.1 million has been or will be charged to our profit or loss comprising (a) approximately HK\$8.7 million that had been recognised in the year ended 31 December 2016; (b) approximately HK\$2.7 million that had been recognised in the year ended 31 December 2017; (c) approximately HK\$12.9 million that will be recognised in the year ending 31 December 2018; and (d) approximately HK\$1.8 million that will be recognised in the year ending 31 December 2019.

Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and results of operations for the years ending 31 December 2018 and 31 December 2019 will be affected by the estimated expenses in relation to the Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of our Group is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of our Group attributable to the owners of our Company as at 31 August 2018 as if the Share Offer had taken place on 31 August 2018.

Please note that the unaudited pro forma adjusted consolidated net tangible assets below has been prepared for illustration purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated financial position of our Group attributable to the owners of our Company had the Share Offer been completed on 31 August 2018 or at any future dates.

FINANCIAL INFORMATION

The unaudited pro forma statement of adjusted consolidated net tangible assets below is prepared based on the audited consolidated net tangible assets attributable to the owners of our Company as at 31 August 2018 as extracted from the Accountants' Report set out in Appendix I to this prospectus and adjusted as described below:

	Audited consolidated net tangible assets attributable to the owners of our Company as at 31 August 2018 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share HK\$ (Note 3)
Based on the Offer Price of HK\$0.28 per Share	<u>30,249</u>	<u>44,348</u>	<u>74,597</u>	<u>0.061</u>
Based on the Offer Price of HK\$0.44 per Share	<u>30,249</u>	<u>76,732</u>	<u>106,981</u>	<u>0.087</u>

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of our Company as at 31 August 2018 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Share Offer to be received by our Company. The estimated proceeds from the Share Offer is based on the Offer Prices of HK\$0.28 and HK\$0.44 per Share, respectively, being the lower and higher end price of stated Offer Price range, and 230,000,000 Shares, net of underwriting fee and other estimated issue expenses payable by our Company.
- (3) The unaudited pro forma adjusted net tangible assets and the amounts per share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,230,000,000 Shares are expected to be in issue following the Share Offer (including 230,000,000 Shares newly issued upon the Share Offer) as if the Share Offer had been completed on 31 August 2018 and respective Offer Prices of HK\$0.28 and HK\$0.44 per Share. It does not take into account of any shares which may be allotted and issued upon exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme.
- (4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 August 2018.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2018

Estimated unaudited consolidated profit attributable to owners of our Company (Note 1)	Not less than HK\$0.8 million
Unaudited pro forma estimated earnings per Share (Note 2)	Not less than HK0.065 cent

FINANCIAL INFORMATION

Notes:

- (1) The bases on which the above profit estimate for the year ended 31 December 2018 has been prepared are summarised in Appendix IIB to this prospectus. Our Directors have prepared the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2018 based on the audited consolidated results of our Group for the eight months ended 31 August 2018 and the unaudited consolidated results based on the management accounts of our Group for the three months ended 30 November 2018 and an estimate of consolidated results of the Group for the remaining one month ended 31 December 2018.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated results for the year ended 31 December 2018 attributable to owners of our Company, assuming that a total of 1,230,000,000 Shares had been in issued during the entire year. The calculation of the estimated earnings per Share does not take into account of any Shares which may be allotted and issued upon the exercise of option that may be granted under the Share Option Scheme, or any Shares which may be issued or repurchased pursuant to the Company's general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at 31 August 2018, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENT

Our business operation have been stable after the Track Record Period. To the best of our Director's knowledge, there was no material change in the general market conditions that had affected or would affect our Group's business operations or financial condition materially and adversely.

Our Group is expected to maintain a stable revenue for the year ending 31 December 2018. Our Directors expect that the profit of our Group for the year ending 31 December 2018 will be lower than that for the year ended 31 December 2017 mainly because of the Listing expenses. For the year ending 31 December 2019, our Directors expect that the net profit margin of our Group will be lower than that of the Track Record Period, mainly due to the increase in staff cost as a result of the increase in headcount as part of the expansion plan and the establishment of research and development centre in the PRC. Further information on the expansion plan and the establishment of research and development centre are set forth in the sections headed "Future plans and use of proceeds" and "Business – Research and development centre in the PRC" in this prospectus.

Subsequent to the Track Record Period and up to 30 January 2019, save for Listing expenses as disclosed in the paragraph headed "Listing expenses" in this section, we did not have any significant non-recurring items in our consolidated statement of profit or loss and other comprehensive income.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the Listing expenses, as far as they are aware, there had been no material adverse change in our financial or trading position or prospects since 31 August 2018, being the date to which our Company's latest audited consolidated financial statements were made up, up to 30 January 2019. As far as the Directors are aware, there was no material change in the general market conditions that had affected or would affect our Group's business operations or financial condition materially and adversely.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with two cornerstone investors (each a “**Cornerstone Investor**”, and together, the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of our Offer Shares (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$0.28, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by each of the Cornerstone Investors would be 35,710,000, representing approximately 15.53% of the Offer Shares and approximately 2.90% of our Shares in issue immediately upon completion of the Share Offer (assuming none of the Adjustment Options is exercised and no Share is issued pursuant to the Share Option Scheme).

Assuming an Offer Price of HK\$0.36, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by each of the Cornerstone Investors would be 27,770,000, representing approximately 12.07% of the Offer Shares and approximately 2.26% of our Shares in issue immediately upon completion of the Share Offer (assuming none of the Adjustment Options is exercised and no Share is issued pursuant to the Share Option Scheme).

Assuming an Offer Price of HK\$0.44, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by each of the Cornerstone Investors would be 22,720,000, representing approximately 9.88% of the Offer Shares and approximately 1.85% of our Shares in issue immediately upon completion of the Share Offer (assuming none of the Adjustment Options is exercised and no Share is issued pursuant to the Share Option Scheme).

The Cornerstone Placing will form part of the Placing, and the Cornerstone Investors will not subscribe for any Offer Shares under the Share Offer other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 11.23 of the GEM Listing Rules. Immediately following the completion of the Share Offer, the Cornerstone Investors will not have any Board representation in our Company, nor will each of the Cornerstone Investors become a substantial shareholder of our Company. The Offer Shares to be subscribed by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the Placing and the Hong Kong Public Offering as described in the

CORNERSTONE INVESTORS

section headed “Structure and Conditions of the Share Offer.” Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the announcement of allotment results of our Company to be published on or about 18 February 2019.

Assuming a final Offer Price of HK\$0.28 per Share (being the low-end of the indicative Offer Price range)						
			Assuming none of the Adjustment Options is exercised		Assuming any of the Adjustment Options is fully exercised	
Cornerstone Investor	Investment amount	Number of Offer Shares to be subscribed (Note 1)	Approximate % of the Offer Shares	Approximate % of the Shares in issue (Note 2)	Approximate % of the Offer Shares	Approximate % of the Shares in issue (Note 2)
Dr. Richard Tan	HK\$10,000,000	35,710,000	15.53%	2.90%	13.50%	2.82%
Mt. Poon Tai Man	HK\$10,000,000	35,710,000	15.53%	2.90%	13.50%	2.82%

Assuming a final Offer Price of HK\$0.36 per Share (being the mid-point of the indicative Offer Price range)						
			Assuming none of the Adjustment options is exercised		Assuming any of the Adjustment Options is fully exercised	
Cornerstone Investor	Investment amount	Number of Offer Shares to be subscribed (1)	Approximate % of the Offer Shares	Approximate % of the Shares in issue (Note 2)	Approximate % of the Offer Shares	Approximate % of the Shares in issue (Note 2)
Dr. Richard Tan	HK\$10,000,000	27,770,000	12.07%	2.26%	10.50%	2.20%
Mt. Poon Tai Man	HK\$10,000,000	27,770,000	12.07%	2.26%	10.50%	2.20%

Assuming a final Offer Price of HK\$0.44 per Share (being the high-end of the indicative Offer Price range)						
			Assuming none of the Adjustment Options is exercised		Assuming any of the Adjustment Options is fully exercised	
Cornerstone Investor	Investment amount	Number of Offer Shares to be subscribed (Note 1)	Approximate % of the Offer Shares	Approximate % of the Shares in issue (Note 2)	Approximate % of the Offer Shares	Approximate % of the Shares in issue (Note 2)
Dr. Richard Tan	HK\$10,000,000	22,720,000	9.88%	1.85%	8.59%	1.80%
Mt. Poon Tai Man	HK\$10,000,000	22,720,000	9.88%	1.85%	8.59%	1.80%

Notes:

1. Subject to rounding down to the nearest whole board lot of 10,000 Shares.
2. Immediately following the completion of the Share Offer and assuming no Share is issued pursuant to the Share Option Scheme.

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

Mr. Poon Tai Man

Mr. Poon Tai Man is an IT veteran with approximately 29 years of experience in the IT industry. He founded Icon Business Systems Limited, a private company incorporated in Hong Kong. Currently, he is a director of Icon Business Systems Limited.

Dr. Richard Tan

Dr. Richard Tan is an individual Cornerstone Investor, who is actively investing in equity markets.

To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and is independent from each other.

CLOSING CONDITIONS

The subscription obligation of each of the Cornerstone Investors is subject to, among other things, the following closing conditions:

- (i) the Underwriting Agreements having been entered into and having become unconditional (in accordance with its terms) by no later than such time and date specified therein;
- (ii) the Offer Price having been agreed upon between the Company and the Sole Lead Manager (for itself and on behalf of the Underwriters);
- (iii) the Underwriting Agreements not having been terminated;
- (iv) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) and that such approval or permission having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (v) each of the Cornerstone Investors having executed and delivered to the Company and the relevant Placing Underwriters an undertaking in relation to the disposal restrictions of the Shares under the Cornerstone Placing; and
- (vi) the representations, warranties, undertakings and confirmations of the Cornerstone Investors in the relevant Cornerstone Investment Agreements being accurate and true in all material respects and that there being no material breach of the relevant Cornerstone Investment Agreements on the part of the Cornerstone Investors.

CORNERSTONE INVESTORS

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the relevant Placing Underwriters, he will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the relevant Shares to be subscribed by the Cornerstone Investors (“**Cornerstone Investor’s Shares**”) (or any interest in any company or entity holding any of the Offer Shares); (ii) 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 Cornerstone Investor’s Shares (or any interest in any company or entity holding any of the Offer Shares); (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above, whether any of the transactions above is to be settled by delivery of the Cornerstone Investor’s Shares, in cash or otherwise.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVE AND STRATEGIES

Our business objective is to grow our existing business through diversification of our revenue streams and expansion of our client base by expanding product offerings and features. Please refer to the section headed “Business – Business strategies” in this prospectus for our Group’s strategies.

IMPLEMENTATION PLAN

We will endeavour to achieve the following milestone events during the period from the Listing Date to 30 June 2022. The respective scheduled completion times for these events are based on certain bases and assumptions as set out in the paragraph headed “Bases and assumptions” in this section.

FUTURE PLANS AND USE OF PROCEEDS

	From the Listing Date to 30 June 2019 HK\$'000	For the six months ending						Percentage of net proceeds from the Share Offer %
		31 December 2019 HK\$'000	30 June 2020 HK\$'000	31 December 2020 HK\$'000	30 June 2021 HK\$'000	31 December 2021 HK\$'000	30 June 2022 HK\$'000	
Expand our business in Wealth Management Solution								
(i) man power investment by hiring one experienced business analyst	250	300	330	330	363	363	-	11
(ii) man power investment by hiring independent third party research and development personnels	300	360	432	432	518	518	-	
(iii) marketing communication expenses including fees for participating in industry exhibitions or seminars and running sales campaigns	-	-	24	24	24	24	-	
Improve our user trading applications								
(i) man power investment by hiring one experienced business analyst	250	300	330	330	363	363	-	29
(ii) man power investment by hiring independent third party research and development personnels	150	180	648	648	778	778	-	
(iii) application for market data licence from HKEX involving OMD securities premium feed redistribution fee, OMD derivatives premium feed redistribution fee, and connection fee	-	-	1,041	1,041	1,041	-	-	
(iv) data centre deployment involving fees for deployment of low latency infrastructure at HKEX co-location data centre, network equipment, and annual maintenance cost	-	1,200	284	439	259	439	-	11
(v) marketing communication expenses including fees for digital marketing activities	-	90	90	90	90	90	-	
Expand our managed cloud services to local brokerage firm clients								
(i) man power investment by hiring a network support engineering for running the cloud services	175	210	231	231	254	254	-	3
(ii) data centre deployment	-	420	420	420	420	420	-	
(iii) marketing communication expenses involving hosting industry seminar, participating in industry exhibitions and seminars, and putting advertisements	240	-	264	-	290	-	-	
Establish our research and development centre in the PRC								
(i) Acquisition of property in Qianhai, Shenzhen, the PRC	15,971	-	-	-	-	-	-	46
(ii) Renovation of the acquired property and acquisition of furnitures	620	-	-	-	-	-	-	
(iii) Acquisition of computer hardware such as computers and network modules	927	-	-	-	-	-	-	
(iv) Acquisition of computer software such as operating system and data processing software	476	-	-	-	-	-	-	100
General working capital	220	219	219	219	219	219	-	
Total:	19,579	3,279	4,313	4,204	4,619	3,468	-	

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business objective depends on the following general assumptions and specific assumptions:

General Assumptions

- (1) We are not materially or adversely affected by any changes in the existing government policies or political, legal (including changes in legislations or regulations or rules), fiscal market, or economic conditions in Hong Kong and the PRC in which we carry or will carry business.
- (2) We are not materially or adversely affected by any changes in taxation systems and the relevant bases or rates or duties applied to us in Hong Kong or in any other places in which we operate or are incorporated.
- (3) We are not materially or adversely affected by any changes in inflation rates, interest rates or exchange rates that are currently prevailing.
- (4) There will be no material changes in the landscape of the industries in which we operate in and the conditions of the markets in which we provide our services.
- (5) There will be no material delay to our operation plans as set out in this prospectus.

Specific Assumptions

- (1) The Share Offer will be completed in accordance with and as described in the section headed “Structure and conditions of the Share Offer” in this prospectus.
- (2) We are not adversely affected by any of the risk factors set out in the section headed “Risk factors” in this prospectus.
- (3) The pricing policy between our major clients and us remains unchanged.
- (4) We will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objective related.
- (5) Our operating activities will not be adversely affected by critical shortage in labour, labour disputes, or any other factors outside the control of our management such as the government act or policy.
- (6) Our operations will not be materially affected or interrupted by any force majeure events, unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

Our Directors are of the view that the net proceeds from the Share Offer will help us achieve our business strategies by:–

(1) Enhancing our corporate profile, corporate image, and competitiveness

Our Directors believe that a public listing status will enhance our corporate profile and corporate image which enable us to (i) maintain our relationships with existing clients, attract more potential clients and solicit more businesses upon Listing; (ii) increase our bargaining power in negotiating contract terms with our suppliers as well as increase their confidence in our Group; and (iii) increase our ability to attract, motivate and retain skilled employees and in turn increase our competitiveness.

(2) Strengthen our market position by meeting clients' demands through constant innovation and keep up with the rapid technological changes in financial technology industry

As set out in the section headed “Business – Our competitive strengths” in this prospectus, we have developed, maintained and upgraded our software solution services covering both front office operations and back office operations to address the changing needs, requirements and preferences of our client. In order to further enhance our technological competitiveness, a majority of the proceeds from the Share Offer will be allocated for establishing our own research and development centre and improving our user trading application. Our Directors believe that the establishment of research and development centre will further increase our research and development capability and provide additional resources in testing and application development. The improvement of our user trading application will also assist us in attracting more potential clients and maintaining business relationships with our existing clients. In addition, this would help to increase our competitiveness in the rapid technological changes in the financial technology industry.

(3) Offer our Group access to capital markets for future business development

Following the Listing, our Group will have better access to the capital markets with additional channels for fund raising in support of our future plans and long-term business development. Our Directors believe that the Share Offer would provide an opportunity for our Group to raise funds such as the issuance of equities to finance our long-term business development without incurring interest expenses.

FUTURE PLANS AND USE OF PROCEEDS

(4) Expand and diversify our shareholder base as well as to enhance liquidity in trading of the Shares

Our Directors believe the Listing will increase the liquidity in trading of the Shares where Shareholders can freely trade on the Stock Exchange as well as to expand and diversify our shareholder base, which will benefit our Company and Shareholders as a whole.

Our Directors are of the view that as a financial technology solution provider focusing on the provision of financial software solution services to primarily financial institutions in Hong Kong, research and development capability is of utmost importance in achieving the following, which are also in line with our business objectives:

- *Maintaining and increasing customers' satisfaction*

In order to maintain and increase our customer's satisfaction, we have continuously invested in the customisation and modification of our financial software in order to meet: (i) customisation requirements raised by our clients; and (ii) requirements of changes initiated by the Stock Exchange and other regulatory bodies including the SFC and HKMA (collectively, the “**Customisation and Modification Development**”). Some recent examples include the modification to our financial software in responding to the introduction of Volatility Control Mechanism and Closing Auction Session for the equity and derivative market by the Stock Exchange in 2016, the introduction of Orion Market Data Platform – Derivative Market Lite for the derivative market by the Stock Exchange and the inclusion of China Stock Connect Data in HKEX Orion Market Data Platform – Securities Market and Mainland Market Data Hub in 2017.

- *Diversification of revenue streams and expansion of client base by expanding product offerings and features*

We have continuously monitored the demand on financial software from market participants and expanded product offering and features accordingly. Some recent examples include the successful development and launch of our Wealth Management Solutions and managed cloud services in 2015 and 2016, respectively.

As part of our dedication to the above business objectives, the expenditure related to research and development of our Group increased significantly during the Track Record Period. Our expenditure related to research and development during the Track Record Period consisted primarily of staff costs of the AD Team members and project team members of our Group, which amounted to HK\$6.0 million, HK\$6.6 million and HK\$4.1 million for the years ended 31 December 2016 and 31 December 2017 and for the eight months ended 31 August 2018, respectively. In addition, a total of HK\$5.3 million, HK\$7.6 million and HK\$5.6 million was payable to the Technical Service Providers for the years ended 31 December 2016, 31 December 2017 and for the eight months ended 31 August 2018, respectively, for services which mainly include the development and testing of modules and system testing of the financial software of our Group.

FUTURE PLANS AND USE OF PROCEEDS

Our Directors confirm that in order to maintain our Group's market position and market share, most of the abovementioned staff costs related to research and development of our Group and service fees payable to the Technical Service Providers are related to works and/or services associated with the Customisation and Modification Development.

Despite our Group's need to expand product offering and features, the significant investment in the Customisation and Modification Development and the prudent financial management approach adopted by our Directors of maintaining cash balance of not less than the operating expenses of around six months, the resources that can be allocated for the expansion of new products of our Group is limited. As a result of the limited resources, in order to manage the risk associated with the uncertain results of the expansion of product offering caused by factors such as market reception, quality of products and competition from peers, our Group have to adopt a cautious approach in the process of formulating and implementation of such expansion strategies.

Our Directors are of the view that the limited resources in development of new products also led to the disproportionate growth of revenue and operating expenses of our Group. While the total revenue of our Group increased from HK\$47.9 million in the year ended 31 December 2016 to HK\$48.7 million in the year ended 31 December 2017, representing an annual growth rate of 1.7%, the aggregate costs and expenses related to the staff cost of the AD Team and the project team of our Group and the service fees payable to the Technical Service Providers increased from HK\$11.3 million to HK\$14.2 million during the same period, representing an annual growth rate of 25.6%.

As such, our Directors are of the view that the net proceeds from the Share Offer will allow our Group to stick to the business strategies of our Group in the following manner:

- *Increase in customers' satisfaction through improvement of trading application*

Our Directors believe that the additional headcount and assistance from personnels in research and development, who are Independent Third Parties, for the improvement of our Group's trading application will increase customers' satisfaction and therefore allow our Group to maintain the client base by way of increase in client stickiness. Our Directors consider the direct communication with existing and potential clients as one of the core competence of our Group. Therefore, our Directors believe that the additional headcount to be solely responsible for our Group's trading application will also facilitate our Group to further strengthen our Group's communication with clients, which will facilitate our Group to better understand the market demand of the trading application of our Group.

FUTURE PLANS AND USE OF PROCEEDS

In addition, our Directors also believe that the application of the market data vendor license from the Stock Exchange and the deployment of the low latency infrastructure at HKEX co-location data centre will also allow our Group to provide extra services to existing and potential clients.

- *Expansion of product offering*

According to the record of the SFC, the number of licensed corporations under the SFO to conduct type 9 (asset management) regulated activities increased from 1,135 at the end of 2015 to 1,477 at the end of 2017, representing a CAGR of 14.1%. Nevertheless, revenue from wealth management companies only accounted for 4.2%, 3.0% and 4.3% of the total revenue of our Group for the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018, respectively. Therefore, our Directors are of the view that by utilising the net proceeds from the Share Offer to expand our Group's business in the Wealth Management Solutions, our Group will be able to further expand the client base by capturing the increasing demand from asset management and/or wealth management companies. In addition, our Directors also believe that our Group can leverage on its extensive client base among brokerage firms for cross-selling wealth management solutions whenever such brokerage firm clients expand their wealth management business.

Meanwhile, the expansion in managed cloud services of our Group will allow our Group to expand client base by offering options to potential clients whose priority is to minimise the investment in computer hardware and costs of ongoing maintenance.

- *Establishment of Research and Development Centre*

Despite that the Technical Service Providers are mainly responsible for the development and testing of non-core modules of the financial software of our Group and perform system testing, our Directors are of the view that it would be uncertain whether the Technical Service Providers or any other independent third party provider of similar services can continue to meet the increasing demand of such services from our Group in the long run. In addition, the service fees payable to the Technical Service Providers: (i) increased from HK\$5.3 million in the year ended 31 December 2016 to HK\$7.6 million in the year ended 31 December 2017, representing an annual growth rate of 45.1%; and (ii) increased from HK\$5.2 million for the eight months ended 31 August 2017 to HK\$5.6 million for the eight months ended 31 August 2018, representing an annual growth rate of 8.9%. In the meantime, the proportion of the aggregate amount of the staff cost of the AD Team and project team of our Group and the service fees payable to the Technical Service Providers as compared with the total operating expenses (including staff costs, depreciation and other operating expenses but excluding listing expenses) amounted to 37.8%, 42.3% and 42.0% for the two years ended 31 December 2017 and the eight months ended 31 August 2018.

FUTURE PLANS AND USE OF PROCEEDS

In conclusion, as a result of: (i) the significant investment in the Customisation and Modification Development to maintain and increase customers' satisfaction; (ii) the prudent financial management approach adopted by our Directors of maintaining cash balance of not less than the operating expenses of around six months; and (iii) the needs to accumulate resources for the expansion of new products of our Group, it would be impracticable for our Group to establish the research and development centre in a self-owned property without the net proceeds from the Share Offer.

Therefore, our Directors believe that the Listing represents an ideal opportunity for our Group to achieve the followings within a period which is much shorter than achieving the same through accumulation of internally generated cash flow:

- (i) Enhance the trading application of our Group and expand product offering and features; and
- (ii) Secure the long term growth driver through the establishment of the research and development centre in a self-owned property without suffering from the risk of any unfavourable fluctuation of rental expenses.

Furthermore, our Directors believe that it is in the best interest of our Company to conduct equity financing by way of the Share Offer instead of debt financing. This is primarily because:

- (i) as at the Latest Practicable Date, our Group does not have any significant amount of fixed assets which mainly comprise computer equipment. Our Directors are of the view that it would be highly uncertain whether such computer equipment will be accepted as collaterals to secure bank borrowings. Even if such computer equipment are accepted, it is anticipated that the loan amount can be obtained would be insignificant as compared with the net proceeds of the Share Offer. Hence, our Directors consider that pledging our fixed assets to obtain bank borrowing would not be an efficient way to raise funds to implement our future plan;
- (ii) although our Group used to hold certain investment properties in Hong Kong through Easy System Design, the then shareholders of our Group agreed to exclude Easy System Design and such investment properties from our Group for the purpose of the Reorganisation. After the Reorganisation in 2016, our Group ceased to hold any investment property;
- (iii) our Directors consider that 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 for the following reasons:

FUTURE PLANS AND USE OF PROCEEDS

- 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;
- (iv) as at 31 August 2018, our Group had no interest-bearing borrowings. Our Directors genuinely believe that it is necessary to (a) maintain a disciplined and prudent financial strategy without exposing our Group to aggressive gearing in order to achieve sustainable growth in the long run; and (b) maintain an overall capital structure and a cash level which are sufficient to support our Group's ongoing business needs; and
- (v) our Directors considered that as part of the group of private companies, it would be difficult for our Company, without a listing status, to obtain bank borrowings at a more commercially favourable term. Our Directors believe that debt financing will subject our Group to interest rate risks and certain unfavourable borrowing terms such as the provision of collateral and fees for debt financing and early repayment, as opposed to equity financing which is free from such interest rate risks and unfavourable borrowing terms.

As such, our Directors consider that it is in the best interest of our Group to proceed with the equity financing by way of the Share Offer for the purpose of our business expansion as opposed to a debt financing in the long run.

Accordingly, our Directors are of the view that it is necessary and appropriate for our Company to proceed with the Share Offer in order to implement our business strategies and support our future growth.

According to the GreySpark Report, the estimated ranking of our Group is the third among financial trading software solution providers primarily serving Category B and Category C EPs, with approximately 2.4% estimated shares of the market of financial trading software solutions in Hong Kong. Therefore, our Directors believe that if the above expansion plan is proceeded as planned, we are able to capture the expected market growth in accordance with the GreySpark Report as we have an established clientele which comprises a number of small and medium-sized brokerage firms in Hong Kong. In particular, our Directors are of the view that while the establishment of the research and development centre will reduce our reliance on the Technical Service Providers and increase our research and development capability in the long run, the implementation of other expansion plans will diversify our revenue and expand our client base through expansion of product offerings and features. For example, the expansion of our Wealth Management Solution and our managed cloud services can help us meet the demand of our brokerage firm clients if they intend to establish or expand their wealth management business or prefer not to maintain IT infrastructures on their own.

FUTURE PLANS AND USE OF PROCEEDS

PROPOSED USE OF NET PROCEEDS FROM THE SHARE OFFER

According to the implementation plan as disclosed in the paragraph headed “Implementation plan” in this section, the total expenditure for the implementation plan is estimated to be approximately HK\$39.5 million (assuming that the Offer Price is HK\$0.36, being the mid-point of the indicative Offer Price range) during the period from the Listing Date and up to 30 June 2022, which will be entirely financed by the net proceeds from the Share Offer, internally generated financial resources from our business operations and, if appropriate and as a medium to long-term plan, additional funding by way of bank financing or capital market transactions.

The table below sets forth the estimated net proceeds from the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme) which we will receive if the Offer Price is fixed at low-end, mid-point and high-end of the indicative Offer Price range:

	Listing expenses borne by our Company	Estimated net proceeds from the Share Offer
If the Offer Price is fixed at HK\$0.28 (being the low-end of the indicative Offer Price range)	HK\$41.1 million	HK\$23.3 million
If the Offer Price is fixed at HK\$0.36 (being the mid-point of the indicative Offer Price range)	HK\$43.3 million	HK\$39.5 million
If the Offer Price is fixed at HK\$0.44 (being the high-end of the indicative Offer Price range)	HK\$45.5 million	HK\$55.7 million

FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth the proposed allocation of the net proceeds from the Share Offer (assuming that the Offer Price is HK\$0.36, being the mid-point of the indicative Offer Price range):

	From the Listing Date to 30 June 2019	From 1 July 2019 to 31 December 2019	From 1 January 2020 to 30 June 2020	From 1 July 2020 to 31 December 2020	From 1 January 2021 to 30 June 2021	From 1 July 2021 to 31 December 2021	From 1 January 2022 to 30 June 2022	Total	Percentage of net proceeds from the Share Offer
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
1. Expand our business in Wealth Management Solution	550	660	786	786	905	905	–	4,592	11
2. Improve our user trading applications	400	1,770	2,393	2,548	2,531	1,670	–	11,312	29
3. Expand our managed cloud services to local brokerage firm clients	415	630	915	651	964	674	–	4,249	11
4. Establish our research and development centre in the PRC	17,994	–	–	–	–	–	–	17,994	46
5. General working capital	220	219	219	219	219	219	–	1,315	3
Total:	19,579	3,279	4,313	4,204	4,619	3,468	–	39,462	100

If the Offer Price is finally determined to be more than HK\$0.36, being the mid-point of the indicative Offer Price range, the above proposed allocation of the net proceeds will be increased on a *pro rata* basis. If the Offer Price is finally determined to be less than the mid-point of the indicative Offer Price range, the above allocation of the net proceeds will be decreased on a *pro rata* basis and we plan to finance such shortfall by internal generated financial resources and/or other financings, as and when appropriate.

If any of the Adjustment Options is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$10.9 million, assuming an Offer Price of HK\$0.36 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus. The additional net proceeds received from the exercise of any of the Adjustment Options will be applied on a *pro rata* basis to the above-mentioned purposes. If any of the Adjustment Options is exercised at the higher or lower end of the indicative Offer Price range stated in this prospectus, we will adjust our allocation of the net proceeds for the above-mentioned purposes on a *pro rata* basis.

FUTURE PLANS AND USE OF PROCEEDS

The following table sets forth the estimated net proceeds from the Share Offer that we will receive after deduction of the estimated Listing expenses in connection with the Share Offer:

	Estimated net proceeds which our Company will receive from the Share Offer	
	Assuming none of the Adjustment Options is exercised <i>HK\$' million</i>	Assuming any of the Adjustment Options is exercised in full <i>HK\$' million</i>
Assuming an Offer Price of HK\$0.28 (being the low-end of the indicative Offer Price range)	23.3	31.8
Assuming an Offer Price of HK\$0.36 (being the mid-point of the indicative Offer Price range)	39.5	50.4
Assuming an Offer Price of HK\$0.44 (being the high-end of the indicative Offer Price range)	55.7	69.0

To the extent that the net proceeds of the Share Offer which we will receive are not immediately applied for the above purposes, we currently intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as set out above.

UNDERWRITING

HONG KONG UNDERWRITER(S)

Head & Shoulders Securities

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by way of Hong Kong Public Offering at the Offer Price, on and subject to the terms and conditions in the Hong Kong Underwriting Agreement and this prospectus.

Subject to, among other conditions, 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 to certain other conditions set out in the Hong Kong Underwriting Agreement being satisfied or waived on or before the dates and times as specified therein or such other dates as the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) may agree but in any event not later than the 30th day after the date of this prospectus, the Hong Kong Underwriter(s) has agreed to subscribe for or procure subscribers for the Hong Kong Offer Shares now being offered but which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

Grounds for termination

The Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) is entitled to terminate the Hong Kong Underwriting Agreement at its sole and absolute right by notice in writing to our Company (for itself and on behalf of the executive Directors and Controlling Shareholders) given at any time prior to 8:00 a.m. on the Listing Date (“**Termination Time**”) upon the occurrence of any of the following events:

- (a) there comes to the notice of the Sole Lead Manager any matter or event showing any of the representations, warranties agreements and undertakings contained in the Hong Kong Underwriting Agreement (the “**Warranties**”) to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the Warranties or any other obligations imposed on any party to the Hong Kong Underwriting Agreement (other than those undertaken by the Hong Kong Underwriter(s)) which, in any such cases, is considered, in the reasonable opinion of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) to be material in the context of the Hong Kong Public Offering; or

UNDERWRITING

- (b) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect which is considered, in the reasonable opinion of the Sole Lead Manager, to be material in the context of the Hong Kong Public Offering; or
- (c) any event, series of event, matters or circumstances occurs or arises on or after the date of the Hong Kong Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Hong Kong Underwriting Agreement would have rendered any of the Warranties untrue, incorrect or misleading in any material respect, and comes to the knowledge of any of the Sole Sponsor, the Sole Lead Manager and the Joint Bookrunners or any of the Hong Kong Underwriter(s) and which is considered, in the reasonable opinion of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)), to be material in the context of the Hong Kong Public Offering; or
- (d) any matter, which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the reasonable opinion of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)), a material omission in the context of the Hong Kong Public Offering; or
- (e) any event, act or omission which gives or is likely to give rise to any liability of a material nature of our Company or any of the Controlling Shareholders and the executive Directors arising out of or in connection with the breach of any of the Warranties; or
- (f) any breach by any party to the Hong Kong Underwriting Agreement (other than the Hong Kong Underwriter(s) of any provision of the Hong Kong Underwriting Agreement which, in the reasonable opinion of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)), is material; or
- (g) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Hong Kong Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, BVI or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of our Group; or

UNDERWRITING

- (ii) any adverse change in, or any event or series of events or development resulting or likely to result in any adverse change in Hong Kong, the Cayman Islands, BVI or any of the jurisdictions relevant to the business of our Group, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
- (iii) any adverse change in the conditions of Hong Kong, the US, the PRC or international equity securities or other financial markets; or
- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) any adverse change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, BVI or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group's business; or
- (vi) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US or by the European Union (or any member thereof) on Hong Kong or the PRC; or
- (viii) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out; or

which, in the reasonable opinion of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) acting in good faith:

- (aa) is or will be or is likely to be adverse, in any material respect, to the business, financial or other condition or prospects of our Group taken as a whole or, on any present or prospective shareholder in his/its capacity as such shareholder of our Company; or
- (bb) has or will have or is reasonable likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

UNDERWRITING

(cc) makes it impracticable, inadvisable or inexpedient for the Hong Kong Underwriter(s) to proceed with the Hong Kong Public Offering as a whole.

For the above purpose, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any material change of the value of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and any market fluctuations, whether or not within the normal range therefore, may be considered as events or series of events affecting market conditions referred to above.

Undertakings

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has undertaken to our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s) that he/she/it shall not and shall procure that the relevant registered holder(s) of our Shares and his/her/its associates or companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not:

- (a) during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares in respect of which he/she/it is shown in this prospectus to be directly or indirectly interested in (the “**Relevant Securities**”);
- (b) during the six-month period commencing on the expiry date of the First Six-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 Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders taken together, would cease to be the controlling shareholders (as defined in the GEM Listing Rules) of our Company;
- (c) in the event of any such disposal of the Relevant Securities or any such interest referred to in paragraphs (a) and (b) above, all reasonable steps shall be taken to ensure that such disposal shall be effected in such a manner so as not to create a disorderly or false market for our Shares.

UNDERWRITING

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has also undertaken to our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s) that during the relevant periods specified in paragraphs (a) and (b) above:

- (i) when he/she/it pledges or charges any direct or indirect interest in the Relevant Securities under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, he/she/it must immediately inform our Company and the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) in writing of such pledge and charge, the number of the Relevant Securities so being pledged or charged and other details as required by Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in the Relevant Securities, if and when he/it becomes aware that any pledge or chargee thereof has disposed of or intends to dispose of such interest in the Relevant Securities, immediately inform our Company in writing of such disposal or such intention of disposal.

Our Company has irrevocably and unconditionally undertaken to the Sole Sponsor and the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)), and each of the Controlling Shareholders and the executive Directors of our Company has also irrevocably and unconditionally undertaken to the Sole Sponsor and the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) to procure our Company, that, without the prior written consent of the Sole Lead Manager (for itself and on behalf of the Hong Kong Underwriter(s)) and subject always to the requirements of the Stock Exchange, save for the Hong Kong Offer Shares and any Shares which may fall to be issued pursuant to the exercise of any option that may be granted under the Share Option Scheme, neither our Company nor any of its subsidiaries from time to time shall:

- (a) allot and issue or agree to allot and issue any share in our Company or any of its subsidiaries from time to time or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise acquire any securities of our Company or any of its subsidiaries from time to time during the First Six-Month Period;
- (b) issue any Share or securities in our Company or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise convert into or exchange for Shares or securities in our Company or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such Shares during the six-month period commencing on the expiry date of the First Six-Month Period so as to result in the Controlling Shareholders taken together ceasing to be the controlling shareholders (as defined in the GEM Listing Rules) of our Company or our Company ceasing to hold a controlling interest of 30% or more in any major subsidiary (which shall have the same meaning as in Rule 17.27(2) of the GEM Listing Rules) of our Group; or

UNDERWRITING

- (c) during the First Six-Month Period purchase any Share or securities of our Company.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and the Controlling Shareholders will enter into the Placing Underwriting Agreement with, among other parties, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers to subscribe for or purchase, or failing which they shall subscribe for, the 207,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional upon and subject to, among other things, the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in the paragraph headed “Undertakings” above in this section. It is also expected that upon entering into the Placing Underwriting Agreement, the Placing will be fully underwritten.

Our Company is expected to grant to the Placing Underwriters the Adjustment Options exercisable by the Sole Lead Manager (for itself and on behalf of the Placing Underwriters) to require our Company to allot and issue up to an aggregate of 34,500,000 additional new Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under the Placing. Please refer to the section headed “Structure and conditions of the Share Offer – Adjustment Options” in this prospectus for further details.

Commission and expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriter(s) will receive an underwriting commission of 12% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which the Hong Kong Underwriter(s) may pay any sub-underwriting commission in connection with the Hong Kong Public Offering. The Placing Underwriters are expected to receive an underwriting commission on the aggregate Offer Price payable for the Placing Shares initially offered under the Placing.

Based on the Offer Price of HK\$0.36 per Offer Share (being the mid-point of the indicative Offer Price range), the aggregate commission and fees (inclusive of discretionary incentive fees) payable to the Underwriters, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing

UNDERWRITING

and other expenses relating to the Share Offer are estimated to amount to approximately HK\$43.3 million in total (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

Hard Underwriting Agreement

Hard Underwriting Agreement

On 29 January 2019, our Company entered into the Hard Underwriting Agreement (I), the Hard Underwriting Agreement (II) and the Hard Underwriting Agreement (III) with Head & Shoulders Securities, Sinomax Securities and Ever-Long Securities, respectively. The underwriting commitment under each of the Hard Underwriting Agreements may be satisfied through the following methods:

- (a) the subscriptions of the Offer Shares (i) solely entered through exclusive agents of the relevant Underwriter and/or the relevant Underwriter directly; and (ii) in respect of duplicate orders from other Joint Bookrunners, provided that the relevant Underwriter can provide evidence which is reasonably satisfactory to our Company showing that the orders were first placed through the relevant Underwriter one or more calendar day(s) before such duplicate orders were placed through other Joint Bookrunners (excluding subscriptions from the list of investors agreed between our Company and the relevant Underwriter prior to the relevant Hard Underwriting Agreement). For the avoidance of doubt, duplicate orders placed through other Joint Bookrunners on the same day during the book building period shall be shared equally among such Joint Bookrunners;
- (b) in relation to subscriptions by same investors through the relevant Underwriter and other Joint Bookrunners, such subscriptions shall be regarded as subscriptions solely entered through the relevant Underwriter if such investors have specified the same in their orders (for the avoidance of doubt, if such investors make subscriptions through the relevant Underwriter and other Joint Bookrunners, but specify certain amounts of the subscriptions are entered solely through or solely attributable to the relevant Underwriter, such certain amounts of the subscriptions will be regarded as solely entered through the relevant Underwriter), provided that the relevant Underwriter can provide evidence which is reasonably satisfactory to our Company showing such effect, or otherwise such orders shall be allocated equally amongst the Joint Bookrunners who have received such orders on the first day investor subscribed;
- (c) the subscriptions of the Offer Shares through the relevant Underwriter under the Hong Kong Public Offering; and/or
- (d) the subscriptions of the Offer Shares by the relevant Underwriter.

Each of Head & Shoulders Securities, Sinomax Securities and Ever-Long Securities irrevocably agrees that it will perform its underwriting commitment under the respective Hard Underwriting Agreements by entering into a definitive Hong Kong Underwriting Agreement and a definitive Placing Underwriting Agreement.

UNDERWRITING

Conditions

The underwriting commitment of each of the relevant Underwriters under the Hard Underwriting Agreements is subject to the following conditions:

- (a) the relevant Underwriter being appointed by our Company as one of the Joint Bookrunners for the Share Offer;
- (b) the Underwriting Agreements having become unconditional and have not been terminated in accordance with their respective terms;
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares (and such listing and permission not subsequently revoked prior to Listing); and
- (d) the final Offer Price being determined at HK\$0.28.

Grounds for termination

If the conditions (a) and (b) above are not fulfilled or satisfied by 19 February 2019, the obligations of the relevant Underwriter under the relevant Hard Underwriting Agreement shall lapse and be null and void and neither our Company nor Directors shall have any claim against the relevant Underwriter for costs, damages, compensation or otherwise save for such claims that are caused by the relevant Underwriter's own fraud, gross negligence, willful default or misconduct and the relevant Hard Underwriting Agreement shall terminate.

Fees

Pursuant to the Hard Underwriting Agreement (I), upon fulfillment of the underwriting commitment thereunder unless otherwise being waived by our Company, our Company shall pay to Head & Shoulders Securities:—

- (a) an underwriting commission to be specified in the Underwriting Agreements upon Listing; and
- (b) a bonus commission agreed between the Company and Head & Shoulders Securities in writing.

Pursuant to the Hard Underwriting Agreement (II) and the Hard Underwriting Agreement (III), upon fulfillment of the respective underwriting commitments thereunder unless otherwise being waived by our Company, our Company shall pay an underwriting commission to be specified in the Underwriting Agreements to Sinomax Securities and Ever-Long Securities, respectively.

Accordingly, the underwriting commission to be received by the relevant Underwriters under the Hard Underwriting Agreements and the Underwriting Agreements will be 12% of the aggregate Offer Price.

UNDERWRITING

Pursuant to a side letter dated 15 January 2019 entered into between the Company and Head & Shoulders Securities, in consideration of Head & Shoulders Securities successfully assisting the Company in placing such number of Placing Shares amounted to the value of HK\$45,000,000, the Company shall pay to Head & Shoulders Securities a fixed fee of HK\$1,000,000 as bonus commission.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into the equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or the securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertaking by the Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company that, save as provided in Rule 13.18 of the GEM Listing Rules and pursuant to the Share Offer, he/she/it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, 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 in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in the paragraph (a) above expires, 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 the paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder of our Company.

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Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (a) in the event that he/she/it pledges or charges any direct or indirect interest in the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date by reference to which disclosure of her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in Shares under sub-paragraph (a) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

Save as disclosed in this prospectus, neither the Sole Sponsor nor any of its close associates has or may have, as a result of the Share Offer, any interest in any securities of our Company or any other member of our Group (including rights to subscribe for such securities).

Neither the Sole Sponsor nor any of its close associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (i) by way of the documentation and financial advisory fee to be paid to the Sole Sponsor for acting as the sponsor to the Listing; and
- (ii) certain close associates of the Sole Sponsor whose usual and ordinary courses of business involve trading of and dealing in securities may derive commissions from the trading of and dealing in securities of our Company or provide margin financing in connection thereto or purchase or sell securities of our Company or hold securities of our Company for investment purposes after Listing.

None of the directors and employees of the Sole Sponsor has any directorship in our Company or any other companies comprising our Group.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Hong Kong Public Offering. A total of initially 230,000,000 Offer Shares (subject to the Adjustment Options) will be made available under the Share Offer, of which:

- (i) 207,000,000 Placing Shares (subject to reallocation and the Adjustment Options), representing 90% of the Offer Shares, will initially be conditionally placed with professional, institutional and other investors under the Placing; and
- (ii) 23,000,000 Hong Kong Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Hong Kong Public Offering.

The Hong Kong Underwriter(s) has agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The Placing Underwriters are expected to underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting arrangement are set out in the section headed “Underwriting” in this prospectus.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for the Placing Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 207,000,000 Placing Shares (subject to reallocation and the Adjustment Options) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with professional, institutional and other investors. Professional and institutional 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. Other investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Hong Kong Public Offering.

Our Company, our Directors, the Sole Sponsor and the Sole Lead Manager (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Hong Kong Public Offering.

The Placing is expected to be subject to the conditions as stated in the section headed “Structure and conditions of the Share Offer – Conditions of the Share Offer” in this prospectus.

The Hong Kong Public Offering

Our Company is initially offering 23,000,000 Hong Kong Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Hong Kong Public Offering, representing 10% of the total number of Offer Shares offered under the Share Offer. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter(s) subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Hong Kong Offer Shares are required on application to pay the maximum Offer Price of HK\$0.44 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

An applicant for Shares under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Hong Kong Public Offering is liable to be rejected.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering is to be divided into two pools for allocation purposes: pool A comprising 11,500,000 Hong Kong Offer Shares; and pool B comprising 11,500,000 Hong Kong Offer Shares as follows:–

- Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less.
- Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purposes of this paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B. Multiple or suspected multiple applications within either pool or between pools or any application for more than 50% of the 23,000,000 Hong Kong Offer Shares (that is, 11,500,000 Hong Kong Offer Shares) are liable to be rejected.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the Placing and the Hong Kong Public Offering is subject to reallocation on the following basis:

- (a) In the event that the Placing Shares are fully subscribed or oversubscribed under the Placing:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Sole Lead Manager, at its sole and absolute discretion, may reallocate all or any of the unsubscribed Hong Kong Offer Shares from the Hong Kong Public Offering to the Placing;
 - (ii) if the Hong Kong Public Offering is oversubscribed but the number of Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares may be reallocated to the Hong Kong Public Offering from the Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offering will be increased to a number equivalent to the number of Shares applied for under the Hong Kong Public Offering but subject to a cap of 46,000,000 Shares, representing 20% of the number of Offer Shares initially available under the Share Offer;

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- (iii) if the number of Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offering will be increased to 69,000,000 Shares, representing 30% of the number of Offer Shares initially available under the Share Offer;
 - (iv) if the number of Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the Placing, so that the number of Shares available for subscription under the Hong Kong Public Offering will be increased to 92,000,000 Shares, representing 40% of the number of Offer Shares initially available under the Share Offer; and
 - (v) if the number of Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Shares initially available for subscription under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the Placing, so that the number of Shares available for subscription under the Hong Kong Public Offering will be increased to 115,000,000 Shares, representing 50% of the number of Offer Shares initially available under the Share Offer.
- (b) In the event that the Placing Shares are undersubscribed under the Placing:
- (i) if the Hong Kong Offer Shares are undersubscribed, the Share Offer will not proceed unless fully underwritten by the Underwriters; and
 - (ii) if the Hong Kong Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 23,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 46,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer.

In circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

In the event of reallocation of Offer Shares between the Hong Kong Public Offering and the Placing in the circumstances where (xx) the Placing Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (yy) the Placing Shares are not fully subscribed and the Hong Kong Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer

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Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$0.28 per Offer Share) stated in this prospectus in accordance with the HKEX Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

ADJUSTMENT OPTIONS

Offer Size Adjustment Option

If the final Offer Price is less than HK\$0.435, the Sole Lead Manager (for itself and on behalf of the Placing Underwriters) may exercise the Offer Size Adjustment Option. Pursuant to the Offer Size Adjustment Option, the Sole Lead Manager has the right, only exercisable prior to Listing, to require our Company to allot and issue up to an aggregate of 34,500,000 additional new Shares, representing 15% of the number of Offer Shares initially available under the Share Offer, at the same price per Offer Share at which Offer Shares are initially offered under the Placing, on the same terms and conditions as the Offer Shares that are subject to the Share Offer.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Placing Underwriters to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activities of the Shares in the secondary market after the Listing and will not be subject to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

Our Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by then, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date.

Over-allotment Option

If the final Offer Price is HK\$0.435 or above, the Sole Lead Manager (for itself and on behalf of the Placing Underwriters) may exercise the Over-allotment Option. Pursuant to the Over-allotment Option, the Sole Lead Manager has the right, exercisable at any time from the Listing Date until the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering and from time to time, to require our Company to allot and issue up to an aggregate of 34,500,000 additional new Shares, representing 15% of the number of Offer Shares initially available under the Share Offer, at the same price per Offer Share at which Offer Shares are initially offered under the Placing, to cover over-allocations in the Placing, if any, on the same terms and conditions as the Offer Shares that are subject to the Share Offer.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise the market price of the securities, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In the event that the final Offer Price is HK\$0.435 or above, in connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it, to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager reasonably regards as the best interest of our Company, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) under the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on 10 March 2019, being the 30th day after the last day for

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lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules under the SFO will be made within seven days of the expiration of the stabilisation period.

In the event that the final Offer Price is HK\$0.435 or above, the Sole Lead Manager may, at its option, also cover such over-allocations by purchasing the Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws, rules and regulations.

If the Sole Lead Manager exercises any of the Adjustment Options in full, the additional Offer Shares will represent approximately 2.7% of our Company's enlarged issued share capital immediately following completion of the Share Offer and the exercise of any of the Adjustment Options. In the event that any of the Adjustment Options is exercised, an announcement will be made.

STOCK BORROWING AGREEMENT

In the event that the final Offer Price is HK\$0.435 or above, in order to facilitate settlement of over-allocations in connection with the Placing, the Stabilising Manager may enter into the Stock Borrowing Agreement with Eagle Business Consulting. If the Stock Borrowing Agreement is entered into and if requested by the Stabilising Manager, Eagle Business Consulting will, subject to the terms of the Stock Borrowing Agreement, make available to the Stabilising Manager up to 34,500,000 Shares held by it, by way of stock lending, in order to cover over-allocations in connection with the Placing, if any.

If such stock borrowing arrangement with Eagle Business Consulting is entered into, it will only be effected by the Stabilising Manager, its affiliates or any person acting for it for the settlement of over-allocations in the Placing and such arrangement is not subject to the restrictions of Rule 13.16A(1) of the GEM Listing Rules provided that the requirements set forth in Rule 13.15(5) of the GEM Listing Rules are complied with.

The same number of Shares so borrowed must be returned to Eagle Business Consulting or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised and (ii) the day on which the Over-allotment Option is exercised in full.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Eagle Business Consulting by the Stabilising Manager, its affiliates or any person acting for it in relation to such stock borrowing arrangement.

APPLICATIONS

The Listing is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$0.44 per Hong Kong Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed “Price determination” in this section, is less than the maximum price of HK\$0.44 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth in the section headed “How to apply for Hong Kong Offer Shares” in this prospectus.

PRICE DETERMINATION

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Monday, 11 February 2019, and in any event not later than 12:00 noon on Wednesday, 13 February 2019, by agreement between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company. The Offer Price will be not more than HK\$0.44 per Share and is expected to be not less than HK\$0.28 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

The results of applications and the basis of allotment of Hong Kong Offer Shares under the Hong Kong Public Offering are expected to be announced on Monday, 18 February 2019 in the manner set forth in the section headed “How to apply for Hong Kong Offer Shares” in this prospectus.

NO OVERSEAS REGISTRATION

The documents issued and to be issued in connection with the Share Offer will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional upon, among others:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as described in this prospectus on GEM and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on GEM;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the Placing Underwriting Agreement having been executed by the relevant parties on or about the Price Determination Date; and
- (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including if relevant, as a result of the waiver of any conditions) by the Sole Lead Manager (for itself or on behalf the Underwriters) and not having been terminated in accordance with the terms of the Underwriting Agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for the listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, our Shares on GEM and the 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 date of commencement of dealings in our Shares on GEM or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangement has been made for our Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Tuesday, 19 February 2019. The Shares will be traded in board lots of 10,000 Shares. The stock code is 8036.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Hong Kong 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.

Our Company, the Sole Lead Manager, the Joint Bookrunners and 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 Hong Kong 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 U.S. Person (as defined in Regulation S); 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, our Company, the Sole Lead Manager and the Joint Bookrunners may accept or reject it at their discretion and on any conditions they think fit, including the provision of evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG 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 Hong Kong Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of shares in our Company and/or any of its subsidiaries;
- a director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person of our Company or will become a connected person of our Company immediately upon completion of the Hong Kong Public Offering;
- an associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which application channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong 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 from 9:00 a.m. on Wednesday, 30 January 2019 until 12:00 noon on Friday, 8 February 2019 from:

- (i) the following address of the Hong Kong Underwriter(s):
 - Head & Shoulders Securities Limited at Room 2511, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Queen's Road East – DBS Treasures Centre	Shop A, G/F, Jonsim Place, 228 Queen's Road East, Wanchai
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok
New Territories	Ma On Shan Branch	Shop 205-206, Level 2, Ma On Shan Plaza, Ma On Shan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 30 January 2019 until 12:00 noon on Friday, 8 February 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 "Ting Hong Nominees Limited – eBroker 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:

Wednesday, 30 January 2019 – 9:00 a.m. to 5:00 p.m.
Thursday, 31 January 2019 – 9:00 a.m. to 5:00 p.m.
Friday, 1 February 2019 – 9:00 a.m. to 5:00 p.m.
Saturday, 2 February 2019 – 9:00 a.m. to 1:00 p.m.
Monday, 4 February 2019 – 9:00 a.m. to 5:00 p.m.
Friday, 8 February 2019 – 9:00 a.m. to 12:00 noon

The application for the Hong Kong Offer Shares will commence on Wednesday, 30 January 2019 through Friday, 8 February 2019, being longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Monday, 18 February 2019. Investors should be aware that the dealings in the Shares on GEM are expected to commence on Tuesday, 19 February 2019.

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 8 February 2019, the last application day or such later time described in the paragraph headed "Effect of bad weather on the opening of the application lists" in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Lead Manager and the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong 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 Ordinance, the Companies (WUMP) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set forth 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 Hong Kong Public Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s), their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Hong Kong Public Offering 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 our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s), 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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 our Company, the Sole Sponsor, and the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s) 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;
- (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 Hong Kong 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 Hong Kong 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 Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's branch register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its 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 fulfil the criteria mentioned in the paragraph headed "Personal collection" in this section and have chosen to collect 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 our Company, the Sole Lead Manager and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (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 further information.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed “Who can apply” in this section above may apply through the **HK eIPO White Form** service for Hong Kong 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 our Company. 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

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 Wednesday, 30 January 2019 until 11:30 a.m. on Friday, 8 February 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 8 February 2019 or such later time set forth in the paragraph headed “Effects of bad weather on the opening of the applications lists” in this section.

No multiple applications

If you apply by means of the **HK eIPO White Form**, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving **electronic application instructions** under the **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 (WUMP) Ordinance

For the avoidance of doubt, our Company 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong 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 Hong Kong 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 our Company, the Sole Lead Manager, the Joint Bookrunners and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for Hong Kong 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;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong 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 Hong Kong 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 our Company, our Directors, the Sole Lead Manager and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's branch register of members as the holder of the Hong Kong 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 forth in this prospectus and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 forth in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s), their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Hong Kong Public Offering, 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 our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s) and/or its respective advisers and agents;
- 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 our Company agreeing that it will not offer any Hong Kong 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 (WUMP) 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 Company's announcement of the Hong Kong Public Offering results;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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 giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company 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 Ordinance, the Companies (WUMP) 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 done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company 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 Hong Kong 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 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 10,000 Hong Kong Offer Shares. Instructions for more

HOW TO APPLY FOR HONG KONG OFFER SHARES

than 10,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms. No application for any other number of Hong Kong 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:

Wednesday, 30 January 2019	– 9:00 a.m. to 8:30 p.m.
Thursday, 31 January 2019	– 8:00 a.m. to 8:30 p.m.
Friday, 1 February 2019	– 8:00 a.m. to 8:30 p.m.
Saturday, 2 February 2019	– 8:00 a.m. to 1:00 p.m.
Monday, 4 February 2019	– 8:00 a.m. to 8:30 p.m.
Friday, 8 February 2019	– 8:00 a.m. to 12:00 noon

Note: 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 Wednesday, 30 January 2019 until 12:00 noon on Friday, 8 February 2019 (24 hours daily, except on Friday, 8 February 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 8 February 2019, the last application day or such later time as described in the paragraph headed “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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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 (WUMP) Ordinance

For the avoidance of doubt, our Company 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s) 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 Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong 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. Our Company, our Directors, the Sole Sponsor, the Sole Lead Manager, the Joint Bookrunners and the Hong Kong Underwriter(s) 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 Hong Kong 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 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 Friday, 8 February 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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**, 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 HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Hong Kong Offer Shares under the terms set forth 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 10,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 10,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the participants of the Stock Exchange, 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).

Further information on the Offer Price is set forth in the section headed “Structure and conditions of the Share Offer – Price determination” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Friday, 8 February 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 Friday, 8 February 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 the section headed “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 Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 18 February 2019 (i) on our website (www.ebrokersystems.com); and (ii) on the Stock Exchange’s website (www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our website (www.ebrokersystems.com) and the Stock Exchange’s website (www.hkexnews.hk) by no later than 8:00 a.m. on Monday, 18 February 2019;
- from the designated results of allocations website (www.tricor.com.hk/ipo/result) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, 18 February 2019 to 12:00 midnight on Sunday, 24 February 2019;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 18 February 2019 to Thursday, 21 February 2019;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 18 February 2019 to Wednesday, 20 February 2019 at designated branches of the receiving bank.

If our Company accepts 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

Hong Kong Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Conditions of the Share Offer are set forth in the section headed “Structure and conditions of the Share Offer – 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 HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong 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 the **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 our Company.

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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Sole Lead Manager, the Joint Bookrunners, 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 Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if 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 our Company 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) Hong Kong Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- 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;
- any of the Underwriting Agreements does not become unconditional or is terminated;
- our Company, the Sole Lead Manager or the Joint Bookrunners believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- you apply for more than 11,500,000 Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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\$0.44 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed “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 or before Monday, 18 February 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (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 Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- 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 Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price 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).

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 before Monday, 18 February 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 Tuesday, 19 February 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed "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 Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque and/or share certificate 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 Monday, 18 February 2019 or such other date as notified by us.

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 and/or share certificate 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.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque and/or share certificate will be sent to the address on the relevant Application Form on or before Monday, 18 February 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 Hong Kong Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque will be sent to the address on the relevant Application Form on or before Monday, 18 February 2019, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participants stock account as stated in your Application Form on Monday, 18 February 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 Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the paragraph headed "Publication of results" in this section above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 18 February 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong 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 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate 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 Monday, 18 February 2019, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate 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.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Monday, 18 February 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 on or before Monday, 18 February 2019. If you apply and pay the

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 on or before, Monday, 18 February 2019 by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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) for the Offer Shares 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 Monday, 18 February 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company 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 Hong Kong Public Offering in the manner specified in the paragraph headed "Publication of results" in this section on Monday, 18 February 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 18 February 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 Hong Kong 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 Hong Kong 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 Monday, 18 February 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity

HOW TO APPLY FOR HONG KONG OFFER SHARES

statement showing the number of Hong Kong 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 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 Monday, 18 February 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply 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 date of commencement of dealings in our Shares or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange (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 our Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-46, received from the Company's reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EBROKER GROUP LIMITED AND RHB CAPITAL HONG KONG LIMITED

Introduction

We report on the historical financial information of eBroker Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-46, which comprises the consolidated statements of financial position of the Group as at 31 December 2016, 31 December 2017 and 31 August 2018, the statements of financial position of the Company as at 31 December 2016, 31 December 2017 and 31 August 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated 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-46 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 January 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 preparation and presentation set out in note 2 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.

Reporting accountants' 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 (the "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 accountants' 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 accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 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 accountants' report, a true and fair view of the Company's financial position as at 31 December 2016, 31 December 2017 and 31 August 2018 and the Group's financial position as at 31 December 2016, 31 December 2017 and 31 August 2018 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative historical financial information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eight months ended 31 August 2017 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical 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 Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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 14 to the Historical Financial Information which states that no dividends have been paid by eBroker Group Limited in respect of the Track Record Period.

RSM Hong Kong
Certified Public Accountants
Hong Kong
30 January 2019

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 accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA ("Underlying Financial Statements"). The Underlying Financial Statements were audited by RSM Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December		For the eight months ended 31 August	
	Note	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000
Continuing operations					
Revenue	7	47,874	48,665	32,678	35,930
Other income	8	1,166	94	65	65
Purchases of and changes in inventories		(757)	(367)	(300)	(437)
Staff costs		(18,388)	(19,346)	(13,217)	(13,189)
Depreciation		(229)	(225)	(118)	(118)
Other operating expenses		(20,062)	(16,717)	(9,659)	(15,445)
Profit before tax		9,604	12,104	9,449	6,806
Income tax expense	10	(2,961)	(2,227)	(1,626)	(2,011)
Profit for the year/period from continuing operations	11	6,643	9,877	7,823	4,795
Discontinued operation					
Profit for the year/period from discontinued operation	13	146	—	—	—
Profit and total comprehensive income for the year/period attributable to owners of the Company		<u>6,789</u>	<u>9,877</u>	<u>7,823</u>	<u>4,795</u>
Earnings per share					
From continuing and discontinued operation	15				
Basic and diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at
	Note	2016	2017	31 August
		HK\$'000	HK\$'000	2018
				HK\$'000
Non-current assets				
Property, plant and equipment	16	470	482	410
Investment in a joint venture	18	5	5	5
		<u>475</u>	<u>487</u>	<u>415</u>
Current assets				
Inventories	19	51	51	51
Contract assets	20(a)	–	–	313
Trade and other receivables	21	7,130	7,434	13,027
Due from a joint venture	22	78	94	67
Current tax assets		224	587	–
Bank and cash balances		<u>14,902</u>	<u>24,038</u>	<u>25,795</u>
		<u>22,385</u>	<u>32,204</u>	<u>39,253</u>
Current liabilities				
Contract liabilities	20(b)	–	–	2,540
Trade and other payables	24	6,922	6,874	5,092
Current tax liabilities		<u>278</u>	<u>280</u>	<u>1,704</u>
		<u>7,200</u>	<u>7,154</u>	<u>9,336</u>
Net current assets		<u>15,185</u>	<u>25,050</u>	<u>29,917</u>
Total assets less current liabilities		15,660	25,537	30,332
Non-current liabilities				
Deferred tax liabilities	23	<u>83</u>	<u>83</u>	<u>83</u>
NET ASSETS		<u>15,577</u>	<u>25,454</u>	<u>30,249</u>
Capital and reserves				
Share capital	25	1,000	1,000	1,000
Reserves		<u>14,577</u>	<u>24,454</u>	<u>29,249</u>
TOTAL EQUITY		<u>15,577</u>	<u>25,454</u>	<u>30,249</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at
	Note	2016	2017	31 August
		HK\$'000	HK\$'000	2018
				HK\$'000
Non-current assets				
Investment in a subsidiary	17	<u>13,651</u>	<u>13,651</u>	<u>13,651</u>
Capital and reserves				
Share capital	25	1,000	1,000	1,000
Share premium	26(b)	<u>12,651</u>	<u>12,651</u>	<u>12,651</u>
TOTAL EQUITY		<u>13,651</u>	<u>13,651</u>	<u>13,651</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium <i>(note 26(c)(i))</i>	Capital reserve <i>(note 26 (c)(iii))</i>	Property revaluation reserve <i>(note 26 (c)(ii))</i>	Retained profits	Total equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 January 2016	—*	—	(83,821)	1,734	47,736	(34,351)
Total comprehensive income for the year	—	—	—	—	6,789	6,789
Transfer of a subsidiary upon reorganisation (note 27(a))	—	—	(13,240)	(1,734)	1,734	(13,240)
Issue of a share by eBrokerSys (BVI) Limited ("eBroker (BVI)") for capitalisation of shareholder loan (notes 25 and 27(b)(ii))	—*	56,379	—	—	—	56,379
Transfer on reorganisation	—*	(56,379)	42,728	—	—	(13,651)
Capitalisation issue (note 25)	1,000	12,651	—	—	—	13,651
At 31 December 2016 and 1 January 2017	1,000	12,651	(54,333)	—	56,259	15,577
Total comprehensive income for the year	—	—	—	—	9,877	9,877
At 31 December 2017 and 1 January 2018	1,000	12,651	(54,333)	—	66,136	25,454
Total comprehensive income for the period	—	—	—	—	4,795	4,795
At 31 August 2018	1,000	12,651	(54,333)	—	70,931	30,249
At 1 January 2017	1,000	12,651	(54,333)	—	56,259	15,577
Total comprehensive income for the period	—	—	—	—	7,823	7,823
At 31 August 2017 (unaudited)	1,000	12,651	(54,333)	—	64,082	23,400

* Represents amount less than HK\$1,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the year ended 31 December		For the eight months ended 31 August	
	Note	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
Continuing operations		9,604	12,104	9,449	6,806
Discontinued operation		<u>263</u>	<u>—</u>	<u>—</u>	<u>—</u>
		9,867	12,104	9,449	6,806
Adjustments for:					
Bad debts written off		158	—	—	—
Interest income		—*	—*	—*	(10)
Depreciation		291	225	118	118
Finance costs		<u>159</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating profit before working capital changes		10,475	12,329	9,567	6,914
(Increase)/decrease in trade and other receivables and contract assets		(2,974)	(304)	902	(5,906)
Decrease/(increase) in amount due from a joint venture		46	(16)	13	27
Increase/(decrease) in trade and other payables and contract liabilities		<u>1,348</u>	<u>(48)</u>	<u>(1,163)</u>	<u>758</u>
Cash generated from operations		8,895	11,961	9,319	1,793
Interest paid		(159)	—	—	—
Hong Kong Profits Tax paid		<u>(2,810)</u>	<u>(2,588)</u>	<u>—</u>	<u>—</u>
Net cash generated from operating activities		<u>5,926</u>	<u>9,373</u>	<u>9,319</u>	<u>1,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(247)	(237)	(76)	(46)
Net cash outflow arising on transfer of a subsidiary	27(a)	(20)	—	—	—
Interest received		<u>—*</u>	<u>—*</u>	<u>—*</u>	<u>10</u>
Net cash used in investing activities		<u>(267)</u>	<u>(237)</u>	<u>(76)</u>	<u>(36)</u>

APPENDIX I
ACCOUNTANTS' REPORT

		For the year ended 31 December		For the eight months ended 31 August	
	Note	2016	2017	2017	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of a bank loan		(1,124)	—	—	—
Net cash used in financing activities	27(c)	(1,124)	—	—	—
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,535	9,136	9,243	1,757
CASH AND CASH EQUIVALENTS AT 1 JANUARY		10,367	14,902	14,902	24,038
CASH AND CASH EQUIVALENTS AT 31 DECEMBER/31 AUGUST		<u>14,902</u>	<u>24,038</u>	<u>24,145</u>	<u>25,795</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances		<u>14,902</u>	<u>24,038</u>	<u>24,145</u>	<u>25,795</u>

* Represents amount less than HK\$1,000.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands on 23 May 2016. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY 1-1111, Cayman Islands. The address of its principal place of business is Room 603, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the Historical Financial Information.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

In preparation for the initial listing of shares of the Company on the Stock Exchange, the Group undertook the Group Reorganisation, as detailed in Step 1 to Step 3 in the section headed "Reorganisation" in "History, Reorganisation and Group Structure" to the Prospectus. Upon completion of Step 3 on 2 June 2016, the Company became the holding company of the companies now comprising the Group on 2 June 2016.

The Group Reorganisation involved only the insertion of a new holding company at the top of the existing group and did not result in any change in economic substance in terms of the ownership and control of the Group. In substance, there is no real change in the ownership and control of the Group before and after the completion of the Group Reorganisation, and accordingly the Historical Financial Information for the Track Record Period has been prepared as a continuation of the existing group using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period.

Under the historical group structure, the Group had 100% equity interest in Easy System Design Company Limited ("Easy System") which was principally involved in property investment business. As part of the Group Reorganisation, on 1 June 2016, the Group transferred its entire interest in Easy System to eBroker (Cayman), the then ultimate holding company of the Group, before completion of the Group Reorganisation in order to streamline the Group's financial technology business. Accordingly, the financial results of Easy System for the period from 1 January 2016 to 1 June 2016 are included in the consolidated financial statements of the Group and are presented under discontinued operation with details set out in note 13.

Upon completion of the Group Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ establishment	Issued/paid up capital	Attributable equity interest of the Group as at			Principal activities
			31 December 2016	31 August 2017	31 August 2018	
eBroker (BVI)	British Virgin Islands	2 ordinary shares of US\$2	100%	100%	100%	Investment holding

Name of subsidiary	Place of incorporation/ establishment	Issued/paid up capital	Attributable equity interest of the Group as at			Principal activities
			31 December 2016	31 December 2017	31 August 2018	
eBroker Systems Limited ("eBroker Systems")	Hong Kong	5,913,488,372 ordinary shares of HK\$48,631,819	100%	100%	100%	Investment holding, selling of computer products, provision of automated trading solutions and development of the electronics trading systems for the brokerage
eBroker Systems (HK) Limited ("eBroker (HK)")	Hong Kong	300,000 ordinary shares of HK\$300,000	100%	100%	100%	Provision of electronics trading systems for the brokerage and computer maintenance services

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has applied all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on 1 January 2018 throughout the Track Record Period, except that the Group adopted HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") from 1 January 2018 and HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39"), HKAS 18 Revenue ("HKAS 18") and HKAS 11 Construction Contracts ("HKAS 11") prior to 1 January 2018.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group had adopted the new standard on the required effective date and does not restate comparative information.

(i) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- A. those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- B. those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The adoption of HKFRS 9 does not have significant impact to the classification and measurement of financial assets of the Group.

(ii) Impairment

The Group's trade and other receivables are subject to HKFRS 9's new expected loss model. 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 Group has established a

provision matrix that is based on the Group's historical credit loss, adjusted for forward-looking factors specific to the receivables and the economic environment. The application of the expected credit loss model does not result in earlier recognition of credit losses at 1 January 2018.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18, HKAS 11 and related interpretations.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full or modified retrospective approach for the adoption. The Group has adopted the standard using the modified retrospective approach and does not restate the comparative information.

The Group has identified the following areas which are affected:

(i) Timing of revenue recognition

Previously, revenue arising from the provision of services is recognised when the services are rendered, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised goods or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that goods or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

For contracts with customers in which the sale of goods is generally expected to be the only performance obligation, the adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of goods. The Group's revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of goods.

The adoption of the new revenue standard does not have significant impact on how the Group recognises revenue from the provision of services and sale of goods. However, the adoption of HKFRS 15 would affect the recognition and presentation of receipt in advance, contract assets and liabilities. The accounting policies and presentation of contract assets and liabilities are further disclosed in note 4(m) and note 20 respectively.

The following table summarises the impact on the Group's financial statements as at 1 January 2018.

At 1 January 2018	Impact on changes in accounting policies		
	As reported	Adjustments	Adoption of HKFRS15
	HK\$'000	HK\$'000	HK\$'000
Contract liabilities	–	1,950	1,950
Receipt in advance	1,950	(1,950)	–

The following table summarises the impact of adopting HKFRS 15 on the Group's consolidated financial statements as at 31 August 2018.

At 31 August 2018	Impact on changes in accounting policies		
	As reported	Adjustments	Balance without adoption of HKFRS 15
	HK\$'000	HK\$'000	HK\$'000
Contract assets	313	(313)	–
Contract liabilities	(2,540)	2,540	–
Receipt in advance	–	(2,227)	(2,227)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2018.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019
– Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	
Amendments to HKAS 19, Plan Amendments, Curtailment or Settlement	1 January 2019
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS 9 Financial Instruments: Prepayments Features with Negative Compensation	1 January 2019
Amendments to HKAS 28 Investments in Associates and Joint Ventures:	1 January 2019
Long-term Interests in Associates and Joint Ventures	
HKFRS 17 Insurance Contracts	1 January 2021
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional

exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's lease of office, car parks and rack spaces at data centres are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 29, the Group's future minimum lease payments under non-cancellable operating leases for its office, car parks and rack spaces at data centres amounted to HK\$514,000, HK\$329,000 and HK\$261,000 as at 31 December 2016, 31 December 2017 and 31 August 2018 respectively. The directors do not expect the adoption of HKFRS 16 as compared with current accounting policy would result in a significant impact on the Group's results but it is expected that these leases will be required to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 5.

The significant accounting policies applied in the preparation of this Historical Financial Information is set out below.

(a) Consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries made up to 31 December/31 August. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statements of financial position, investment in a subsidiary is stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investment in a joint venture is accounted for in the Historical Financial Information by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, (which include any long-term interest that, in substance form part of the Group's net investment in the joint venture the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each 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 Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's 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 are translated at average exchange rates for the period (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 exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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 are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer software	10%
Furniture and fixtures	20%
Office equipment	20%
Computer equipment	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Operating leases

The Group as lessee

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods invoiced value of purchases, and where appropriate, freight, insurance and delivery charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(h) Financial assets***Applied prior to 1 January 2018***

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial assets is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classified its financial assets as loan and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, amount due from a joint venture, bank balances and cash are classified in this category.

Applied from 1 January 2018

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial assets is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in assets measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows at initial recognition.

Assets measured at amortised cost 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains and losses. Impairment losses are recognised in the profit or loss.

(i) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables without significant financing component are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(j) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(k) Discontinued operation

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statements of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Revenue recognition***Applied prior to 1 January 2018***

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

- (i) Services fee income from solution services on front office and back office systems, managed cloud services and other related services are recognised when the related services are rendered.
- (ii) Services fee income from installation and customisation services are recognised when the related services are rendered and accepted by customers.
- (iii) Management fee income is recognised when the services are rendered.
- (iv) Revenue from the sales of hardware and software products are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

- (v) Interest income is recognised on a time-proportion basis using the effective interest method.
- (vi) Rental income is recognised on a straight-line basis over the lease term.

Applied from 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable for provision of services and sale of goods in the ordinary course of the Group's activities. Revenue is shown net of discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities.

(i) *Revenue from provision of services*

Revenue is recognised when or as the control of services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of services may be transferred over time or at a point in time. Control of the services is transferred 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 control 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.

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the direct measurements of the value of individual service transferred by the Group to customer, by reference to the cost incurred to date of each individual project.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers services to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Services fee income from solution services on front office and back office systems, managed cloud services and other related services are recognised as a performance obligation satisfied over time when the related services are rendered.

The Group provides installation and customisation services to its customers through contracts with customers. Services revenue is recognised as an asset that the customer controls as the asset is created or enhanced.

Management fee income is recognised as a performance obligation satisfied over time when the services are rendered.

(ii) *Revenue from the sales of hardware and software*

Revenue from the sales of hardware and software products are recognised when control of the goods has been transferred which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(iii) *Interest income is recognised on a time-proportion basis using the effective interest method.*

(iv) *Rental income is recognised on a straight-line basis over the lease term.*

(n) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(q) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of the group of which it is a part, provides key management personnel services to the reporting entity or to the parent of reporting entity.

(r) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statements of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset / cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset / cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(s) Impairment of financial assets

Applied prior to 1 January 2018

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

The carrying amount of trade receivables is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or

by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Applied from 1 January 2018

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 6(b) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability – weighted estimates of credit losses (i.e. the present value of all cash shortfalls) over the expected life & the financial assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward looking estimates. At every reporting date the historical observed default rates are updated and changed in the forward looking estimates are analysed.

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.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below).

Joint control assessment

The Group shares 49% of the results of its joint arrangements. The directors have determined that the Group has joint control over these arrangements as under the contractual agreements, it appears that unanimous consent is required from all parties to the agreements for all relevant activities.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2016, 31 December 2017 and 31 August 2018 was approximately HK\$470,000, HK\$482,000 and HK\$410,000 respectively.

(b) Impairment loss on investment in a subsidiary

The Company evaluates annually whether impairment loss should be recognised for its investment in a subsidiary. This evaluation requires use of estimates. Where the actual result is different from the original estimate, such difference will impact the carrying amount of the investment in a subsidiary in the year in which such estimate has been changed.

As at 31 December 2016, 31 December 2017 and 31 August 2018, no impairment loss on investment in a subsidiary was required.

*(c) Impairment loss for bad and doubtful debts****Applied prior to 1 January 2018***

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate resulting in an impairment of their ability to make payments, additional allowances may be required.

As at 31 December 2016 and 2017, no impairment loss for bad and doubtful debts was made.

Applied from 1 January 2018

The impairment allowance for trade receivables and contract assets is based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

As at 31 August 2018, no impairment loss for bad and doubtful debts was made.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, Renminbi and United States dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The credit risk of the Group is primarily attributable to its trade and other receivables, contract assets, amount due from a joint venture and bank and cash balances. The carrying amounts of contract assets, trade and other receivables, amount due from a joint venture and cash deposits at banks represent the Group's maximum exposure to credit risk in relation to financial assets.

In respect of trade receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customers financial position, past history of making payments and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

The Group always measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables and contract assets are estimated using a simplified method. The Group has assessed that the expected credit losses for trade receivables and contract assets based on individually significant customer or the ageing of customers collectively that are not individually significant. The expected loss rate of trade receivables and contract assets are assessed to be 0%. Thus no loss allowance provision was recognised during the Track Record Period.

For other receivables and amount due from joint venture, the management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables and amount due from joint venture. The Group has assessed that the expected credit losses for other receivables and amount due from joint venture are not material under the 12 months expected credit losses method. Thus no loss allowance provision was recognised during the Track Record Period.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand HK\$'000	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	Total HK\$'000
At 31 December 2016						
Trade and other payables	–	6,922	–	–	–	6,922
Financial guarantee	19,358	–	–	–	–	19,358
	<u>19,358</u>	<u>6,922</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>26,280</u>
At 31 December 2017						
Trade and other payables	–	6,874	–	–	–	6,874
Financial guarantee	16,620	–	–	–	–	16,620
	<u>16,620</u>	<u>6,874</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,494</u>
At 31 August 2018						
Contract liabilities	–	2,540	–	–	–	2,540
Trade and other payables	–	5,092	–	–	–	5,092
Financial guarantee	14,796	–	–	–	–	14,796
	<u>14,796</u>	<u>7,632</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>22,428</u>

The amounts included above for a financial guarantee contract are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each year/period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interests at variable rates varied with the then prevailing market condition. The Group does not have significant exposure on interest rate risk. Except as stated above, the Group has no other interest-bearing assets and liabilities as at the end of the reporting periods, its income and operating cash flows are substantially independent of changes in variable interest rates.

(e) Categories of financial instruments of the Group

	As at 31 December		As at
	2016	2017	31 August
	HK\$'000	HK\$'000	2018
			HK\$'000
Financial assets:			
Financial assets at amortised costs	20,542	30,105	34,570
Financial liabilities:			
Financial liabilities at amortised cost	4,739	4,924	5,380

(f) Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. REVENUE

The detailed analysis of the Group's revenue for the Track Record Period from continuing operations is as follows:

	For the year ended		For the eight months	
	31 December		ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Front office solution service income	26,778	27,563	18,288	19,293
Back office solution service income	11,294	11,907	7,923	8,205
Installation and customisation service income	5,855	4,560	3,414	4,921
Managed cloud service income	828	2,231	1,362	1,899
Others	3,119	2,404	1,691	1,612
	47,874	48,665	32,678	35,930

In the following table, revenue is disaggregated by timing of revenue recognition for the eight months ended 31 August 2018:

	HK\$'000
<i>Products and services transferred at a point in time</i>	
Others	648
<i>Products and services transferred over time</i>	
Front office solution service income	19,293
Back office solution service income	8,205
Installation and customisation service income	4,921
Managed cloud service income	1,899
Others	964
Total	35,930

8. OTHER INCOME

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Continuing operations				
Interest income	—*	—*	—*	10
Management fees from a joint venture	78	94	65	55
Reversal of over-provision of listing expenses for listing application in prior years	1,088	—	—	—
	<u>1,166</u>	<u>94</u>	<u>65</u>	<u>65</u>

* Represents amount less than HK\$1,000.

9. SEGMENT INFORMATION

During the Track Record Period, all of the Group's revenue from continuing operations has been generated from the sale of computer products, provision of contracted trading solutions and development of electronics trading systems for brokerage. The Group also has a reportable segment of property rental which was classified as discontinued operation during the Track Record Period. The segment information reported does not include any amounts for this discontinued operation, which is described in more details in note 13.

Revenue represents the service income for the provision of services to the Group's customers. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and assessment of the Group's performance, is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis or information about the Group's services is presented.

All of the Group's revenue from continuing operations from external customers and assets was generated from and located in Hong Kong during the Track Record Period.

During the Track Record Period, no individual customer contributes over 10% of the total revenue of the Group.

10. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Current tax – Hong Kong Profits Tax				
– Provision for the year/period	3,001	2,481	1,626	2,011
– Over-provision in prior years	(40)	(254)	—	—
	<u>2,961</u>	<u>2,227</u>	<u>1,626</u>	<u>2,011</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the Track Record Period.

The reconciliation between the income tax expense and the product of profit before tax from continuing operations multiplied by the Hong Kong Profits Tax rate is as follows:

	For the year ended 31 December		For the eight months ended 31 August	
	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000
Profit before tax	9,604	12,104	9,449	6,806
Tax at the domestic income tax rate of 16.5%	1,584	1,997	1,559	1,123
Tax effect of expenses that are not deductible	1,474	466	53	932
Tax effect of income that is not taxable	(180)	—*	—*	(2)
Tax effect of temporary differences not recognised	123	18	14	(42)
Over -provision in prior years	(40)	(254)	—	—
Income tax expense	<u>2,961</u>	<u>2,227</u>	<u>1,626</u>	<u>2,011</u>

* Represents amount less than HK\$1,000.

11. PROFIT FOR THE YEAR/PERIOD

The Group's profit for the Track Record Period from continuing operations is stated after charging the following:

	For the year ended 31 December		For the eight months ended 31 August	
	2016 HK\$'000	2017 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000
Auditor's remuneration	273	243	162	175
Bad debts written off	158	—	—	—
Cost of inventories sold	757	367	300	437
Depreciation	229	225	118	118
Exchange losses	12	—	—	—
Listing expenses in respect of:				
– Listing application in 2016	8,753	—	—	—
– Listing application in 2017	—	2,722	318	—
– Listing application in 2018	—	—	—	5,649
Operating lease charges	<u>1,594</u>	<u>2,106</u>	<u>1,498</u>	<u>1,347</u>

12. SALARIES AND EMPLOYEE BENEFITS EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

Employee benefits expenses from continuing operations were as follows:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Salaries, bonuses and allowances (including directors' emoluments)	17,950	18,894	12,916	12,881
Retirement benefit scheme contributions (<i>note (a)</i>)	438	452	301	308
	<u>18,388</u>	<u>19,346</u>	<u>13,217</u>	<u>13,189</u>

(a) Retirement benefit scheme contributions

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

(b) *Directors' emoluments:*

The remuneration of each director is as follows:

Name of director	Fees HK\$'000	Salaries, bonuses and allowances HK\$'000	Retirement benefit scheme HK\$'000	Total HK\$'000
For the year ended 31 December 2016				
<i>Executive directors:</i>				
Chan Lap Tak, Douglas (note (i))	–	1,573	18	1,591
Lo Chi Ho (note (i))	–	1,470	18	1,488
<i>Independent non-executive directors:</i>				
Chan Chi Kwong Dickson (note (ii))	–	–	–	–
Liu Kin Sing (note (ii))	–	–	–	–
Au Yeung, Po Fung (note (ii))	–	–	–	–
	–	3,043	36	3,079
For the year ended 31 December 2017				
<i>Executive directors:</i>				
Chan Lap Tak, Douglas (note (i))	–	1,638	18	1,656
Lo Chi Ho (note (i))	–	1,535	18	1,553
<i>Independent non-executive directors:</i>				
Chan Chi Kwong Dickson (note (ii))	–	–	–	–
Liu Kin Sing (note (ii))	–	–	–	–
Au Yeung, Po Fung (note (ii))	–	–	–	–
	–	3,173	36	3,209
For the eight months ended 31 August 2017 (unaudited)				
<i>Executive directors:</i>				
Chan Lap Tak, Douglas (note (i))	–	1,084	12	1,096
Lo Chi Ho (note (i))	–	1,015	12	1,027
<i>Independent non-executive directors:</i>				
Chan Chi Kwong Dickson (note (ii))	–	–	–	–
Liu Kin Sing (note (ii))	–	–	–	–
Au Yeung, Po Fung (note (ii))	–	–	–	–
	–	2,099	24	2,123

Name of director	Fees HK\$'000	Salaries, bonuses and allowances HK\$'000	Retirement benefit scheme HK\$'000	Total HK\$'000
For the eight months ended 31 August 2018				
<i>Executive directors:</i>				
Chan Lap Tak, Douglas (note (i))	–	1,109	12	1,121
Lo Chi Ho (note (i))	–	1,052	12	1,064
<i>Independent non-executive directors:</i>				
Chan Chi Kwong Dickson (note (ii))	–	–	–	–
Liu Kin Sing (note (ii))	–	–	–	–
Au Yeung, Po Fung (note (ii))	–	–	–	–
	<u>–</u>	<u>2,161</u>	<u>24</u>	<u>2,185</u>

note (i): Appointed on 23 May 2016

note (ii): Appointed on 19 June 2018

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

(c) *Five highest paid individuals*

The five highest paid individuals in the Group during the Track Record Period included two directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three highest paid individuals are set out below:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Basic salaries, bonus and allowances	4,186	4,425	2,921	2,919
Retirement benefit scheme contributions	<u>54</u>	<u>54</u>	<u>36</u>	<u>36</u>
	<u>4,240</u>	<u>4,479</u>	<u>2,957</u>	<u>2,955</u>

The emoluments of the remaining individuals with highest emoluments fell within the following bands:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
			(unaudited)	
Nil to HK\$1,000,000	–	–	1	1
HK\$1,000,001 to HK\$1,500,000	1	1	2	2
HK\$1,500,001 to HK\$2,000,000	<u>2</u>	<u>2</u>	<u>–</u>	<u>–</u>

During the Track Record Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(d) *Directors' material interests in transactions, arrangements or contracts*

During the Track Record Period, the Group entered into the following transactions from continuing operations with the following companies in which the directors have beneficial interests:

Name	Nature	For the year ended 31 December		For the eight months ended 31 August	
		2016 HK\$'000	2017 HK\$'000	2017 HK\$'000 (unaudited)	2018 HK\$'000
T G Securities Limited ("TG")	Service income received	3,660	2,214	1,474	1,968
Winner Star Technology Limited ("Winner Star")	Management fees received	78	94	65	55
	Leased line income received	8	—	—	—
深圳易博科金融工程系統有 限公司 Shenzhen Yiboke Financial Engineering Systems Company Limited ("Shenzhen Yiboke")	Technical support services fee paid	1,257	2,628	1,826	1,835
Brilliant Technology Limited ("Brilliant")	Technical support services fee paid	4,000	5,000	3,333	3,781
Easy System	Rental expenses paid	945	1,620	1,080	1,080

Mr. Chan Lap Tak, Douglas is interested in the aforesaid transactions to the extent that he is a beneficial shareholder of TG, Easy System, Shenzhen Yiboke, Winner Star and Brilliant. Mr. Lo Chi Ho is interested in the aforesaid transactions to the extent that he is a beneficial shareholder of Easy System and beneficial shareholder and director of Winner Star. Mr. Chan and Mr. Lo are beneficial shareholders of Winner Star because (i) Mr. Chan and Mr. Lo have direct or indirect shareholding on the Company and (ii) eBroker Systems which is an indirect wholly-owned subsidiary of the Company, holds 49% equity interest in Winner Star.

Save for the aforementioned transactions, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

13. DISCONTINUED OPERATION

In order to focus the Group's resources on financial technology business, the Group cease its property investment business which was undertaken by Easy System during the Track Record Period. On 1 June 2016, the directors transferred Easy System to eBroker (Cayman), the then ultimate parent of the Group. Further details of the transfer are disclosed in note 27(a) to the Historical Financial Information.

The financial results of Easy System for the period from 1 January 2016 to 1 June 2016 were presented as discontinued operation.

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Profit for the year/period from discontinued operation:				
Other income	500	—	—	—
Depreciation	(62)	—	—	—
Administrative expenses	(16)	—	—	—
Profit from operations	422	—	—	—
Finance costs	(159)	—	—	—
Profit before tax	263	—	—	—
Income tax expense	(117)	—	—	—
Profit for the year/period from discontinued operation attributable to owners of the Company	146	—	—	—

Profit for the year/period from discontinued operation included the following:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Depreciation	62	—	—	—
Auditor's remuneration	4	—	—	—
Directors' emoluments	—	—	—	—
Direct operating expenses of investment properties that generate rental income	7	—	—	—
Cash flows from discontinued operation:				
Net cash outflows from operating activities	(441)	—	—	—
Net cash outflows from financing activities	(603)	—	—	—
Net cash outflows	(1,044)	—	—	—

14. DIVIDENDS

No dividend had been paid or declared by the Company during the Track Record Period.

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this Historical Financial Information, is not considered meaningful due to the Group Reorganisation and the basis of presentation of the results of the Group for the Track Record Period as further explained in note 2 to the Historical Financial Information.

16. PROPERTY, PLANT AND EQUIPMENT

	Computer software <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
At 1 January 2016	17,000	998	950	4,059	23,007
Additions	—	—	—	247	247
At 31 December 2016 and 1 January 2017	17,000	998	950	4,306	23,254
Additions	—	—	—	237	237
At 31 December 2017 and 1 January 2018	17,000	998	950	4,543	23,491
Additions	—	—	—	46	46
At 31 August 2018	17,000	998	950	4,589	23,537
Accumulated depreciation					
At 1 January 2016	17,000	997	950	3,608	22,555
Charge for the year	—	1	—	228	229
At 31 December 2016 and 1 January 2017	17,000	998	950	3,836	22,784
Charge for the year	—	—	—	225	225
At 31 December 2017 and 1 January 2018	17,000	998	950	4,061	23,009
Charge for the period	—	—	—	118	118
At 31 August 2018	17,000	998	950	4,179	23,127
Carrying amount					
At 31 August 2018	—	—	—	410	410
At 31 December 2017	—	—	—	482	482
At 31 December 2016	—	—	—	470	470

17. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 December 2016 <i>HK\$'000</i>	As at 31 December 2017 <i>HK\$'000</i>	As at 31 August 2018 <i>HK\$'000</i>
Unlisted investment, at cost	13,651	13,651	13,651

Particulars of the subsidiaries as at 31 December 2016, 31 December 2017 and 31 August 2018 are as follows:

Name	Place of incorporation /registration and operation	Issued and paid up capital	Percentage of ownership interest / voting power/ profit sharing		Principal activities
			Direct	Indirect	
eBroker (BVI)	British Virgin Islands	2 ordinary shares of US\$2	100%	–	Investment holding
eBroker Systems	Hong Kong	5,913,488,372 ordinary shares of HK\$48,631,819	–	100%	Investment holding, selling of computer products, provision of automated trading solutions and development of the electronics trading systems for the brokerage
eBroker (HK)	Hong Kong	300,000 ordinary shares of HK\$300,000	–	100%	Provision of electronics trading systems for the brokerage and computer maintenance services

18. INVESTMENT IN A JOINT VENTURE

	As at 31 December		As at
	2016	2017	31 August
	HK\$'000	HK\$'000	2018
Unlisted investment:			
Share of net assets	5	5	5

Details of the joint venture as at 31 December 2016, 31 December 2017 and 31 August 2018 are as follows:

Name	Place of incorporation /registration	Issued and paid up capital	Percentage of ownership interest/ profit sharing		Principal activities
Winner Star	Hong Kong	10,000 ordinary shares of HK\$10,000	49%		Provision of market data

19. INVENTORIES

As at 31 December 2016, 31 December 2017 and 31 August 2018, all of the Group's inventories represented finished goods.

20. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Details of contract assets are as follows:

	As at 31 August 2018
	HK\$'000
Contract assets related to provision of services	313

The contract assets represent the Group's rights to consideration for work completed but not billed as at 31 August 2018. The contract assets are transferred to trade receivables when the rights become unconditional other than passage of time. Contract assets increased in 2018 was primarily due to more ongoing installation services at 31 August 2018.

- (b) The Group has recognised the following revenue-related contract liabilities:

	As at 31 August 2018 HK\$'000
Contract liabilities related to provision of services	<u>2,540</u>

The contract liabilities represent the advanced consideration received from customers for which revenue is recognised based on the progress toward complete satisfaction of the related services. The increase in contract liabilities in 2018 was mainly due to increase in overall contract activities.

The following table shows the revenue recognised during the eight months ended 31 August 2018 related to carried-forward contract liabilities:

	HK\$'000
Revenue recognised that was included in the balance of contract liabilities at 1 January 2018	
Revenue from provision of services	<u>1,752</u>

- (c) Unsatisfied contracts related to provision of services

	As at 31 August 2018 HK\$'000
Expected to be recognised within one year	<u>3,794</u>
Expected to be recognised after one year	<u>402</u>

21. TRADE AND OTHER RECEIVABLES

	As at 31 December 2016 HK\$'000	2017 HK\$'000	As at 31 August 2018 HK\$'000
Trade receivables*	5,010	5,477	7,925
Prepayments, deposits and other receivables**	<u>2,120</u>	<u>1,957</u>	<u>5,102</u>
	<u>7,130</u>	<u>7,434</u>	<u>13,027</u>

* Included in the trade receivables as at 31 December 2016, 31 December 2017 and 31 August 2018 is approximately HK\$555,000, HK\$342,000 and HK\$383,000 respectively of trade receivables due from a company in which Mr Chan Lap Tak Douglas has beneficial interests.

** Included in the prepayments, deposits and other receivables as at 31 December 2016, 31 December 2017 and 31 August 2018 is approximately HK\$477,000, HK\$190,000 and HK\$85,000 respectively of technical support services fee prepaid to a related company in which Mr Chan Lap Tak Douglas has beneficial interests.

The Group's trading terms with customers are due upon presentation of invoices. However, as the Group seeks to develop long-term relationship with its customers, it may allow an average credit period of 60 days to its customers, depending on the creditworthiness of customers and the existing relationships with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

APPENDIX I**ACCOUNTANTS' REPORT**

As at 31 December 2016, 31 December 2017 and 31 August 2018, no allowance was made for estimated irrecoverable trade receivables.

The ageing analysis of trade receivables for whom there is no recent listing of default, based on the invoice date, is as follows:

	As at 31 December		As at
	2016	2017	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	2,549	2,584	2,707
31 to 60 days	1,136	1,088	1,785
61 to 90 days	168	365	684
91 to 180 days	832	588	1,956
Over 181 days	325	852	793
	<u>5,010</u>	<u>5,477</u>	<u>7,925</u>

As at 31 December 2016, 31 December 2017 and 31 August 2018, trade receivables of approximately HK\$1,325,000, HK\$1,805,000 and HK\$3,433,000 respectively were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December		As at
	2016	2017	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 3 months	804	880	1,757
Over 3 months	521	925	1,676
	<u>1,325</u>	<u>1,805</u>	<u>3,433</u>

The carrying amounts of the trade receivables are denominated in Hong Kong dollars.

The carrying amounts of the prepayments, deposits and other receivables are denominated in the following currencies:

	As at 31 December		As at
	2016	2017	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollars	1,643	1,767	5,102
Renminbi	477	190	—
	<u>2,120</u>	<u>1,957</u>	<u>5,102</u>

22. DUE FROM A JOINT VENTURE

Name	Maximum amount outstanding during						
	As at 1 January		As at 31 December		As at 31 August		eight months ended 31 August
	2016	2016	2017	2018	the year ended 31 December 2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Winner Star	<u>124</u>	<u>78</u>	<u>94</u>	<u>67</u>	<u>124</u>	<u>94</u>	<u>94</u>

The amount due is unsecured, interest-free and repayable on demand. The amount due is trade nature and denominated in Hong Kong dollars.

23. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group.

	Accelerated tax depreciation HK\$'000
At 1 January 2016, 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018 and 31 August 2018	<u>83</u>

24. TRADE AND OTHER PAYABLES

	As at 31 December 2016	2017	As at 31 August 2018
	HK\$'000	HK\$'000	HK\$'000
Trade payables	302	350	413
Accruals and other payables	4,437	4,574	4,679
Receipt in advance	<u>2,183</u>	<u>1,950</u>	<u>—</u>
	<u>6,922</u>	<u>6,874</u>	<u>5,092</u>

The aging analysis of trade payables based on the date of receipt of goods or services, is as follows:

	As at 31 December 2016	2017	As at 31 August 2018
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	182	209	194
31 to 60 days	116	67	77
61 to 90 days	—	21	106
Over 90 days	<u>4</u>	<u>53</u>	<u>36</u>
	<u>302</u>	<u>350</u>	<u>413</u>

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	As at 31 December		As at
	2016	2017	31 August
	HK\$'000	HK\$'000	2018
			HK\$'000
Renminbi	88	124	180
Hong Kong dollars	194	171	230
US dollars	20	55	3
	<u>302</u>	<u>350</u>	<u>413</u>

25. SHARE CAPITAL

The Group

For presentation purpose, the share capital presented in the consolidated statement of changes in equity as at 1 January 2016 represented 1 ordinary share of US\$1 of eBroker (BVI) held by eBroker (Cayman). The share capital presented in the consolidated statements of financial position as at 31 December 2016 and 2017 represented the share capital of the Company.

On 1 June 2016, eBroker (BVI) capitalised the outstanding amount of approximately HK\$56,379,000 due to eBroker (Cayman) by issuing 1 ordinary share of US\$1 in the capital of eBroker (BVI) to eBroker (Cayman).

The Company was incorporated under the laws of Cayman Islands with limited liability on 23 May 2016 with an authorised share capital of HK\$1,000,000 divided into 100,000,000 ordinary shares with a par value of HK\$0.01 each, of which 1 ordinary share was allotted to eBroker (Cayman) for incorporation of the Company.

On 2 June 2016, eBroker (Cayman) transferred 2 ordinary shares in eBroker (BVI) (representing 100% of the then issued capital of eBroker (BVI)) to the Company for a consideration of approximately HK\$13,651,000. By a resolution passed on 2 June 2016, the Company issued 99,999,999 shares at par value of HK\$0.01 each to capitalise the amount due to eBroker (Cayman) as full settlement.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

The Group is not subject to any externally imposed capital requirements.

The Company

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary share of HK\$0.01 each		
On incorporation	100,000,000	1,000
At 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018 and 31 August 2018	<u>100,000,000</u>	<u>1,000</u>
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
Ordinary share issue upon incorporation	1	—*
Capitalisation issue	99,999,999	1,000
At 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018 and 31 August 2018	<u>100,000,000</u>	<u>1,000</u>

* Represents amount less than HK\$1,000.

26. RESERVES**(a) The Group**

The amounts of the Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

(b) The Company

	Share premium <i>HK\$'000</i>
At 23 May 2016 (date of incorporation)	—
Capitalisation issue	12,651
At 31 December 2016, 1 January 2017, 31 December 2017, 1 January 2018 and 31 August 2018	<u>12,651</u>

(c) Nature and purpose of reserves*(i) Share premium account*

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) *Property revaluation reserve*

The property revaluation reserve has been set up and is dealt with the fair value changes arising from the Group's property, plant and equipment reclassified to investment properties.

As at 1 January 2016, the property revaluation reserve of the Group in respect of transferring the owner-occupied properties to investment properties at the date of change of use amounted to approximately HK\$1,734,000. The reserve was released to retained profits upon the completion of transfer of Easy System on 1 June 2016.

(iii) *Capital reserve*

The capital reserve arose as a result of the followings:

- A. As a result of the group reorganisation implemented in 2013, the capital reserve represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of eBroker (BVI) issued in exchange therefor.
- B. As a result of Group Reorganisation implemented in 2016, the capital reserve represented the difference between the nominal value of share capital of the Company and the paid-up capital of eBroker (BVI) pursuant to the Group Reorganisation.
- C. As part of the Group Reorganisation, the Group transferred Easy System to the then ultimate holding company of the Group before completion of the Group Reorganisation and recorded a deemed distribution of approximately HK\$13,240,000 in the capital reserve as detailed in note 27(a).

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Transfer of a subsidiary

As referred to in note 13 to the Historical Financial Information, on 1 June 2016, the Group entered into a sale and purchase agreement with eBroker (Cayman), to transfer the Group's 100% interests in Easy System to eBroker (Cayman) at a consideration of approximately HK\$13,741,000. The consideration was debited to the current account with eBroker (Cayman).

Net assets of Easy System at the date of transfer were as follows:

	HK\$'000
Property, plant and equipment	28,328
Investment property	41,500
Due from a related company	4,323
Prepayments and deposits	97
Bank and cash balances	20
Other payables and accruals	(424)
Due to then ultimate holding company	(25,517)
Due to then immediate holding company	(186)
Current tax liabilities	(124)
Bank loan	(20,945)
Deferred tax liabilities	(91)
	<u> </u>
Net assets transferred	26,981
Deemed distribution to the then ultimate holding company (<i>note 26(c)(iii)(C)</i>)	(13,240)
	<u> </u>
Total consideration	<u>13,741</u>
Consideration satisfied by:	
Current account with eBroker (Cayman)	<u>13,741</u>
	<u> </u>
Net cash outflow arising on transfer:	
Bank balances and cash transferred	<u>(20)</u>

During the year ended 31 December 2015, the Group planned to cease its property investment business which was undertaken by Easy System and to transfer Easy System out of the Group. In accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, the assets and liabilities of Easy System were classified as held for sale in the consolidated statement of financial position as at 31 December 2015.

(b) Major non-cash transactions

- (i) On 1 June 2016, the Group transferred Easy System to eBroker (Cayman) at consideration of approximately HK\$13,741,000. The consideration was debited to the current account with eBroker (Cayman).
- (ii) On 1 June 2016, eBroker (BVI) capitalised the amount due to eBroker (Cayman) of approximately HK\$56,379,000, by issuing 1 ordinary share of US\$1.00 in the capital of eBroker (BVI) to eBroker (Cayman).
- (iii) On 2 June 2016, eBroker (Cayman) transferred 2 ordinary shares of eBroker (BVI) to the Company for a consideration of approximately HK\$13,651,000 which was credited to the current account with eBroker (Cayman). The Company capitalised the amount due to eBroker (Cayman) of approximately HK\$13,651,000 by issuing 99,999,999 shares of the Company to eBroker (Cayman).

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loan <i>HK\$'000</i>
1 January 2016	22,069
Cash outflow	(1,124)
Non-cash change	<u>(20,945)</u>
As at 31 December 2016	<u><u>–</u></u>

28. CONTINGENT LIABILITIES

During the Track Record Period, eBroker Systems issued a letter of corporate guarantee in favor of a bank to the extent of HK\$74,500,000 for the banking facilities granted to Easy System. The directors of the Company considered that the fair value of the corporate guarantee provided by the Company is insignificant. At 31 December 2016, 31 December 2017 and 31 August 2018 the maximum liability of the Group under the guarantee is the outstanding balances of the bank loan due by Easy System at that dates of approximately HK\$19,358,000, HK\$16,620,000 and HK\$14,796,000 respectively. Pursuant to the banking facilities letter dated 4 July 2016, the corporate guarantee will be released upon the listing of the Company's shares on the GEM of the Stock Exchange.

29. LEASE COMMITMENTS

At the end of each reporting period the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December		As at
	2016	2017	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>514</u>	<u>329</u>	<u>261</u>

Operating lease payments represent rentals payable by the Group for certain of its office, car parks and rack spaces at data centres. For the Track Record Period, leases are negotiated for term ranged from 2 to 3 years and rentals are fixed over the lease terms and do not include contingent rentals.

30. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the Historical Financial Information, the Group had the following transactions with its related parties during the Track Record Period:

	For the year ended 31 December		For the eight months ended 31 August	
	2016	2017	2017	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Continuing operations				
(A) <i>Income arising from</i>				
(i) Management fee received from a joint venture	78	94	65	55
(ii) Leased line income received from a joint venture	8	–	–	–
(iii) Service income received from a related company	1,615	–	–	–
 (B) <i>Expenses incurred by</i>				
(i) Technical support services fee paid to related companies	2,411	–	–	–
(ii) Rental expenses paid to a related party	945	1,620	1,080	1,080
 Discontinued operation				
Rental income received from a related company	500	–	–	–
Net expenses paid on behalf of a related company	165	–	–	–

- (b) The related party transactions were carried out at terms mutually negotiated between the Group and the respective related parties.
- (c) eBroker Systems has provided corporate guarantee to a bank for banking facilities to the extent of HK\$74,500,000 granted to Easy System. Details of the guarantee are set out in note 28.

31. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the resolution passed by the shareholders of the Company at an extraordinary general meeting on 22 January 2019:

- (i) each of the issued and unissued shares of HK\$0.01 each in the share capital of the Company was subdivided into 10 Shares such that the authorised share capital of the Company became HK\$5,000,000 divided into 5,000,000,000 shares of HK\$0.001 each, of which 1,000,000,000 shares were in issue, fully paid or credited as fully paid, and 4,000,000,000 shares remained unissued; and
- (ii) a share option scheme was conditionally adopted. The principal terms of the share option scheme are summarised in the section headed “Statutory and General Information – Share Option Scheme” in Appendix IV to the prospectus.

Save as disclosed above, no significant events took place subsequent to 31 August 2018 and up to the date of this report.

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group in respect of any period subsequent to 31 August 2018.

For illustrative purpose only, the pro forma financial information prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules is set out herein to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Share Offer and to illustrate the performance of the Group had the Share Offer been completed on 31 August 2018.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma financial information has been prepared, on the basis of the notes set out below, to illustrate how the Share Offer may have affected the net tangible assets attributable to owners of the Company had it occurred as of 31 August 2018. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

	Audited consolidated net tangible assets attributable to owners of the Company as of 31 August 2018 (Note 1) HK\$'000	Estimated net proceeds from the Share Offer (Note 2) HK\$'000	Unaudited pro forma adjusted net tangible assets HK\$'000	Unaudited pro forma adjusted net tangible assets per Share (Note 3) HK\$
Based on an Offer Price of HK\$0.28 per share	<u>30,249</u>	<u>44,348</u>	<u>74,597</u>	<u>0.061</u>
Based on an Offer Price of HK\$0.44 per share	<u>30,249</u>	<u>76,732</u>	<u>106,981</u>	<u>0.087</u>

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as of 31 August 2018 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Share Offer to be received by the Company. The estimated proceeds from the Share Offer is based on the Offer Prices of HK\$0.28 and HK\$0.44 per Share, respectively, being the lower and higher end price of stated Offer Price range, and 230,000,000 Shares, net of underwriting fee and other estimated issue expenses payable by the Company.

- (3) The unaudited pro forma adjusted net tangible assets and the amounts per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,230,000,000 Shares are expected to be in issue following the Share Offer (including 230,000,000 Shares newly issued upon the Share Offer) as if the Share Offer had been completed on 31 August 2018 and respective Offer Prices of HK\$0.28 and HK\$0.44 per Share. It does not take into account of any Shares which may be allotted and issued upon exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme.
- (4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 August 2018.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

The Board of Directors
eBroker Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of eBroker Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma net tangible assets statement as at 31 August 2018 and related notes as set out on pages IIA-1 to IIA-2 of the prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Section A of Appendix IIA to the prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Share Offer of 230,000,000 Shares of HK\$0.001 each on the Group’s financial position as at 31 August 2018 as if the Share Offer had been taken place at 31 August 2018. 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 eight months ended 31 August 2018, on which an accountant’s report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

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

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the 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 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 pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2018 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 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 Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong
30 January 2019

Our estimate of the consolidated profit for the year ended 31 December 2018 is set out in the paragraph headed “Profit Estimate For The Year Ended 31 December 2018” under the section headed “Financial Information” in this prospectus.

(A) PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2018

Our Directors have prepared the estimate of the consolidated profit of the Group for the year ended 31 December 2018 based on the audited consolidated results of the Group for the eight months ended 31 August 2018 and the unaudited consolidated results based on the management accounts of the Group for the three months ended 30 November 2018 and an estimate of consolidated results of the Group for the remaining one month ended 31 December 2018. The estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the accountants’ report, the text of which is set out in Appendix I to this prospectus.

Profit estimate for the year ended 31 December 2018

**Estimate for
the year ended
31 December
2018**

Estimated consolidated profit attributable to owners of the Company	not less than HK\$0.8 million

Note: The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2018 has taken into account of the expected listing expenses of approximately HK\$12.8 million to be incurred and charged to the consolidated profit and loss during the year ended 31 December 2018.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for the sole purpose of inclusion in this prospectus, received from the independent reporting accountant, RSM Hong Kong, certified Public Accountants, Hong Kong, in relation to our Group's profit estimate for the year ended 31 December 2018.



The Board of Directors
eBroker Group Limited
Room 603
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

RHB Capital Hong Kong Limited
12/F., World-Wide House
19 Des Voeux Road Central
Hong Kong

Dear Sirs,

eBroker Group Limited (“the Company”)
Profit Estimate for the Year Ended 31 December 2018

We refer to the estimate of the consolidated profit of the Company and its subsidiaries (collectively referred to as the “Group”) attributable to equity holders of the Company for the year ended 31 December 2018 (the “Profit Estimate”) set forth in the section headed “Financial information” in the prospectus of the Company dated 30 January 2019 (the “Prospectus”).

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the eight months ended 31 August 2018 and the unaudited consolidated results based on the management accounts of the Group for the three months ended 30 November 2018 and an estimate of consolidated results of the Group for the remaining one month ended 31 December 2018.

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 (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion 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 IIB 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 accountants' report dated 30 January 2019, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong
30 January 2019

(C) LETTER FROM THE SOLE SPONSOR

The following in the text of a report, prepared for inclusion in this prospectus, received from RHB Capital Hong Kong Limited, the Sole Sponsor, in connection with the profit estimate for the year ended 31 December 2018.



The Board of Directors
eBroker Group Limited
Room 603
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

30 January 2019

Dear Sirs,

We refer to the estimate of the consolidated profit of eBroker Group Limited (the “**Company**”, together with its subsidiaries, hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2018 (the “**Profit Estimate**”) as set out in the prospectus issued by the Company dated 30 January 2019 (the “**Prospectus**”).

The Profit Estimate, for which the Directors are solely responsible, has been prepared by the Directors based on the audited consolidated results of the Group for the eight months ended 31 August 2018 and the unaudited consolidated results based on the management accounts of the Group for the three months ended 30 November 2018 and an estimate of consolidated results of the Group for the remaining one month ended 31 December 2018.

We have discussed with you the bases as set out in Part (A) of Appendix IIB to the Prospectus to the extent applicable, upon which the Profit Estimate has been made. We have also considered the letter dated 30 January 2019 addressed to you and us from RSM Hong Kong 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 the accounting policies and calculations adopted by you and reviewed by RSM Hong Kong, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made after due and careful enquiry.

For and on behalf of
RHB Capital Hong Kong Limited
Derek Cheng **Ivan Chau**
Managing Director and *Director*
Head of Investment Banking *Corporate Finance*

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 23 May 2016 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

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 22 January 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 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) sub divide 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. 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 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.

(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 installments. 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 installments 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 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 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 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.

(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 ex-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 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 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
- (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 held 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 in advance of calls or installments 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 authorized 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

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.

(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 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, by advertisement in newspapers in accordance with the requirements of the Stock Exchange or placing it on the Company's website or the website 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.

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 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. 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, 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.

(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 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.

(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.

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.

(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 section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (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 7 September 2016.

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 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.

(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.

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).

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 the paragraph headed "Documents available for inspection" in Appendix V 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 GROUP**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 23 May 2016. Our Company has established a place of business in Hong Kong at Room 603, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 3 August 2016. In connection with such registration, Mr. Chan and Mr. Liew have been appointed as the authorised representatives of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

- (a) The authorised share capital of our Company as at the date of incorporation was HK\$1,000,000 divided into 100,000,000 shares of HK\$0.01 each, of which one subscriber share was allotted and issued to the subscriber, which was transferred to eBroker (Cayman) on the same day.
- (b) On 2 June 2016, our Company capitalised the outstanding amount of HK\$13,651,230.71 payable to eBroker (Cayman) by our Company by issuing 99,999,999 shares of HK\$0.01 each to eBroker (Cayman).
- (c) On 19 June 2018, the authorised share capital of our Company was increased from HK\$1,000,000 divided into 100,000,000 shares of HK\$0.01 each to HK\$5,000,000 divided into 500,000,000 shares of HK\$0.01 each by the creation of additional 400,000,000 shares of HK\$0.01 each, each ranking pari passu with the shares then in issue in all respects.
- (d) On 22 January 2019, each of the issued and unissued shares of HK\$0.01 each in the share capital of our Company was subdivided into 10 Shares such that the authorised share capital of our Company became HK\$5,000,000 divided into 5,000,000,000 Shares, of which 1,000,000,000 Shares were in issue, fully paid or credited as fully paid, and 4,000,000,000 Shares remained unissued.

Immediately following completion of the Share Offer (assuming none of the Adjustment Options is exercised and no Share is issued pursuant to the Share Option Scheme), the authorised share capital of our Company will be HK\$5,000,000 divided into 5,000,000,000 Shares, of which 1,230,000,000 Shares will be in issue, fully paid or credited as fully paid, and 3,770,000,000 Shares will remain unissued. Other than our Shares issuable pursuant to the exercise of any options which may fall to be granted under the Share Option Scheme, or the exercise of the general mandate referred to in the paragraph headed

“Resolutions passed by our Shareholders at the extraordinary general meetings held on 19 June 2018 and 22 January 2019” in this Appendix, our Directors at present have no intention to issue to any party any of the authorised but unissued capital of our Company, and without the prior approval of the 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 other alterations in the share capital of our Company since its incorporation.

3. Resolutions passed by our Shareholders at the extraordinary general meetings held on 19 June 2018 and 22 January 2019

- (a) Pursuant to the resolutions passed by our Shareholders at the extraordinary general meeting held on 19 June 2018, it was resolved, among other things, that our authorised share capital was increased from HK\$1,000,000 divided into 100,000,000 shares of HK\$0.01 each to HK\$5,000,000 divided into 500,000,000 shares of HK\$0.01 each by the creation of additional 400,000,000 shares of HK\$0.01 each;
- (b) Pursuant to the resolutions passed by our Shareholders at the extraordinary general meeting held on 22 January 2019:
 - (i) the Memorandum of Association was adopted with immediate effect, and the Articles of Association were conditionally approved and adopted with effect from the Listing Date;
 - (ii) each of the issued and unissued shares of HK\$0.01 each in the share capital of our Company was subdivided into 10 Shares such that the authorised share capital of our Company became HK\$5,000,000 divided into 5,000,000,000 Shares, of which 1,000,000,000 Shares were in issue, fully paid or credited as fully paid, and 4,000,000,000 Shares remained unissued;
 - (iii) conditional on (A) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein including any Shares which may be issued pursuant to the Share Offer, the exercise of any of the Adjustment Options and the Share Option Scheme; (B) the entering into of the agreement on the Offer Price between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company; 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 Sole Lead Manager (for itself and on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
 - (aa) the Share Offer was approved and our Directors were authorised to effect the same and to allot and issue the Offer Shares; and

- (bb) the Adjustment Options were approved and our Directors were authorised to allot and issue any Shares which may be required to be issued if any of the Adjustment Options is exercised;
- (cc) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme and to vote any matter connected therewith notwithstanding that they or any of them may be interested in the same;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than by way of rights issue or an issue of shares upon the exercise of any subscription or conversion rights attached to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the Share Option Scheme, any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any script dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by our Shareholders in general meeting) Shares with a total number not exceeding 20% of the aggregate of the total number of Shares in issue immediately following completion of the Share Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
 - (aa) the conclusion of the next annual general meeting of our Company;
 - (bb) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
 - (cc) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which our Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer (without taking into account any Shares which may be

issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

- (aa) the conclusion of the next annual general meeting of our Company;
- (bb) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or applicable laws of the Cayman Islands to be held; or
- (cc) the passing of an ordinary resolution of our Shareholders in general meeting, revoking, varying or renewing such mandate; and
- (vi) the general unconditional mandate in paragraph (b)(iv) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Group structure – Reorganisation” in this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

A diagram showing our Group structure after the Reorganisation and immediately upon completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme) is set out in the section headed “History, Reorganisation and Group structure – Corporate and shareholding structure” in this prospectus.

5. Changes in share capital of our subsidiaries

The subsidiaries of our Company are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus. Save as disclosed in the section headed “History, Reorganisation and Group structure” in this prospectus, there has been no alteration in the share capital of our subsidiary within two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their 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 listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the resolutions passed by our Shareholders at the extraordinary general meeting held on 22 January 2019, the Repurchase Mandate was granted to our Directors authorising the repurchase by our Company on the Stock Exchange, 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, of Shares not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer, at any time until (aa) the conclusion of the next annual general meeting of our Company, (bb) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law of the Cayman Islands or the Memorandum and Articles to be held; or (cc) when such mandate is revoked or varied or renewed by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum and Articles and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing 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 from time to time.

(b) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 1,230,000,000 Shares in issue immediately after completion of the Share Offer (but without taking into account of any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), could accordingly result in up to 123,000,000 Shares being repurchased by our Company during the course of the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of our Shareholders in general meeting.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share.

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands.

Pursuant to the Repurchase Mandate, any repurchase of Shares will be made out of funds of our Company legally permitted to be utilised in this connection, including profits of our Company, sums standing to the credit of the share premium account of our Company or the proceeds from a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles and subject to the Companies Law, out of capital of our Company.

Our Company may not repurchase 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 from time to time.

(e) General

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules) currently intends to sell any Shares to our Company.

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 Memorandum, the Articles and the applicable laws of the Cayman Islands.

No connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he or she has a present intention to sell any Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interests of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the Listing.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

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

- (a) a cornerstone investment agreement entered into between our Company, Mr. Poon Tai Man ("**Mr. Poon**") and Ever-Long Securities dated 18 January 2019 pursuant to which, among other things, Mr. Poon agreed to subscribe for the Shares at the Offer Price in the amount of HK\$10,000,000;
- (b) a cornerstone investment agreement entered into between our Company, Dr. Richard Tan ("**Dr. Tan**") and Sinomax Securities dated 18 January 2019 pursuant to which, among other things, Dr. Tan agreed to subscribe for the Shares at the Offer Price in the amount of HK\$10,000,000;
- (c) the Deed of Indemnity;
- (d) the Deed of Non-Competition;
- (e) the Hard Underwriting Agreement (I);
- (f) the Hard Underwriting Agreement (II);
- (g) the Hard Underwriting Agreement (III); and
- (h) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(i) Trademark

As at the Latest Practicable Date, our Group was licensed to use the following trademark which is material in relation to our Group's business:

No.	Trademark	Registered owner	Place of registration	Registration number	Class	Expiry date
(a)	iTrader	Front Office Technology (HK) Company Limited	Hong Kong	2000B16004	9 ^(Note)	6 January 2027

Note: Class 9: computer software for on-line dealing of securities, futures and options; all included in Class 9.

(ii) Domain name

As at the Latest Practicable Date, we had registered the following domain names which are material to our Group's business:

No.	Domain name	Registrant	Date of Registration	Expiry date
(a)	www.ebroker.com.hk	eBroker Systems	25 October 2002	5 November 2023
(b)	www.ebroker.asia	eBroker Systems	21 June 2008	21 June 2019
(c)	www.ebrokersystems.com	eBroker Systems	7 December 2012	7 December 2021
(d)	www.ebsdata.com	eBroker Systems	9 February 2001	9 February 2022

Save for the aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interests of our Directors*

So far as our Directors are aware, immediately following completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Adjustment Options and any options which may be granted under the Share Option Scheme), the interests or short positions of each of our Directors and the chief executives of our Company in our Shares, underlying Shares and the debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed, 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 he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once our Shares are listed, will be required pursuant to Chapter 5 of the GEM Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

Interest in our Company

Name	Long/short position	Capacity/Type of interest	Number of Shares	Approximate percentage of shareholding in our Company immediately following the completion of the Share Offer
Mr. Chan ^(Note)	Long position	Interest of spouse	2,291,420 Shares	0.19%
Mr. Lo	Long position	Beneficial interests	9,100,010 Shares	0.74%

Note: Mr. Chan is the spouse of Ms. Cheung and is deemed to be interested in all the Shares in which Ms. Cheung is interested by virtue of the SFO.

(b) *Particulars of service contracts*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other and is subject to termination provisions therein and provisions on retirement by rotation of our Directors as set out in the Articles. Particulars of the service agreements of our Directors are in all material respects the same. The salary of our executive Directors is subject to review each year. In addition, each of our executive Directors is also entitled to bonus as determined by our Board based on the recommendations made by our remuneration committee.

Pursuant to the letters of appointment between our Company and our independent non-executive Directors, our independent non-executive Directors have been appointed for a term of three years commencing from the Listing Date which may be terminated by either party by giving three months' written notice.

Save as disclosed above, none of our Directors has entered or proposed to enter into any service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

Our Company's policies concerning remuneration of our executive Directors are:

1. the amount of remuneration payable to our executive Directors will be determined on a case-by-case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;
2. non-cash benefits may be provided to our Directors under their remuneration package; and
3. our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

For the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately HK\$3.1 million, HK\$3.2 million and HK\$2.2 million, respectively. Further information in respect of our Directors' remuneration is set out in note 12 to the Accountants' Report set out in Appendix I to this prospectus.

An aggregate sum of approximately HK\$3.0 million will be paid to our Directors as remuneration and benefits in kind by our Group for the year ending 31 December 2018 under the arrangements in force at the date of this prospectus excluding discretionary bonuses.

2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of our Company) who will have or be deemed or taken to have an interest and/or short position in our Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

Name	Long/short position	Capacity/Type of interest	Number of Shares	Approximate percentage of shareholding in our Company immediately following the completion of the Share Offer
Quantsmile (BVI) ^(Note 1)	Long position	Beneficial interests	411,902,870 Shares	33.49%
Eagle Business Consulting ^(Notes 1 & 2)	Long position	Beneficial interests/ Interest in a controlled corporation	634,546,910 Shares	51.59%
Good Steward Foundation ^(Notes 2 & 3)	Long position	Interest in a controlled corporation	634,546,910 Shares	51.59%
Financial Data Technologies ^(Note 4)	Long position	Beneficial interests	130,000,000 Shares	10.57%
Mr. Nie Lehui ^(Note 4)	Long position	Interest in a controlled corporation	130,000,000 Shares	10.57%
Glory Sight Holdings Ltd. ^(Note 5)	Long position	Beneficial interests	87,218,200 Shares	7.09%
Mr. Wong Tit Shing ^(Note 5)	Long position	Interest in a controlled corporation	87,218,200 Shares	7.09%

Notes:

1. Quantsmile (BVI) is an investment holding company incorporated in the BVI and is held as to approximately 50.85% by Eagle Business Consulting, 23.73% by Supergrand and 25.42% jointly by Mr. Chan (our executive Director) and Ms. Cheung (the spouse of Mr. Chan). By virtue of the SFO, Eagle Business Consulting is deemed to be interested in the Shares held by Quantsmile (BVI) in our Company.
2. Eagle Business Consulting is an investment holding company incorporated in Hong Kong and is held as to approximately 95.19% by Good Steward Foundation, 4.76% by Ms. Cheung (the spouse of Mr. Chan) and 0.05% by Mr. Ng. By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Quantsmile (BVI), which holds approximately 33.49% interests in our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme).

Eagle Business Consulting also directly holds approximately 18.10% interest in our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme). By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Eagle Business Consulting in our Company.

3. Good Steward Foundation is a charitable company incorporated in Hong Kong and holds approximately 95.19% interest in Eagle Business Consulting, which holds approximately 50.85% in Quantamile (BVI), which in turn holds approximately 33.49% interests in our Company immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any of the Adjustment Options and any options which may be granted under the Share Option Scheme). By virtue of the SFO, Good Steward Foundation is deemed to be interested in the Shares held by Eagle Business Consulting.
4. Financial Data Technologies, our pre-IPO investor, is beneficially wholly owned by Mr. Nie Lehui.
5. Glory Sight Holdings Ltd. (“**Glory Sight**”) is an investment holding company incorporated in the BVI and is held as to 70% by Mr. Wong Tit Shing and 30% by Mr. Luke Hung Pong, Patrick, each an Independent Third Party. By virtue of the SFO, Mr. Wong Tit Shing is deemed to be interested in the Shares held by Glory Sight in our Company.

3. Related party transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 29 to the Accountants’ Report set out in Appendix I to this prospectus.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in our Shares, underlying Shares or the debentures of our Company or any of its associated corporations (within the meaning 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 or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Chapter 5 of the GEM Listing Rules once our Shares are listed;
- (b) none of our Directors or experts referred to under the paragraph headed “Other information – Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been 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;
- (c) none of our Directors or experts referred to under the paragraph headed “Other information – Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) without taking into account of any Shares which may be granted under the Share Option Scheme, none of our Directors knows of any person (not being a director or chief executive of our Company) who will, immediately following completion of the Share Offer, have an interest or short position in our Shares, underlying Shares or the debentures of our Company which would fall to be disclosed to our

Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, 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 member of our Group; and

- (e) none of the experts referred to under the paragraph headed “Other information – Qualifications of experts” in this Appendix 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

For the purpose of this sub-section only, unless the context otherwise requires, the following words shall have the following meanings:

“Adoption Date”	the date on which our Share Option Scheme was conditionally adopted at a general meeting of our Shareholders;
“Associate”	has the meaning ascribed to it under the GEM Listing Rules;
“Auditors”	the auditors of our Company for the time being;
“Board”	the board of directors of our Company for the time being or a duly authorised committee thereof;
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, consolidated and supplemented from time to time;
“Company”	eBroker Group Limited, a company incorporated in the Cayman Islands with limited liability on 23 May 2016, the securities of which are proposed to be listed on GEM of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the GEM Listing Rules;

“Date of Grant”	in respect of an Option, the Business Day on which our Board resolves to make an Offer, or the grant of an Option to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the Share Option Scheme;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the personal representative of such person;
“Group”	our Company and our Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit”	the meaning ascribed thereto in paragraph (a)(v)(cc);
“Listing Date”	the date on which dealings in our Shares first commence on the GEM of the Stock Exchange;
“Offer”	the offer of the grant of an Option;
“Option”	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
“Option Period”	in respect of any particular Option, the period to be determined and notified by our Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;

“Participants”	directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of our Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of our Group who our Board considers, in its sole discretion, have contributed or will contribute to our Group;
“Scheme Limit”	has the meaning ascribed to it in paragraph (a)(v)(ee);
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph (a)(v)(aa);
“Shareholder(s)”	holder(s) of our Shares;
“Shares”	ordinary shares of HK\$0.001 each in the share capital of our Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of our Company, the shares forming part of the ordinary equity share capital of our Company or such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (iv) below;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of our Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly;
“Supplementary Guidance”	supplementary guidance on Rule 23.03(13) of the GEM Listing Rules issued by the Stock Exchange dated 5 September 2005; and
“%”	per cent.

(a) Summary of terms

The Share Option Scheme contains the following terms:

(i) Purpose

The purpose of the Share Option Scheme is to reward Participants who have contributed to our Group and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and our Shareholders as a whole.

(ii) Who may join

Our Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (iv) below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after our Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Offer is deemed to be accepted when our Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to our Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of our Board, include, among other things, (aa) the minimum period for which an Option must be held before it can be exercised; and/or (bb) a performance target that must be reached before the Option can be exercised in whole or in part; and (cc) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within 28 days from the date on which the letter containing the Offer is delivered to that Participant in the manner indicated above, it shall be deemed to have been irrevocably declined.

No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in our Shares by the GEM Listing Rules or by any other applicable rules, regulations or law.

Our Directors may or may not set performance targets that must be achieved before the options can be exercised, but no such performance targets are presently prescribed under the Share Option Scheme.

The rules of the Share Option Scheme enable our Directors to determine the terms and conditions of any option based in each case on relevant factors as they consider appropriate. Our Directors believe that the authority given to them under the Share

Option Scheme to set any minimum holding period and/or performance targets as conditions in any option granted and the requirement for a minimum subscription price as well as the selection criteria prescribed by the rules of the Share Option Scheme will serve to protect the value of our Company and any of its subsidiaries as well as to achieve the purpose of the Share Option Scheme.

(iii) Grant of Options to connected persons or any of their associates

Any grant of Options to any Director, chief executive or substantial shareholder (as such term is defined in the GEM Listing Rules) of our Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of our Company or any of its Subsidiaries shall be subject to the prior approval of our independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in our Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

- (aa) representing in aggregate over 0.1% of our Shares in issue on the date of such grant; and
- (bb) having an aggregate value, based on the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of our Shareholders (voting by way of poll). Our Company shall send a circular to our Shareholders in accordance with the GEM Listing Rules and all connected persons of our Company shall abstain from voting in favour of the resolutions at such general meeting of our Shareholders.

(iv) Subscription Price

The Subscription Price shall be determined by our Board in its absolute discretion but in any event shall not be less than the higher of:

- (aa) the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (bb) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant, or where our Group has been listed for less than five (5) Business Days, the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for those number of Business Days immediately preceding the Date of Grant; and

(cc) the nominal value of our Shares on the Date of Grant.

(v) *Maximum number of Shares*

(aa) The maximum 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 Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date or 123,000,000 Shares assuming the Adjustment Options are not exercised (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Our Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, 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 Company under the limit as refreshed must not exceed 10% of our Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

(bb) Notwithstanding the foregoing, our Company may grant Options beyond the Scheme Mandate Limit to Participants if:

(a) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before such Shareholders' approval is sought; and

(b) our Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the GEM Listing Rules then prevailing to be included in such circular.

(cc) Subject to paragraph (dd) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of our Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of our Shares in issue for the time being (the "**Individual Limit**").

- (dd) Where any further grant of Options to a Participant would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his/her associates abstaining from voting. Our Company must send a circular to our Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the GEM Listing Rules.
- (ee) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of our Shares in issue from time to time (the "**Scheme Limit**").

(vi) Time of exercise of option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period. After the expiration of the Option Period, no further Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(vii) Rights are personal to grantees

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

(viii) (aa) Rights on termination of employment by dismissal

- (i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or, has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option will lapse automatically and not be exercisable (to the extent not already exercised) on or after the date of termination of his employment. To the extent that the Grantee has exercised the Option in whole or in part pursuant to paragraph (xxiii) below, but our Shares have not been allotted to him, the Grantee shall

be deemed not to have so exercised such Option and our Company shall return to the Grantee the amount of the Subscription Price for the Shares received by our Company in respect of the purported exercise of such Option.

- (ii) If the Grantee who is an employee or a Director or another member of our Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (viii)(aa)(1) above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of his employment (which date shall be the Grantee's last actual working day with our Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable.

(bb) Rights on death

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (viii)(aa)(i) above have arisen, his personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death provided that where any of the events set out in paragraphs (x), (xi), (xii) and (xiii) occurs prior to his death or within such period of six months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods set out in such paragraphs provided further that if within a period of three years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (vii)(aa)(i) which would have entitled our Company to terminate his employment prior to his death, our Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and our Company shall return to him the amount of the Subscription Price for the Shares received by our Company in respect of the purported exercise of such Option.

(ix) Effect of alterations to share capital

In the event of an alteration in the capital structure of our Company, whilst any Option remains exercisable, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made to:

(aa) the number or nominal amount of Shares subject to the Option so far as unexercised; or

(bb) the Subscription Price,

or any combination thereof, provided that:

(i) any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled; and

(ii) notwithstanding paragraph (ix)(i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue shall be made in accordance with the Supplementary Guidance or such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or auditor must confirm to our Directors in writing that the adjustments are in their opinion fair and reasonable.

(x) Rights on a general offer by way of takeover

In the event of a general offer by way of takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by our Company at any time within such period as shall be notified by our Company.

(xi) Rights on a general offer by way of scheme of arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter, (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company.

(xii) Rights on winding up

In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to

all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(xiii) Rights on a compromise or arrangement

In the event a compromise or arrangement (other than a scheme of arrangement) between our Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent or to the extent notified by our Company and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(xiv) Rights of Grantee ceasing to be Participant

In the event of a Grantee who is not an employee or a director of our Company or another member of our Group ceasing to be a Participant as and when determined by our Board by resolution for any reason other than his death our Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

(xv) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of our Memorandum of Association and Articles of Association for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which these Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividend or other distributions paid or made after the date on which our Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which our Shares are allotted.

(xvi) Period of the Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. Our Company may, by ordinary resolution in a general meeting or, our Board, on such date as our Board determines, terminate the Share Option Scheme at any time without prejudice to the exercise of Options granted prior to such termination.

(xvii) Alterations to the Share Option Scheme

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of our Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. 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, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 23 of the GEM Listing Rules.

(xviii) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to:

- (aa) the passing of the resolution by our Shareholders to approve and adopt the Share Option Scheme and to authorise our Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;
- (bb) the Stock Exchange granting approval of the listing of and permission to deal in our Shares which fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date (being 123,000,000 Shares); and
- (cc) the commencement of trading of our Shares on GEM of the Stock Exchange.

(xix) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (aa) the expiry of the Option Period;
- (bb) the expiry of the periods referred to in paragraphs (viii)(aa), (viii)(bb), (x), (xi), (xii), (xiii) and (xiv) above respectively;

- (cc) the expiry of the period referred to in paragraph (x) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (dd) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (xi) above;
- (ee) the date of commencement of the winding-up of our Company;
- (ff) the date on which the Grantee ceases to be a Participant as referred to in paragraph (viii)(aa)(i) above;
- (gg) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any third party over or in relation to any Option; and
- (hh) subject to paragraph (viii)(aa)(ii) above, the date the Grantee ceases to be a Participant for any other reason.

(xx) Termination of the Share Option Scheme

Our Company by ordinary resolution in general meeting or our Board may at any time terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

(xxi) Restriction on grant of Option

In addition, a grant of Options may not be made after inside information has come to our Company's knowledge until such inside information has been published in the newspapers or in such other manner as prescribed by the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (aa) the date of the board meeting of our Company (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, quarterly or, any other interim period (whether or not required under the GEM Listing Rules); and
- (bb) the deadline for our Company to publish an announcement of its 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, no Option may be granted.

(xxii) *Cancellation*

Any Options granted but not exercised may be cancelled if the Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits prescribed by paragraph (v), excluding the cancelled Options, and are otherwise granted in accordance with the terms of the Share Option Scheme.

(xxiii) *Exercise of Options*

- (aa) An Option may, subject to the provisions of paragraph (v), be exercised in whole or in part (but if in part only, in respect of a board lot in which our Shares are traded on the Stock Exchange from time to time or an integral multiple thereof) in the manner set out in paragraphs (vi), (viii), (x), (xi), (xii), (xiii) and (xiv) by the Grantee (or, as the case may be, his legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within ten (10) Business Days after receipt of the notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to our Company pursuant to paragraph (v), our Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, as the case may be, his legal personal representative(s)) credited as fully paid and issue to the Grantee (or, as the case may be, his legal personal representative(s)) share certificates in respect of our Shares so allotted.
- (bb) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of Options.
- (cc) The Options do not carry any right to vote in general meeting of our Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of our Company.
- (dd) No Grantee shall enjoy any of the rights of a shareholder by virtue of the grant of an Option pursuant to the Share Option Scheme, unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option.

(b) Present status of the Share Option Scheme

As at the Latest Practicable Date, no Option had been granted or agreed to be granted pursuant to the Share Option Scheme.

E. OTHER INFORMATION**1. Estate duty, tax and other indemnities**

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) has entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being the material contract referred to in item (b) of the paragraph headed “Further information about our business – Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, Hong Kong estate duty which might be payable by any member of our Group, by reason of any transfer of property (within the meaning of Section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong), to any member of our Group on or before the date on which the Share Offer becomes unconditional (the “**Effective Date**”).

The Deed of Indemnity also contains, amongst other things, indemnities given by the Indemnifiers in respect of taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which our Company may be subject on or before the Effective Date which might be payable by any member of our Group.

Furthermore, the Indemnifiers agree and undertake to, jointly and severally, fully indemnify our Group and each of our subsidiaries in respect of:

- (a) any and all expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to, legal and other professional costs), charges, liabilities, fines, penalties (collectively, the “**Costs**”) which eBroker Systems may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with the breach of clause(s) in the tenancy agreements in respect of our Group’s office premises which prohibit eBroker Systems from, among others, assigning the subject premises by way of sub-letting to or sharing with entity which is not a party to the tenancy agreements in respect of our Group’s office premises on or before the Effective Date; and
- (b) any and all Costs which any of our subsidiaries may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with the non-compliance of the laws and regulations on or before the Effective Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of the Cayman Islands, the BVI or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

2. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claims of material importance was known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus, including any Shares falling to be issued pursuant to the Share Offer or pursuant to the exercise of any of the Adjustment Options or any options which may be granted under the Share Option Scheme.

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 by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the Sole Sponsor of the Listing.

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 its 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.

4. Preliminary expenses

The preliminary expenses of our Company are approximately HK\$44,000 and have been paid by our Company.

5. Sole Sponsor's fees

The Sole Sponsor's fees of our Company are approximately HK\$6.7 million and are payable by our Company.

6. Promoter

We do not have any promoter for the purpose of the GEM Listing Rules.

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	Qualification
RHB Capital Hong Kong Limited	A corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
RSM Hong Kong	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
GreySpark Partners (HK) Limited	Industry consultant
Asset Appraisal Limited	Property valuer
Wilkinson & Grist	Legal advisers to our Company on trademark

8. Consents of experts

Each of the experts referred to in the paragraph headed “Other information – Qualifications of experts” in this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letters and/or and/or valuation certificates and/or legal opinion (as the case may be) and the references to their name included herein in the form and context in which they are respectively included.

9. 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 penalty provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

10. Agency fees or commission received

Save as disclosed in the section headed “Underwriting – Commission and expenses” in this prospectus, none of our Directors or the experts named in the paragraph headed “Other information – Qualifications of experts” in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

11. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospect of our Group since 31 August 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this prospectus.

12. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) our Group has no outstanding convertible debt securities or debentures;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
 - (v) no founders, management or deferred shares of our Company or, any of its subsidiaries have been issued or agreed to be issued; and
 - (vi) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries;
- (b) none of the persons named in the paragraph headed “Other information – Qualifications of experts” in this Appendix is interested beneficially or otherwise in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 August 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (d) our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the last 24 months;

- (e) the principal register of members of our Company will be maintained in Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's branch share registrar in Hong Kong and may not be lodged for registration with the principal share registrar in the Cayman Islands;
- (f) no member of our Group is presently listed on any stock exchange or traded on any trading system;
- (g) there is no arrangement under which future dividends are waived or agreed to be waived; and
- (h) all necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES 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 (a) copies of the written consents referred to in the section headed “Statutory and General Information – Other information – Consents of experts” in Appendix IV to this prospectus; and (b) copies of material contracts referred to in the section headed “Statutory and General Information – Further information about our business – Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Stephenson Harwood at 18th Floor, United Centre, 95 Queensway, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report prepared by RSM Hong Kong, the text of which is set out in Appendix I to this prospectus;
- (c) the consolidated audited financial statements of our Group for the years ended 31 December 2016 and 2017 and the eight months ended 31 August 2018;
- (d) the letter prepared by RSM Hong Kong relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix IIA to this prospectus;
- (e) the respective letters on the profit estimate prepared by RSM Hong Kong and the Sole Sponsor, the text of each of which is set out in Appendix IIB to this prospectus;
- (f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to in Appendix III to this prospectus;
- (g) the legal opinion prepared by Wilkinson & Grist in relation to trademark;
- (h) the Cayman Islands Companies Law;
- (i) the material contracts referred to in the section headed “Statutory and General Information – Further information about our business – Summary of material contracts” in Appendix IV to this prospectus;
- (j) the report prepared by GreySpark as referred to in the section headed “Industry Overview” in this prospectus;
- (k) the fair rent letter prepared by Asset Appraisal Limited in respect of the continuing connected transactions of our Group;

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

- (l) the written consents referred to in the section headed “Statutory and General Information – Other information – Consents of experts” in Appendix IV to this prospectus;
- (m) the rules of the Share Option Scheme; and
- (n) the service contracts and letters of appointment referred to in the section headed “Statutory and General Information – C. Further information about our Directors and substantial Shareholders – Directors – Particulars of service contracts” in Appendix IV to this prospectus.

eBROKER GROUP LIMITED
電子交易集團有限公司