



**Astrum Financial Holdings Limited**

**阿仕特朗金融控股有限公司**

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

Stock Code: 8333

## Share Offer

### Sponsor



**大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

### Bookrunner and Lead Manager

**平安證券有限公司**  
Ping An Securities Limited

### Underwriters

**Opus** Capital Limited  
創富融資有限公司

 **CSL Securities**  
康證有限公司



太平基業證券有限公司  
Pacific Foundation Securities Limited

**Nuada Limited**

**FRONTPAGE** 富比

**AmCap**  
Ample Orient Capital Limited

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## IMPORTANT

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



### Astrum Financial Holdings Limited

阿仕特朗金融控股有限公司

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

### LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED SHARE OFFER

Total number of Offer Shares : 200,000,000 Offer Shares  
Number of Public Offer Shares : 20,000,000 New Shares  
(subject to re-allocation)  
Number of Placing Shares : 180,000,000 Placing Shares (comprising  
120,000,000 New Shares and 60,000,000 Sale  
Shares) (subject to re-allocation)  
Offer Price : Not more than HK\$0.60 per Offer Share and  
expected to be not less than HK\$0.40 per Offer  
Share (payable in full on application in Hong  
Kong dollars plus brokerage fee of 1%, SFC  
transaction levy of 0.0027% and Stock Exchange  
trading fee of 0.005% and subject to refund)  
Nominal value : HK\$0.01 per Share  
Stock Code : 8333

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Ample Orient Capital Limited

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies and documents available for inspection" in Appendix V to this prospectus, has been registered with the Registrar of Companies as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement between the Lead Manager (for itself and on behalf of the Underwriters) and our Company (for itself and on behalf of our Selling Shareholder) on or around Thursday, 7 July 2016 or such later date as may be agreed between the parties but in any event not later than Monday, 11 July 2016. If, for any reason, the Lead Manager (for itself and on behalf of the Underwriters) and our Company (for itself and on behalf of our Selling Shareholder) are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company (for itself and on behalf of our Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse. The Offer Price will not be more than HK\$0.60 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share, unless otherwise announced. The Lead Manager (for itself and on behalf of the Underwriters) may, with the consent of our Company (for itself and on behalf of our Selling Shareholder), reduce the indicative Offer Price range below that as stated in this prospectus at any time prior to the Price Determination Date. In such case, notice of the reduction in the indicative Offer Price range will be available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [www.astrum-capital.com](http://www.astrum-capital.com).

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

Prospective investors of the Offer Shares should note that the obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Lead Manager (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set forth under the section headed "Underwriting – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus.

30 June 2016

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 gazette newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in order to obtain up-to-date information on GEM-listed issuers.

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## EXPECTED TIMETABLE

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*If there is any change in the following expected timetable, we will issue an announcement to be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.astrum-capital.com](http://www.astrum-capital.com).*

*(Note 1)*

Application lists open (*Note 2*) . . . . . 11:45 a.m. on Wednesday, 6 July 2016

Latest time for lodging **WHITE** and  
**YELLOW** Application Forms . . . . . 12:00 noon on Wednesday, 6 July 2016

Application lists close (*Note 2*) . . . . . 12:00 noon on Wednesday, 6 July 2016

Expected Price Determination Date (*Note 3*) . . . . . Thursday, 7 July 2016

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.astrum-capital.com](http://www.astrum-capital.com) (*Note 4*) . . . . . Wednesday, 13 July 2016

Results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares" in this prospectus including the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [www.astrum-capital.com](http://www.astrum-capital.com) (*Note 4*) from . . . . . Wednesday, 13 July 2016

Despatch of share certificates or deposit of share certificates for the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or about (*Notes 5 and 6*) . . . . . Wednesday, 13 July 2016

Despatch of refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before (*Notes 7 & 8*) . . . . . Wednesday, 13 July 2016

Dealings in the Shares on GEM to commence . . . . . 9:00 a.m. on Thursday, 14 July 2016

*Notes:*

1. All times and dates refer to Hong Kong times and dates, except as otherwise stated.
2. 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 Wednesday, 6 July 2016, the application lists will not open on that day. See "How to Apply for the Public Offer Shares – 9. Effect of bad weather on the opening of the application lists" in this prospectus.

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## EXPECTED TIMETABLE

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3. The Price Determination Date is expected to be on or around Thursday, 7 July 2016. If our Company (for itself and on behalf of our Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date or such later date as may be agreed between the parties (which shall in any event not be later than Monday, 11 July 2016), the Share Offer will not become unconditional and will lapse immediately.
4. None of our website or any of the information contained in our website forms part of this prospectus.
5. The Share certificates are expected to be issued in the name of HKSCC Nominees Limited. Share certificates for the Offer Shares to be distributed via CCASS are expected to be deposited into CCASS on or about Wednesday, 13 July 2016 for credit to the relevant CCASS Participants' or the CCASS Investor Participants' stock accounts designated by the Lead Manager, the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued.
6. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer becomes unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting – Grounds for termination" in this prospectus has not been exercised thereto and has lapsed.
7. Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque, if any. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque, if any.
8. Applicants who apply on **WHITE** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 July 2016 or such other date as notified by our Company on the websites of the Stock Exchange and our Company as the date of despatch/collection of Share certificates/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to our Company's Hong Kong Branch Share Registrar at the time of collection. Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Applicants who have applied for Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares – 13. Despatch/Collection of Share certificates and refund monies – personal collection – (iii) If you apply via electronic application instructions to HKSCC" in this prospectus for details. Applicants who have applied for less than 1,000,000 Public Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in the sections headed "How to Apply for the Public Offer Shares – 12. Refund of application monies" and "How to Apply for the Public Offer Shares – 13. Despatch/Collection of Share certificates and refund monies" in this prospectus.

For details of the structure of the Share Offer, including the conditions thereof, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

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*You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sponsor, the Lead Manager and the Underwriters have not authorised any persons to provide you with information that is different from what is contained in this prospectus. Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors or affiliates of any of them, or any other persons or parties involved in the Share Offer. The contents on our Company's website at [www.astrum-capital.com](http://www.astrum-capital.com) do not form part of this prospectus.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is 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. 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 you decide to invest in the Offer Shares.*

### OVERVIEW

We are a financial services provider in Hong Kong engaging in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management services.

All of our business activities are carried out through our operating subsidiary, Astrum Capital, which is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Astrum Capital is also a Stock Exchange Participant and is currently holding 1 Stock Exchange Trading Right. During the Track Record Period, we did not engage in dealing in futures contracts or proprietary trading business. The following table sets out the revenue generated from each of our core services during the Track Record Period:

	Year ended 31 December					
	2013	2014		2015		
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Commission from securities dealing and brokerage services	3,839	25.2	6,557	16.2	19,873	21.6
Placing and underwriting commission	8,729	57.2	29,424	72.8	63,267	68.9
Corporate finance advisory services fee	1,828	12.0	2,681	6.6	3,265	3.6
Interest income from securities and IPO financing services	854	5.6	1,772	4.4	2,736	3.0
Asset management fee	—	—	—	—	2,658	2.9
	<u>15,250</u>	<u>100.0</u>	<u>40,434</u>	<u>100.0</u>	<u>91,799</u>	<u>100.0</u>

### OUR BUSINESS MODEL AND SERVICES

#### (i) Securities dealing and brokerage services

We offer securities dealing and brokerage services principally for securities in Hong Kong which include stocks, derivatives and debt instruments. As at 31 December 2013, 2014 and 2015, we had 334, 417 and 494 securities trading accounts of which 150, 181 and 200 were active accounts (being accounts from which we had generated income in the past twelve months), respectively.

Each of our customers has to maintain a securities trading account with us before he/she could place the trading orders. Trading orders from customers are usually placed through phone or online trading platform through our website at [www.astrum-capital.com](http://www.astrum-capital.com). The securities trading account holders are provided with their own user names and passwords to log into our online trading platform for carrying out trading activities. Other than placing



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## SUMMARY

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securities trading orders, our online trading platform also allows our customers to trace the transactions status and account balances on a real time basis and review their transaction histories for the past twelve months.

The average daily trading volume from orders placed through online trading platform for our securities dealing and brokerage services business were approximately HK\$5.0 million, HK\$5.8 million and HK\$20.2 million, respectively, for the three years ended 31 December 2015. The percentage of commission income generated from orders placed through online trading platform for our securities dealing and brokerage services business were approximately 67.0%, 48.8% and 48.8%, respectively, for the three years ended 31 December 2015.

Our securities trading accounts are categorised as House Accounts and AE Referred Accounts. As at the Latest Practicable Date, we had 1 account executive responsible for House Accounts only, 1 account executive responsible for AE Referred Accounts only and 4 account executives responsible for both House Accounts and AE Referred Accounts. Commission generated from the House Accounts are attributed to our Group, while the commission generated from the AE Referred Accounts are shared between the responsible account executives and our Group. For the three years ended 31 December 2015, the total commission paid to the account executives responsible for the AE Referred Accounts amounted to approximately HK\$945,000, HK\$938,000 and HK\$1,897,000, respectively.

### **(ii) Placing and underwriting services**

Placing and underwriting commission was our largest source of income during the Track Record Period. During the Track Record Period, we participated in different kinds of fund raising exercises for companies listed on the Stock Exchange by acting as the joint-bookrunner, lead manager, co-lead manager, underwriter, sub-underwriter, sub-agent, placing agent or sub-placing agent. Those fund raising exercises included placing and IPO of shares of newly-listed companies, placing of new shares of listed companies under general mandate or specific mandate, top-up placement of shares of listed companies, issue of new shares of listed companies by way of rights issue or open offer, issue of unlisted warrants and unlisted debt securities by listed companies. In addition to acting for listed companies on the Stock Exchange, we were engaged as placing agents for shareholders of listed companies to place bulk volume of securities in the secondary market. For the three years ended 31 December 2015, we completed 16, 23 and 29 transactions under our placing and underwriting services. As for those underwriting exercises which were participated by us, we were obliged to take up the unsubscribed securities up to our maximum underwriting commitment in the event of under-subscriptions of the securities. For the three years ended 31 December 2015, our underwriting commitment amounted to approximately HK\$67.0 million, HK\$157.3 million and HK\$1,375.9 million, respectively. During the Track Record Period, we did not subscribe on our own for any securities under underwriting exercises as a result of under-subscriptions. Our placing and underwriting services business experienced a substantial growth during the Track Record Period. Such growth was mainly due to (i) the strengthening of our placing and underwriting execution brought by our corporate finance team who joined our Group in July 2012; (ii) the expansion of our client base with the number of our securities trading accounts from 242 as at 1 January 2013 to 417 as at 31 December 2014 and further increase to 494 as at 31 December 2015; (iii) the increase in the number of placing and underwriting transactions from 16 in 2013 to 23 in 2014 and 29 in 2015; and (iv) the increase in the average fund raising size of the top five placing and underwriting transactions undertaken by our Group from approximately HK\$67.6 million in 2013 to HK\$134.2 million in 2014, and approximately HK\$819.6 million in 2015.

### **(iii) Corporate finance advisory services**

We provide corporate finance advisory services to our customers which are mainly listed companies in Hong Kong. We have been licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO since 19 September 2012. Our services mainly include (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; and (ii) giving opinion or recommendations to the independent board committee and independent

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## SUMMARY

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shareholders of our customers in the capacity of independent financial advisers. We were engaged in 13, 19 and 18 corporate finance transactions for the three years ended 31 December 2015, respectively.

### (iv) Financing services including securities and IPO financing

To complement our securities dealing and brokerage services, we also provide securities and IPO financing to our customers.

We provide margin financing to our customers with their listed securities as collaterals. Our margin financing is funded by our internal resources or by banking facilities granted by the Authorised Institutions, which are secured by repledging the securities collateral deposited by our customers with such Authorised Institutions. As at 31 December 2013, 2014 and 2015, the balance of the margin loans provided by us with listed securities as collaterals amounted to approximately HK\$9.1 million, HK\$26.3 million and HK\$36.0 million, respectively.

We also provide financing for subscription of shares in connection with IPOs which usually lasts for 4 to 11 days. We will liaise with Authorised Institutions for financing if our internal available fund is insufficient. During the Track Record Period, we provided IPO loans to our customers for 17, 27 and 14 IPOs, among which, we applied for 6, 17 and 12 IPO loans through an Authorised Institution which granted us staging facilities for IPO loan, respectively. As at 31 December 2013, 2014 and 2015, we had no IPO loan balance outstanding.

During the Track Record Period, interest rates charged by us on the outstanding principal amount due from our customers for purchasing of securities and the loans advanced to our customers for IPO subscriptions ranged from 5.5% to 11.0% per annum and 1.0% to 2.0% per annum, respectively.

### (v) Asset management

Our experiences in asset management services can be traced back to 2007 when we were appointed as the investment adviser as to the investment and reinvestment of the assets of Astrum Master Fund and Astrum Feeder Fund, which our role was subsequently terminated in 2011. During the Track Record Period, we managed three discretionary accounts whereby we were appointed as the agent of three customers to manage portfolios on their behalves, with a management fee of 1.5% of the sum of the market value of the securities and the outstanding balance of the customer's account. The following table sets forth the approximate cumulative rate of return of the three discretionary funds managed by us for the period indicated:

	<b>Returns Best Investments Limited (Note 1)</b>	<b>Discretionary account A</b>	<b>Discretionary account B</b>
November (being the commencement month of the management service) to December 2013	9.7%	18.3%	N/A
September (being the commencement month of the management service) to December 2013	N/A	N/A	249.6%
January to December 2014	(18.4)%	(20.8)%	72.2%
January to December 2015	N/A	5.7%	311.8%
January to February 2015	4.5%	N/A	N/A

*Note 1:* The client of Returns Best Investments Limited is a company wholly owned by a member of the Pan's Family. We ceased to provide asset management service to such discretionary account on 28 February 2015.

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## SUMMARY

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In March 2015, Astrum Capital entered into the Investment Management Agreement with Astrum China Fund pursuant to which Astrum Capital was appointed as the investment manager for Astrum China Fund to provide advice on the management, investment and reinvestment of its assets in pursuit of the investment objective and in accordance with the investment strategies and restrictions as described in its private offering memorandum.

The net asset value per share of Astrum China Fund decreased from US\$1,000 on 1 April 2015 (being the launch date of Astrum China Fund) to US\$965.676 on 31 December 2015, representing a negative return of approximately 3.4%. As at 31 December 2015, the AUM of Astrum China Fund was approximately US\$6.2 million.

### Our pricing policy

Set out below is a summary of service fees we generally charged our customers in relation to our principal business activities during the Track Record Period.

Securities dealing and brokerage services ( <i>Note 1</i> )	0.08% to 0.25% with an average of 0.19%, subject to a minimum commission from HK\$50 to HK\$100
Placing and underwriting services ( <i>Note 2</i> )	0.25% to 5.0% or a fixed fee with an average of 2.73%
Corporate finance advisory services ( <i>Note 3</i> )	As financial advisers: HK\$50,000 to HK\$700,000 with an average of HK\$240,000 As independent financial advisers: HK\$40,000 to HK\$700,000 with an average of HK\$174,000
Margin financing ( <i>Note 4</i> )	5.5% to 11.0% per annum with an average of 7.8% per annum
IPO financing	1.0% to 2.0% per annum with an average of 1.4%

#### Notes:

1. The commission rates were determined on a case-by-case basis after taking into account factors including the transaction histories, trading volumes, trading frequencies and financial positions of our customers and the then market commission rates. The average commission rate is calculated based on the commission rates applicable to the securities trading accounts of our customers as at 31 December 2013, 2014 and 2015.
2. Our placing and underwriting fees, which may be a fixed fee or a fee charged as a percentage of the fund raising size, were negotiated on a case-by-case basis mainly with reference to the prevailing market rate, the then market sentiments, and our role and bargaining power under the fund raising exercise.
3. The corporate finance advisory fees were determined on a case-by-case basis with reference to the scope of our work in the engagements, the transaction natures, the complexity of the transactions and the expected time to be involved.
4. The interest rates were determined with reference to the Hong Kong Dollar Best Lending Rate quoted by the Hongkong and Shanghai Banking Corporation. The average interest rate is calculated based on the interest rates applicable to the securities trading accounts of our customers as at 31 December 2013, 2014 and 2015.

For further information regarding our business model and services, please refer to the section headed “Business – Our Business Model and Services” on page 85 to page 109.

### CUSTOMERS

Customers of our securities dealing and brokerage services comprise corporate and retail customers. As for our placing and underwriting services and our corporate finance advisory services, our customers consist of mainly Hong Kong listed companies and shareholders of Hong Kong listed companies.

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## SUMMARY

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For the three years ended 31 December 2015, our Group's revenue attributable to our top five largest customers, in aggregate, accounted for approximately 44.7%, 50.2% and 48.4% of our Group's total revenue, respectively. Our largest customer for the respective year accounted for approximately 18.7%, 14.2% and 16.6% of our Group's total revenue, respectively. For further information of our customers, please refer to the section headed "Business – Customers" on page 109 to page 115.

### COMPETITIVE STRENGTHS

Our competitive strengths include (i) offering multiple financial services to our customers; (ii) maintaining a good relationship with our customers; (iii) having over 11 years of history in the financial services industry; and (iv) possessing an experienced and competent management team. For further information regarding our competitive strengths, please refer to the section headed "Business – Competitive Strengths" on page 82 to page 83.

### BUSINESS STRATEGIES

The principal business objective of our Group is to further strengthen our position in the financial services industry in Hong Kong. We intend to achieve our future plans by (i) further developing our core business by expanding our securities and IPO financing services; (ii) expanding our asset management business; and (iii) extending our securities dealing and brokerage service to eligible stocks listed on the Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. For further information regarding our business strategies, please refer to the section headed "Business – Business Strategies" on page 84 to page 85.

### RISK FACTORS

There are certain risks involved in our operations which are beyond our control. They can be broadly categorised into risks relating to (i) our business and operations; (ii) the industry in which our Group operates; and (iii) economic and political conditions in Hong Kong. Potential investors are advised to read the section headed "Risk Factors" on page 32 to page 42 carefully before making any investment decision in the Share Offer. Some of the more particular risk factors include:

- Our business is subject to the performance of the Hong Kong securities market and the performances of our competitors which are beyond our control and we cannot assure that our historical level of income can be sustained
- We are subject to extensive regulatory requirements, the non-compliance with which could cause us to incur fines, restriction on our Group's activities or even suspension or revocation of some or all of our licences for carrying on our business activities
- Our brokerage services involved active interactions between our staff and customers and therefore it is subject to human errors, which we have to bear the losses resulting therefrom
- We had negative operating cash flow for the year ended 31 December 2013 and we cannot assure you that we will not experience negative operating cash flow in the future
- We are exposed to business risks from our placing and underwriting business in case the securities underwritten by us are undersubscribed or the placing exercises are failed to complete
- We may be subject to substantial risks if our customers default on payments or if the value of the relevant securities collaterals are insufficient to cover the outstanding balances due to significant market volatility

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## SUMMARY

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- We rely on our key management personnel to conduct our business, and the loss of any key members of our senior management or professional staff may negatively affect our operation
- Given that our revenue is sourced from transactions which are of non-recurring nature, our revenue and profitability are highly unpredictable

### KEY OPERATIONAL AND FINANCIAL DATA

The following table sets forth our key financial information and ratios during the Track Record Period:

	Year ended/As at 31 December 2013 <i>HK\$'000</i>	Year ended/As at 31 December 2014 <i>HK\$'000</i>	Year ended/As at 31 December 2015 <i>HK\$'000</i>
<b>Results of operation</b>			
Revenue	15,250	40,434	91,799
Profit before tax	2,817	21,692	47,045
Profit and total comprehensive income for the year attributable to owners of our Company	2,817	20,192	38,337
<b>Financial position</b>			
Current assets	95,147	101,781	267,041
Current liabilities	64,393	50,772	208,448
Net current assets	30,754	51,009	58,593
<b>Key financial ratios</b>			
Net profit margin	18.5%	49.9%	41.8%
Current ratio	1.5	2.0	1.3
Gearing ratio	–	–	–
Net debt to equity ratio	Net cash position	Net cash position	Net cash position
Interest coverage	32.3 times	138.3 times	224.0 times
Return on assets	2.9%	19.7%	14.1%
Return on equity	8.9%	39.0%	61.2%

Our total revenue for the year ended 31 December 2014 was approximately HK\$40.4 million as compared to approximately HK\$15.3 million for the year ended 31 December 2013, representing an increase of approximately 165.1%. Such increase was mainly attributable to (i) the increase in the securities trading transaction amount of our customers; (ii) the increase in the number of placing and underwriting engagements we secured and completed; and (iii) the increase in the number of financial advisory projects undertaken by us in 2014.

Our total revenue for the year ended 31 December 2015 was approximately HK\$91.8 million as compared to approximately HK\$40.4 million for the year ended 31 December 2014, representing an increase of approximately 127.0%. The increase in our total revenue was mainly attributable to (i) the increase in the securities trading transaction amount of our customers; (ii) the increase in the number of placing and underwriting engagements secured and completed by us; (iii) the increase in the average service fee of financial advisory projects undertaken by us; and (iv) the new revenue source from management fee and performance fee derived from asset management of Astrum China Fund.

As at 31 December 2014, we had net current assets of approximately HK\$51.0 million, representing an increase of approximately HK\$20.3 million from approximately HK\$30.8 million as at 31 December 2013. The increase in our net current assets was principally due to (i) the increase in trade receivables from margin clients and clearing house of approximately HK\$32.6 million; (ii) the increase in our bank balances at general accounts and cash of approximately HK\$6.1 million; and (iii) partially offset by the decrease in trade



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## SUMMARY

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payables of approximately HK\$15.1 million. As at 31 December 2015, we had net current assets of approximately HK\$58.6 million, representing an increase of approximately HK\$7.6 million from approximately HK\$51.0 million as at 31 December 2014. The increase in our net current assets was principally due to (i) the increase in trade receivables from cash and margin clients of approximately HK\$27.9 million; and (ii) the increase in bank balances in trust accounts of approximately HK\$150.3 million. Such increase was partially offset by (i) the decrease in bank balances in general accounts and cash of approximately HK\$14.2 million; (ii) increase in trade payables of approximately HK\$153.3 million; and (iii) the increase in current tax liabilities of approximately HK\$3.5 million.

Our net profit margin was approximately 18.5% for the year ended 31 December 2013 and increased to approximately 49.9% for the year ended 31 December 2014. The increase was mainly due to the significant increase in our overall revenue derived from each of our main business segments while the increase in the administrative and other operating expenses was relatively mild. Net profit margin was approximately 41.8% for the year ended 31 December 2015. The decrease was mainly due to the increase in income tax expense from approximately HK\$1.5 million for the year ended 31 December 2014 to approximately HK\$8.7 million for the year ended 31 December 2015.

Our current ratio was approximately 1.5 as at 31 December 2013 and approximately 2.0 as at 31 December 2014. Such improvement was mainly due to (i) the increase in trade receivables as at 31 December 2014 which resulted in an increase in current assets from approximately HK\$95.1 million as at 31 December 2013 to approximately HK\$101.8 million as at 31 December 2014; and (ii) the decrease in trade payables as at 31 December 2014 which resulted in an decrease in current liabilities from approximately HK\$64.4 million as at 31 December 2013 to approximately HK\$50.8 million as at 31 December 2014. Current ratio was approximately 1.3 as at 31 December 2015. Such decrease was mainly due to the significant increase in trade payables of approximately 313.7%.

Our interest coverage was approximately 32.3 times as at 31 December 2013 and approximately 138.3 times as at 31 December 2014. Such improvement was mainly due to the significant increase in profit before interest and tax of approximately HK\$18.9 million in 2014 while our finance costs of approximately HK\$90,000 and HK\$158,000 for the two years ended 31 December 2014 respectively were minimal. Interest coverage was approximately 224.0 times as at 31 December 2015. Such increase was mainly due to the significant increase in profit before interest and tax from approximately HK\$21.9 million for the year ended 31 December 2014 to approximately HK\$47.3 million for the year ended 31 December 2015.

Return on assets was approximately 2.9% for the year ended 31 December 2013 and approximately 19.7% for the year ended 31 December 2014. Such increase was mainly due to a significant increase in profit for the year ended 31 December 2014 of approximately HK\$17.4 million. Return on assets was approximately 14.1% for the year ended 31 December 2015. Such decrease was mainly due to the significant increase in bank balances and cash in trust accounts from approximately HK\$24.5 million as at 31 December 2014 to approximately HK\$174.8 million as at 31 December 2015.

Return on equity was approximately 8.9% for the year ended 31 December 2013 and approximately 39.0% for the year ended 31 December 2014. Such increase was mainly due to the growth rate of the profit and total comprehensive income for the year attributable to owners of our Company was greater than the growth rate of total equity for the year ended 31 December 2014. Return on equity was approximately 61.2% for the year ended 31 December 2015. Such increase was mainly due to the increase in profit from approximately HK\$20.2 million for the year ended 31 December 2014 to approximately HK\$38.3 million for the year ended 31 December 2015 was greater than the increase in total equity as a result of the payment of dividends to the then shareholders of Astrum Capital of approximately HK\$27.4 million during the year ended 31 December 2015.

Please refer to the section headed “Financial Information” on page 175 to page 212 for further discussion and analysis of our financial information.

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## SUMMARY

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### SHAREHOLDERS' INFORMATION

Immediately following completion of the Share Offer, Autumn Ocean will control more than 30% of the issued share capital of our Company. For the purpose of the GEM Listing Rules, Mr. Pan and Autumn Ocean are our Controlling Shareholders. Autumn Ocean is an investment holding company wholly owned by Mr. Pan, and as at the Latest Practicable Date, it had not commenced any substantive business activities. Please refer to the section headed "Relationship with Our Controlling Shareholders" on page 163 to page 169 for further information.

During the Track Record Period, we have entered into certain transactions with our Controlling Shareholders and its associates. Please refer to the section headed "Financial Information – Related Parties Transactions" on page 205 to page 207 for details of the transactions. Upon Listing, our Group will continue to carry out some of these transactions with our Controlling Shareholders. For details, please refer to section headed "Connected Transactions" on page 141 to page 149.

### LITIGATION AND CLAIMS

As at the Latest Practicable Date, our Group had not been involved in any litigations, arbitrations or claims of material importance; and no litigations, arbitrations or claims of material importance is known by our Directors to be pending or threatened by or against our Group, which would have a material adverse impact on the operating results or financial position of our Group.

### NON-COMPLIANCE

Prior to the Track Record Period, Astrum Capital had breached the repledging limit requirement as set out in section 8A of CSR. Astrum Capital was also previously involved in certain non-compliance matters with respect to timely filings of notifications in relation to commencement and cessation of employment in accordance with the IRO. For details, please refer to the section headed "Business – Non-compliance and Disciplinary Actions" in this prospectus.

### COMMENT BY A JUDGE ON ONE OF OUR EXECUTIVE DIRECTORS IN ACTING AS A DEFENCE WITNESS IN A CRIMINAL CASE

Mr. Pan, being one of our executive Directors, was a defence witness in a criminal trial in 2011. According to the reasons for verdict of the criminal case, the judge presiding the criminal trial commented that Mr. Pan was not an honest witness and was not an independent witness during the trial. We have sought the advice of the Legal Counsel on this matter, who is of the view that the comment from the judge that Mr. Pan was not an honest witness and was not an independent witness alone should not render Mr. Pan unsuitable to act as a director of a listed issuer. Further, in August 2015, the SFC conducted an investigation of Mr. Pan to ascertain whether Mr. Pan, who had been commented as a dishonest witness by the judge presiding the criminal case, was a fit and proper person to remain licensed. In December 2015, the SFC completed the investigation and issued a compliance advice letter to Mr. Pan, informing him, among others things, that the SFC did not propose to take any further action against him about this matter based the information then known to it. For details of this incident, please refer to the section headed "Directors and Senior Management" in this prospectus.



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## SUMMARY

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### OFFER STATISTICS

	<b>Based on the Offer Price of HK\$0.40 per Offer Share</b>	<b>Based on the Offer Price of HK\$0.60 per Offer Share</b>
Market capitalisation of the Shares	HK\$320,000,000	HK\$480,000,000
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share	HK\$0.14	HK\$0.17

*Notes:*

1. The calculation of the market capitalisation of the Shares is based on 800,000,000 Shares in issue immediately after completion of the Share Offer.
2. The unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share is calculated based on 800,000,000 Shares in issue immediately following completion of the Share Offer.

### LISTING EXPENSES

Assuming the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the listing expenses are estimated to be approximately HK\$21.0 million. Our Selling Shareholder will bear the listing expenses of approximately HK\$6.3 million and the listing expenses to be borne by us are expected to be approximately HK\$14.7 million. Of such amount to be borne by us, approximately HK\$4.8 million is directly attributable to the issue of the Offer Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK\$9.9 million, which cannot be so deducted, will be charged to profit or loss. Of the approximately HK\$9.9 million that will be charged to profit or loss, nil, approximately HK\$0.8 million and HK\$6.2 million have been charged for the three years ended 31 December 2015, respectively, and approximately HK\$2.9 million is expected to be incurred for the year ending 31 December 2016. Expenses in relation to the Listing are non-recurring in nature.

### REASONS FOR LISTING, FUTURE PLANS AND USE OF PROCEEDS

As set out in the section headed “Business – Business strategies”, we plan to (i) further develop our core business by expanding our securities and IPO financing services; (ii) expand our asset management business; and (iii) extend our securities dealing and brokerage services to eligible stocks listed on the Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect.

Our Directors believe that the Listing will facilitate the implementation of our business plans. It is one of the business strategies of our Group to expand our securities and IPO financing services. Our Directors consider that it is essential for our Group to utilise the proceeds from the Share Offer to realise our strategic plan and expand the scale of our securities and IPO financing services and to improve the profitability of our Group as a whole. Furthermore, a public listing status will also enhance our corporate profile and recognition and assist us in reinforcing our brand awareness and image. We believe that a public listing status on GEM could attract potential customers to use our services and attract talents to join or stay in our Group which will result in strengthening of our competitiveness in the market. The Listing will also enable our Group to have access to capital market for raising funds both at the time of and subsequent to the Listing which would, in turn, assist us in future business development. A public listing status on GEM will also offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of the Shares. We also believe that our corporate governance practices could be further enhanced following the Listing.

The net proceeds from the Share Offer, after deducting the related expenses, are estimated to be approximately HK\$55.3 million assuming an Offer Price of HK\$0.50 per Offer Share, being the mid-point of the Offer Price range of HK\$0.40 to HK\$0.60 per Offer Share. Our Directors presently intend to apply (i) approximately 90% of the net proceeds, or

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## SUMMARY

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approximately HK\$49.8 million, for enhancing our capital resources for our financing services including securities and IPO financing and (ii) the balance of approximately 10% of the net proceeds, or approximately HK\$5.5 million, for using as general working capital of our Group. Our Directors consider the net proceeds from the Share Offer can improve our Group's profitability going forward. Details of the analysis are set out below:

### **(i) Market demand**

During the Track Record Period, we experienced an increase in demand from our customers for our financing services. During the Track Record Period, the daily average margin loan amount that we provided to our customers amounted to approximately HK\$6.8 million, HK\$18.3 million and HK\$22.5 million, respectively; and the balance of the margin loans increased from approximately HK\$9.1 million as at 31 December 2013 to HK\$26.3 million as at 31 December 2014 and further to HK\$36.0 million as at 31 December 2015. Our interest income derived from financing services amounted to approximately HK\$0.9 million, HK\$1.8 million and HK\$2.7 million, respectively during the three years ended 31 December 2015.

Moreover, the demand for our financing services is also driven by the number of placing and underwriting engagements we completed from time to time as we provide financing to our customers to subscribe for the securities under the placing and underwriting engagements undertaken by us. Subsequent to the Track Record Period and up to the Latest Practicable Date, we completed 8 placing and underwriting engagements and, among which, we provided financing to customers to subscribe for securities under 4 of these engagements with financing amount ranging from approximately HK\$10.1 million to HK\$32.7 million. As at the Latest Practicable Date, we were under 1 engagement as placing agent which had yet to be completed and our Directors expect that our customers will obtain financing from us to subscribe for the relevant securities.

Looking at the industry data, according to SFC Annual Reports, the number of active margin clients has increased from 150,545 as at 31 December 2013 to 181,593 as at 31 December 2014, and further increased to 241,948 as at 31 December 2015. Besides, according to the Financial Review of the Securities Industry issued by the SFC, the gross interest income for Category C Stock Exchange Participants (i.e. the category that our Group falls under) also increased from approximately HK\$2.5 billion as at 31 December 2013 to approximately HK\$3.2 billion as at 31 December 2014, and further increased to approximately HK\$4.4 billion as at 31 December 2015. Both the increase in the number of active margin clients and gross interest income for Category C Stock Exchange Participants support the increasing market demand as a whole. Our Directors consider that applying the net proceeds from the Share Offer can enlarge our capital resources for financing services so as to allow us to capture business opportunity and increase our market share in the financing industry.

### **(ii) Implementation plan**

Given the historical increasing trend of our financing business and the recent expected growth in demand from our customers, our Directors intend to implement our expansion plan for the financing services shortly after the Share Offer and we believe that the net proceeds from the Share Offer of approximately HK\$49.8 million can be utilised in full during the year ending 31 December 2016. Moreover, having considered the market demand as detailed in paragraph (i) above and that the placing and underwriting services will continue to be our core business segment, our Directors believe that the net proceeds from the Share Offer can continue be applied to our financing services on a revolving basis.

### **(iii) Revenue expected to be brought to our Group**

It is our general pricing policy to offer interest rates of Hong Kong Dollar Best Lending Rate quoted by the Hongkong and Shanghai Banking Corporation plus 3% for our margin financing services. Such Hong Kong Dollar Best Lending Rate remained at 5% since November 2008 up to the Latest Practicable Date. During the Track Record

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## SUMMARY

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Period, interest rates charged by us ranged from 5.5% to 11.0% per annum with an average of approximately 7.8% per annum. Barring any unforeseeable material fluctuations in market interest rates in near future, our Directors expect that we can charge our customers at our usual interest rate of 8% per annum. On this basis, our Directors believe that the net proceeds from the Share Offer can generate additional interest income of approximately HK\$4.0 million per annum in maximum going forward.

Based on the above and after taking into account that (i) there is an increasing demand for our financing services from our customers and the market in general as a whole; (ii) our largest business segment of placing and underwriting services will continue to drive the demand for our financing services; and (iii) additional revenue is expected to be generated on an on-going basis, our Directors consider that the net proceeds from the Share Offer can improve our Group's profitability going forward.

For further information in regard to our business objectives, strategies and use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" on page 213 to page 217 in this Prospectus.

Our Directors consider that the net proceeds from the Share Offer is crucial for the future business development of our Group and the intended use of the net proceeds is justifiable and commercially viable for the following reasons:

- Securities and IPO financing services is one of our Group's core business segments. However, interest income from securities and IPO financing services only accounted for approximately 5.6%, 4.4% and 3.0% of the total revenue of our Group during each of the three years ended 31 December 2015, respectively. Our Group recorded a relatively low portion of revenue contribution from this business segment as the lending capability of the Group is limited by the capital resources of the Group and subject to the capital requirement under the FRR. As at 31 December 2015, our Group's bank balances and cash in general accounts amounted to approximately HK\$10.8 million, representing only approximately 4.0% of our Group's total assets. Our Directors consider that additional capital resources from the Share Offer is therefore crucial for the on-going expansion of our Group's securities and IPO financing services;
- Our Directors consider that our Group is experiencing an increasing demand from its customers on the securities and IPO financing services. During the Track Record Period, the Group recorded an increase in revenue from securities and IPO financing services from approximately HK\$0.9 million in 2013, HK\$1.8 million in 2014 and further to HK\$2.7 million in 2015. Our Directors therefore consider that additional capital resources from the Share Offer is necessary and essential for the growing demand for our Group's securities and IPO financing services and is in the interests for our Group's future development;
- Our Directors consider that securities and IPO financing services is one of the key growth drivers for our Group's business as a whole. By strengthening our Group's lending capability through obtaining additional capital resources from the Share Offer, our Directors expect that our Group's securities dealing and brokerage business will also be benefited as more securities dealings from customers are expected when they utilise our Group's securities and IPO financing services; and
- During the Track Record Period, our Group mainly financed its securities and IPO financing business through (i) internal resources of the Group; and (ii) external borrowings from Authorised Institutions. As at 31 December 2013, 2014 and 2015, our Group had available bank overdrafts and revolving loan facilities with an aggregate amount of HK\$8 million, HK\$17 million and HK\$17 million, respectively. Our Group may utilise the bank overdrafts and revolving loan facilities when internal resources of our Group is insufficient. During the Track Record Period, the maximum daily outstanding balance of bank overdrafts and revolving loan owing to the Authorised Institutions amounted to approximately HK\$4.8 million, HK\$10.9 million and HK\$4.8 million, respectively. Our Group

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recorded finance cost of approximately HK\$90,000, HK158,000 and HK\$211,000 for each of the three years ended 31 December 2015, respectively. Our Directors consider that additional capital resources from the Share Offer will enable our Group to increase its profitability with less finance cost burden. Moreover, our Group would be able to offer stable and competitive rates on the securities and IPO financing services as our Group will be less affected by potential fluctuations in interest rates.

### DIVIDEND

For the three years ended 31 December 2015, dividends of nil, nil and approximately HK\$27.4 million were declared and paid by Astrum Capital to its then shareholders. The declared dividends were paid from our distributable profit. The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to the approval of our Shareholders, the Companies Law, the Articles of Association as well as any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

### RECENT DEVELOPMENT

Our commission from securities dealing and brokerage services highly correlates with the trading volume of the Hong Kong securities market. As at the Latest Practicable Date, the Hang Seng Index closed at 20,510.20 points, representing a decrease of approximately 6.4% as compared with 21,914.40 points as at 31 December 2015. According to the HKEx Monthly Market Highlights – May 2016, the average daily turnover of the Hong Kong securities market for the five months ended 31 May 2016 dropped approximately 43.5% to approximately HK\$68.6 billion when compared with the same period in 2015. The average daily turnover of the Hong Kong securities market in 2015 reached a ten-year high of approximately HK\$105.6 billion. Nevertheless, our commission income generated from securities dealing and brokerage services remained comparable for the four months ended 30 April 2016 when compared with the same period in 2015. There had not been any material change in the commission rates charged to our customers in the securities dealing and brokerage services subsequent to 31 December 2015. Our Directors consider that (i) our commission from securities dealing and brokerage services in 2015, being the highest among the three years of the Track Record Period, was generally in-line with the overall market performance; and (ii) the decreasing trend in the monthly securities market turnover on Main Board and GEM since the second half of the year 2015 from approximately HK\$3,143 billion in June 2015 to approximately HK\$1,261 billion in May 2016 may have adverse effect on our securities dealing and brokerage services.

For our placing and underwriting services, as at 31 December 2015, we had 1 engagement as underwriter in progress. Subsequent to 31 December 2015 and up to the Latest Practicable Date, we were newly engaged in 9 engagements as underwriter/sub-underwriter/placing agent/sub-placing agent. During the same period, we had completed 8 of those engagements and 1 open offer exercise which we were engaged as sub-underwriter has been terminated. As at the Latest Practicable Date, we were under 1 engagement as placing agent. The amount of funds raised in the Hong Kong secondary market in 2015 also reached a ten-year high of approximately HK\$852.6 billion. The amount of total funds raised in the Hong Kong securities market in the first five months in 2016 decreased by approximately 66.1% as compared with the same period in 2015. Our Directors consider that the overall downward trend in the fund raising market may impose adverse effect on our placing and underwriting services.

For our corporate finance advisory services, as at 31 December 2015, we had 1 engagement as financial adviser and 1 engagement as independent financial adviser in progress. Subsequent to 31 December 2015 and up to the Latest Practicable Date, we were newly engaged in 2 engagements as financial adviser and 2 engagements as independent financial adviser. During the same period, we had completed 5 corporate finance advisory engagements. As at the Latest Practicable Date, we had 1 engagement as financial adviser in progress.

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Our Directors will continue to closely monitor the outstanding margin and IPO loan positions and their recoverability. In order to minimise the credit risk, we have delegated a team responsible for determination of trading limits, trading approvals and other monitoring procedures to ensure that follow-up action is taken to recover outstanding balances. Our members of the credit committee and account executives review, on a daily basis, the margin position report containing the outstanding balance, the marginable amount, the amount to be called for deposit and the leverage ratio (expressing as a ratio of the outstanding balance against the market value of the securities held by the customers). Margin calls are made when the outstanding balances due from clients exceed their respective limits with consideration of the quality, liquidity and price volatility of individual stock, and the transaction history and credibility of the customer such that the clients are required to take actions such as to deposit sufficient funds or further deposit of securities to the securities trading account, or sale of securities in the securities trading account. We may prohibit further purchase of securities or liquidation of the client's positions on a case-by-case basis if the client failed to meet the margin calls. Subsequent to 31 December 2015 and up to the Latest Practicable Date, there were no occasions where our customers failed to meet our margin call.

As at 31 May 2016, the AUM of Astrum China Fund was approximately US\$6.0 million. It is expected that no performance fee would be received for the management of Astrum China Fund for the year ending 31 December 2016 considering its net asset value would be unlikely to surpass the high water mark achieved in 2015. As at 31 May 2016, there are three discretionary accounts managed by us, with an aggregate AUM of approximately HK\$3.1 million. The clients of these discretionary accounts are Independent Third Parties.

Following a notable uplift in trading volume in the second quarter of 2015, the Hong Kong securities market trended downward throughout the third and fourth quarters in light of the increased uncertainties and concerns over the global and PRC's economic prospects. Our Directors expect that the uncertain global economic outlook would continue to beset the Hong Kong securities market in 2016 and accordingly, such downward trend may impose adverse effect on our financial results. According to our Group's unaudited accounts for the four months ended 30 April 2016 and 2015, our revenue was approximately HK\$27.1 million for the four months ended 30 April 2016 as compared to approximately HK\$11.4 million for the same period in 2015, representing an increase of approximately 137.7%. Our Group's unaudited accounts for the four months ended 30 April 2016 and 2015 has been reviewed by our Group's reporting accountants, HLB Hodgson Impey Cheng Limited, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Notwithstanding our Group recorded an increase in unaudited revenue for the four months ended 30 April 2016 as compared to the same period in 2015, in view of the out-performed market sentiments of securities market in Hong Kong in 2015 as compared with previous years, under a conservative and prudent approach, our Directors expect that the net profit of our Group for the year ending 31 December 2016 will probably decrease significantly as compared with the year ended 31 December 2015.

Subsequent to the Track Record Period and up to the Latest Practicable Date, given that we are able to (i) generate a comparable level of commission income from securities dealing and brokerage services for the four months ended 30 April 2016 when compared with the same period in 2015; (ii) secure new engagements on our placing and underwriting services and complete a total of 8 engagements; (iii) secure new engagements on our corporate finance services and complete a total of 5 engagements; and (iv) generate a higher interest income from securities and IPO financing services for the four months ended 30 April 2016 of approximately HK\$1.3 million when compared with that of approximately HK\$0.8 million for the same period in 2015, our Directors are of the view that our Group is able to maintain a profitable position.

Our Directors confirm that save for the matters mentioned above and the non-recurring Listing expenses, subsequent to the Track Record Period and up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.



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### **STRATEGIES AND PLANS TO UPKEEP OUR COMPETITIVENESS AND SUSTAINABILITY**

Our Directors believe that a well-balanced of our services, comprising (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management services, would increase our sustainability in the financial services industry amid the uncertain global economic outlook as such strategy allows us to capture business opportunities in different business segments and thus we can on the one hand diversify our source of income and on the other hand mitigate the adverse impact/risk brought by any single business segment.

In addition, our Group has implemented or will implement, as when appropriate, the followings plans in order to upkeep our competitiveness and sustainability in the industry:

#### **(i) Maintaining and enhancing our manpower**

The success of our business rely on, to a large extent, our financing professional expertise and business connection of our personnel and account executive. With an aim to expand our business, our Group will:

- (a) continue to engage more account executives (the costs of whom mainly consist of commission) for promoting our securities dealing, brokerage services and margin financing services to potential customers and opening more securities trading account;
- (b) expand our business in the placing and underwriting business, corporate financing services and asset management services by recruiting suitable professionals and management personnel;
- (c) maintain our business relationship with existing customers through on-going communication; and
- (d) improve our corporate control, risk management, IT infrastructure, marketing strategies and technical expertise by expanding our technical support team so as to cater for any changes in market conditions.

During the Track Record Period, our Group has maintained good working relationships with our employees and account executives and, as at the Latest Practicable Date, our Group does not foresee any difficulties in the recruitment and retention of experienced staff and account executives.

#### **(ii) Strengthening our margin financing services**

We intend to further develop our financing business and expand our customer base who trade securities with us on a margin basis with an aim to increase our interest income. By applying the net proceeds from the Share Offer to the financing services, our capital resources for financing the securities trading of our customers will be improved which in turn generate an increase to our interest income. Coupled with the expansion in the financing services, our securities dealing and brokerage business will be enhanced as customers are required to trade through their accounts with our Group when utilising the securities dealing and IPO financing services.

#### **(iii) Improving the comprehensiveness of our services and/or products**

Our Group will identify and introduce new services and/or products to our clients in order to improve our competitiveness. In February 2015, we were approved as a China Connect Exchange Participant and a China Connect Clearing Participant. We have installed the necessary system for handling trades through Shanghai-Hong Kong Stock Connect and are able to provide such services when we receive orders from our customers. By launching the Shanghai-Hong Kong Stock Connect, our Directors expect

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that our income from securities dealing and brokerage services will be enhanced. In addition, our Directors are reviewing the feasibility of extending our securities dealing and brokerage service to options and futures trading.

### **(iv) Maintaining proper risk management**

Our Directors always closely review and monitor the risk management policy of our Group. In case of any unfavorable conditions in the Hong Kong securities market which may hinder our financial position, our Directors will consider to tighten the risk management control of our Group by, including but not limited to, (i) lowering margin ratio for each individual securities; and (ii) tightening the threshold for margin calls so as to minimise the risk exposure of our Group.

### **(v) Improvement of public awareness of our Group**

Our Group will continue to implement its existing marketing strategies (including but not limited to, (i) maintaining a good relationship with the management of listed companies and other business partners in the financial services industry; (ii) sponsoring congratulatory advertisement on newspaper for listing exercises for which our underwriting service is engaged; (iii) posting advertisement on newspapers or magazines; and (iv) participating in public industry events and functions) so as to improve the public awareness of our Group.

### **Long term commitment on our on-going business development**

Each of our Controlling Shareholders and the Board has committed for long term business development of our Group. For the preparation of our future business expansions, our Group has leased a new office premise for a term of three years from 25 January 2016 following the expiry of the former lease agreement. This new office premise occupies a larger area of approximately 3,600 square feet as compared to 2,400 square feet of the old office premise. Moreover, our Group has invested approximately HK\$2.1 million in the acquisition of property, plant and equipment for the new office to cater for our long term operations.

Furthermore, in order to demonstrate the long term commitment of our Controlling Shareholders to our Group, our Controlling Shareholders voluntarily undertake to the Stock Exchange, our Company, the Sponsor, the Bookrunner and the Underwriters that he/it shall not in the Second Lock-up Period, that is the period of 30 months commencing on the date immediately following the date on which the First Lock-up Period 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 Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder. Such Second Lock-up Period is beyond the general requirement stated in Rule 13.16A(1)(b) of the GEM Listing Rules. For details of the undertaking, please refer to the paragraphs headed “Undertakings pursuant to the Public Offer Underwriting Agreement” and “Undertakings to the Stock Exchange” in the section headed “Underwriting” in this prospectus.

Based on the above, in particular that the business strategies and plans are set out for long term business development of our Group, our Directors consider that we are committed to continue our business going forward on long term basis.



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## DEFINITIONS

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In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“AE Referred Account(s)”	securities trading accounts of our Group whose holders are referred by our account executives
“Ample Honesty”	Ample Honesty Limited, a company incorporated in the BVI on 18 November 2014 with limited liability and wholly-owned by Mr. Ng
“Application Form(s)”	<b>WHITE</b> Application Form(s) and <b>YELLOW</b> Application Form(s) or, where the context so requires, any of them, relating to the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company adopted on 23 June 2016 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Astrum Capital”	Astrum Capital Management Limited (阿仕特朗資本管理有限公司) (formerly known as “ANDERSON MAN ASSET MANAGEMENT LIMITED (智達資產管理服務有限公司)” and “Anderson Man Asset Management Limited (智達資產管理有限公司)”), a company incorporated in Hong Kong on 12 January 2005 with limited liability and an indirect wholly-owned subsidiary of our Company
“Astrum Feeder Fund”	Astrum Asia Absolute Return Feeder Fund Limited, a limited liability company incorporated and organised as an exempted open-ended investment company under the laws of the Cayman Islands in March 2006
“Astrum Master Fund”	Astrum Asia Absolute Return Master Fund Limited, a limited liability company incorporated as an exempted company in the Cayman Islands and registered under the Cayman Islands Mutual Funds Law in February 2007
“Astrum China Fund”	Astrum Absolute Return China Fund, an exempted company incorporated with limited liability in the Cayman Islands under the laws of the Cayman Islands

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## DEFINITIONS

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“Astrum China”	Astrum China Direct Investments Limited, a company incorporated in the BVI on 2 March 2010 with limited liability and wholly-owned by Mr. Pan
“Authorised Institution(s)”	means a bank, a restricted licence bank or a deposit-taking company authorised under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Autumn Ocean”	Autumn Ocean Limited, a company incorporated in the BVI on 18 November 2014 with limited liability and wholly-owned by Mr. Pan
“Board”	the board of Directors
“Bookrunner” or “Lead Manager”	Ping An Securities Limited, the bookrunner and the lead manager for the Share Offer and a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant”	a person permitted to participate in CCASS as a broker participant
“CCASS Clearing Participant”	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person permitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person permitted 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

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## DEFINITIONS

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“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Company”	Astrum Financial Holdings Limited (阿仕特朗金融控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 13 January 2015
“Compliance Adviser’s Agreement”	the compliance adviser’s agreement dated 4 February 2016 entered into between Messis Capital and our Company
“Connected Parties”	Mr. Pan, Mr. Kwan, Mr. Cheung and their respective associates
“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 this prospectus, refers to Autumn Ocean and Mr. Pan
“core connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 23 June 2016 provided by the Indemnifiers in favour of our Group relating to, among other matters, the tax liabilities of our Group
“Deed of Non-competition”	the deed of non-competition dated 23 June 2016 given by Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty in favour of our Company (for itself and as trustee for our subsidiaries from time to time) regarding the non-competition undertakings as more particularly set out in the section headed “Relationship with our Controlling Shareholders” in this prospectus
“Director(s)”	the director(s) of our Company

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## DEFINITIONS

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“Financing Services Agreement(s)”	the agreement(s) entered into between Astrum Capital and each of the Connected Parties dated 23 June 2016, pursuant to which Astrum Capital may provide margin financing and/or IPO financing services to each of the Connected Parties
“First Lock-up Period”	has the meaning as it is defined in the section headed “Underwriting” in this prospectus
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group” or “our Group”	our Company and our subsidiaries or any of them or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries
“HKEx”	Hong Kong Exchanges and Clearing Limited
“HKMA”	Hong Kong Monetary Authority
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a subsidiary of HKEx
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the branch share registrar of our Company in Hong Kong
“House Account(s)”	securities trading account of our Group whose holders are sourced by our management through their business connections
“Indemnifiers”	Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive, or substantial Shareholders, our subsidiaries or any of their respective associates
“IRO”	Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), as amended, modified and supplemented from time to time

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## DEFINITIONS

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“Interest Annual Cap(s)”	the proposed annual cap(s) of the interest to be received from the provision of margin financing and IPO financing services from each of the Connected Parties
“Investment Management Agreement”	the investment management agreement entered into between Astrum Capital and Astrum China Fund on 18 March 2015 as amended by the Supplemental Investment Management Agreement
“IPO Annual Cap(s)”	the proposed annual cap(s) of the daily maximum amounts of IPO financing to be advanced to each of the Connected Parties
“Isthmus Management”	Isthmus Management Limited, a company incorporated in the BVI on 14 June 2007 with limited liability and wholly-owned by Mr. Ng
“Latest Practicable Date”	20 June 2016, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information referred to in this prospectus
“Legal Counsel”	Mr. Chan Chung, barrister-at-law of Hong Kong
“Listing”	the listing and the commencement of dealings of the Shares on GEM
“Listing Date”	the date on which the Shares are listed and dealings in the Shares first commence on GEM, which is expected to be on or about 14 July 2016
“Listing Division”	the listing division of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement entered into among Mr. Pan, Astrum Capital and SFC dated 9 November 2009 with an expiry date of 7 November 2015, as more particularly set out in the section headed “Relationship with our Controlling Shareholders” in this prospectus
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operates in parallel with GEM

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## DEFINITIONS

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“Major Harvest”	Major Harvest Investments Limited, a company incorporated in the BVI on 3 December 2014 with limited liability which will become a wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Margin Annual Cap(s)”	the proposed annual cap(s) of the daily maximum amounts of margin financing to be advanced to each of the Connected Parties
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company as amended from time to time
“Messis Capital” or “Sponsor”	Messis Capital Limited, the sponsor to the Listing and a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Mr. Chan”	Mr. Chan Chun Hong, an independent non-executive Director
“Mr. Cheung”	Mr. Cheung Hon Fai Bosco, an executive Director
“Mr. Fung”	Mr. Fung Tat Hung Ricky, the head of dealing department of our Company and Astrum Capital
“Mr. Kwan”	Mr. Kwan Chun Yee Hidulf, an executive Director and a director of Astrum Capital
“Mr. Lau”	Mr. Lau Hon Kee, an independent non-executive Director
“Mr. Lee”	Mr. Lee Tak Cheung Vincent, an independent non-executive Director
“Mr. Ng”	Mr. Ng Yau Sing
“Mr. Ngai”	Mr. Ngai Hoi Shan, the portfolio manager of Astrum China Fund
“Mr. Pan”	Mr. Pan Chik, an executive Director, the chairman of the Board, our chief executive officer, one of our Controlling Shareholders and a director of Astrum Capital
“Ms. Truong”	Ms. Truong To Linh, the head of operations department of our Company and Astrum Capital

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## DEFINITIONS

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“Ms. Wong”	Ms. Wong Susan Chui San, the chief financial officer and the Company Secretary of our Company
“New Shares”	the 140,000,000 new Shares being offered by our Company for subscription at the Offer Price under the Share Offer
“Offer Price”	the final price per Offer Share, which will be no more than HK\$0.60 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share (payable in full on application in Hong Kong dollars plus brokerage fee of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%), such price to be agreed upon by our Company (for itself and on behalf of our Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters) on or before the Price Determination Date, at which the Offer Shares are to be subscribed pursuant to the Share Offer
“Offer Share(s)”	collectively, the Placing Shares and the Public Offer Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company and the Selling Shareholder for cash at the Offer Price subject to the terms and conditions as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 120,000,000 new Shares and the 60,000,000 Sale Shares being offered at the Offer Price for subscription and purchases under the Placing subject to the terms and conditions as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing, who have entered into the Placing Underwriting Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the conditional underwriting and placing agreement dated 29 June 2016 relating to the Placing entered into between, among others, our Company and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus



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## DEFINITIONS

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“PRC”	the People’s Republic of China, and for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Price Determination Agreement”	the agreement to be entered into between the Lead Manager (for itself and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) on or before the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, which is expected to be on or around 7 July 2016 on which the Offer Price is to be fixed by our Company (for itself and on behalf of the Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters) for the purpose of the Share Offer
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) in force prior to 3 March 2014
“Public Offer”	the offer of the Public Offer Shares for subscription by 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
“Public Offer Shares”	20,000,000 new Shares initially being offered at the Offer Price for subscription in the Public Offer subject to re-allocation as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer listed in the paragraph headed “Public Offer Underwriters” under the section headed “Underwriting” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 29 June 2016 relating to the Public Offer entered into between, among others, our Company and the Public Offer Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“Relevant Jurisdictions”	has the meaning as it is defined in the section headed “Underwriting” in this prospectus
“Relevant Securities”	has the meaning as it is defined in the section headed “Underwriting” in this prospectus

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## DEFINITIONS

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“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of our Group for the purpose of the Listing, particulars of which are set out in the section headed “History, reorganisation and corporate structure” in this prospectus
“Sale Shares”	60,000,000 existing Shares being offered by the Selling Shareholder for sale at the Offer Price under the Placing
“Second Lock-up Period”	has the meaning as it is defined in the section headed “Underwriting” in this prospectus
“Selling Shareholder”	Ample Honesty, details of which are set out in the section headed “Particulars of the Selling Shareholder” in Appendix IV to this prospectus
“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, modified and supplemented from time to time
“Share Offer”	collectively, the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 23 June 2016, the principal terms of which are summarised in the section headed “Share Option Scheme” in Appendix IV to this prospectus
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules

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## DEFINITIONS

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“Substantial Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and details of which are set out in the section headed “C. Further information about Substantial Shareholders, Directors and experts – Disclosure of interests – Interests of Substantial and other Shareholders in the Shares and underlying Shares” in Appendix IV to this prospectus
“Supplemental Investment Management Agreement”	the supplemental investment management agreement entered into between Astrum Capital and Astrum China Fund on 23 June 2016
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers, as amended, modified and supplemented from time to time
“the Pan’s Family”	collectively referred to as Mr. Pan and his associates (including his family members and certain private companies controlled by Mr. Pan and his family members but excluding Astrum China Fund and the Group)
“Track Record Period”	the three years ended 31 December 2015
“Underwriters”	collectively, the Placing Underwriters and the Public Offer Underwriters, details of which are set out in the section headed “Underwriting” in this prospectus
“Underwriting Agreements”	collectively, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “US”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933 (as amended from time to time)
“ <b>WHITE</b> Application Form(s)”	the forms of application for Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant’s own name
“ <b>YELLOW</b> Application Form(s)”	the forms of application for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS
“HK\$” and “cents”	the Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“US\$” or “USD” United States dollars, the lawful currency of the United States

“%” per cent.

*In this prospectus, unless otherwise specified, amounts denominated in HK\$, US\$, RMB have been converted, for the purpose of this prospectus, based on the rates set out below (for the purpose of illustration only):*

*US\$1.00 : HK\$7.78*

*RMB1.00 : HK\$1.19*

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## GLOSSARY OF TECHNICAL TERMS

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The glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to meanings or usage of these terms as used by others.

“A shares”	the shares that are traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in Renminbi
“AMS”	Automatic Order Matching and Execution System, a historical electronic stock trading system of the Stock Exchange, the first generation of which was launched in November 1993, since 4 September 2015, it is no longer available for trading purposes
“Anti-Money Laundering Guideline”	Guidance on Anti-Money Laundering and Counter-Terrorist Financing issued by the SFC and became effective since July 2012
“AUM”	asset under management
“China Connect Clearing Participant”	a CCASS Broker Participant or a CCASS Clearing Participant which is registered as a China Connect Clearing Participant by HKSCC
“China Connect Exchange Participant”	a Stock Exchange Participant which is registered as a China Connect Exchange Participant by the Stock Exchange
“Chinese Wall”	theoretical barrier to ensure that non-public material information regarding listed companies which is obtained in one department is not released to another department. The Chinese wall aims to isolate those persons who make investment decisions from those who are privy to non-public material information which may influence those decisions
“Code of Conduct”	the Code of Conduct for Persons Licensed by or Registered with the SFC
“CSR”	Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“FATCA”	the Foreign Account Tax Compliance Act
“FFI(s)”	foreign financial institution(s)

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## GLOSSARY OF TECHNICAL TERMS

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“FATF”	Financial Action Task Force
“FRR”	Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Futures Exchange”	Hong Kong Futures Exchange Limited
“H shares”	the shares of companies incorporated in the PRC which are either controlled by Chinese government entities or individuals that are traded on the Stock Exchange
“Internet”	a global system of interconnected computer networks linked by numerous electronic and optical networking technologies for conveying information, resources and services
“IGA”	an intergovernmental agreement signed between Hong Kong and the US for implementation of FATCA
“IPO(s)”	initial public offering(s)
“IRS”	US Internal Revenue Service
“JFIU”	Joint Financial Intelligence Unit
“Licensed Representative(s)”	an individual who is granted a licence under section 120(1) or 121(1) of the SFO to carry on one or more regulated activities for a licensed corporation to which he/she is accredited
“MWS”	the Multi-Workstation System, a part of the AMS that is a computer-based system designed to automatically record, match and execute orders to buy or sell securities listed on the Stock Exchange historically. Since 4 September 2015, it is no longer available for trading purposes
“NSTD”	New Securities Trading Device (also known as ET Trade Speed Station), a multi-workstations front-end trading device
“Responsible Officer(s)”	a Licensed Representative who is also approved as a responsible officer under section 126 of the SFO to supervise one or more regulated activities of the licensed corporation to which he/she is accredited

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## GLOSSARY OF TECHNICAL TERMS

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“Relevant Day”	the same Business Day as defined in Schedule 1 of SFO when the agreement market value to the repledged securities collateral as calculated by reference to the respective closing prices of the collateral
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing linked program developed by the Stock Exchange, Shanghai Stock Exchange and China Securities Depository and Clearing Corporation, pursuant to the relevant Hong Kong and PRC regulations, as amended, supplemented or otherwise modified from time to time
“Stock Exchange Participant(s)”	a person who, in accordance with the rules of the Stock Exchange, may trade on or through the Stock Exchange; and whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Stock Exchange Trading Right”	a right to be eligible to trade on or through the Stock Exchange and entered as such a right in a list, register or roll kept by the Stock Exchange

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## FORWARD-LOOKING STATEMENTS

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### FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS MAY NOT MATERIALISE

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “might”, “plan”, “consider”, “potential”, “propose”, “anticipate”, “seek”, “should”, “would” or similar expressions or the negative thereof, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- Future development, trends and conditions in the industry and markets in which we operate;
- Expansion, consolidation or other trends in the industry in which we operate;
- Regulations and restrictions;
- General political and economic conditions in Hong Kong, the PRC and internationally;
- Exchange rate fluctuations and developing legal system, in each case pertaining to Hong Kong and the industry and markets in which we operate;
- Macroeconomic measures taken by the Hong Kong and/or the PRC governments to manage economic growth;
- Our business prospects;
- The competition for our business activities and the actions and development of our competitors;
- Financial condition and performance of our Group;
- Our dividend policy;



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## FORWARD-LOOKING STATEMENTS

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- Changes to our expansion plans and use of capital expenditures; and
- Realisation of the benefits of our business plans and strategies.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, the Controlling Shareholders, the Selling Shareholder, the Sponsor, the Lead Manager, the Underwriters, any other parties involved in the Share Offer or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to those discussed under the section headed “Risk factors” and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statement.

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## RISK FACTORS

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*Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading prices of our Shares could decline due to any of these risks, and you may lose all or part of your investment.*

### **RISKS RELATING TO BUSINESS AND OPERATIONS OF OUR GROUP**

**Our business is subject to the performance of the Hong Kong securities market and the performances of our competitors which are beyond our control and we cannot assure that our historical level of income can be sustained**

We generate income mainly from the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management, which are highly dependent on the activeness of the financial market in Hong Kong. Any sudden downturn in the global economic and sudden change in political environment, which are beyond our control, may adversely affect the financial market sentiment. Severe fluctuation in market and economic sentiments may also lead to a prolonged period of sluggish market activities which would in turn incur adverse impact on our business and operating performance. As such, the revenue and profitability of our Group may fluctuate and there is no assurance that we will be able to maintain our historical financial results under difficult or unstable economic conditions.

Our commission from securities dealing and brokerage services highly correlates with the trading volume of the Hong Kong securities market. As at the Latest Practicable Date, the Hang Seng Index closed at 20,510.20 points, representing a decrease of approximately 6.4% as compared with 21,914.40 points as at 31 December 2015. According to the HKEx Monthly Market Highlights – May 2016, the average daily turnover of the Hong Kong securities market for the five months ended 31 May 2016 dropped approximately 43.5% to approximately HK\$68.6 billion when compared with the same period in 2015. The average daily turnover of the Hong Kong securities market in 2015 reached a ten-year high of approximately HK\$105.6 billion. Nevertheless, our commission income generated from securities dealing and brokerage services remained comparable for the four months ended 30 April 2016 when compared with the same period in 2015. Our Directors consider that (i) our commission from securities dealing and brokerage services in 2015, being the highest among the three years of the Track Record Period, was generally in-line with the overall market performance; and (ii) the decreasing trend in the monthly securities market turnover on Main Board and GEM since the second half of the year 2015 from approximately HK\$3,143 billion in June 2015 to approximately HK\$1,261 billion in May 2016 may have adverse effect on our securities dealing and brokerage services.

The amount of funds raised in the Hong Kong secondary market in 2015 also reached a ten-year high of approximately HK\$852.6 billion. The amount of total funds raised in the Hong Kong securities market in the first five months in 2016 decreased by approximately

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## RISK FACTORS

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66.1% as compared with the same period in 2015. Our Directors consider that the overall downward trend in the fund raising market may impose adverse effect on our placing and underwriting services.

According to our Group's unaudited accounts for the four months ended 30 April 2016 and 2015, our revenue was approximately HK\$27.1 million for the four months ended 30 April 2016 as compared to approximately HK\$11.4 million for the same period in 2015, representing an increase of approximately 137.7%. Notwithstanding our Group recorded an increase in unaudited revenue for the four months ended 30 April 2016 as compared to the same period in 2015, in view of the out-performed market sentiments of securities market in Hong Kong in 2015 as compared with previous years, under a conservative and prudent approach, our Directors expect that the net profit of our Group for the year ending 31 December 2016 will probably decrease significantly as compared with the year ended 31 December 2015. As our business is subject to the performance of the Hong Kong securities market, we cannot assure that our historical level of income can be sustained.

In addition, market competition is another key factor affecting our business. Apart from the large multi-national financial institutions such as banks and investment banks with global network and local presence in Hong Kong, we face local competition from branded medium-sized and well-established financial services firms, as well as other small-sized financial services firms, which offer similar range of services as our Group. We may not be able to compete effectively and successfully with the competitors and our results of operations may be adversely affected should such competition is being intensified.

**We are subject to extensive regulatory requirements, the non-compliance with which could cause us to incur fines, restriction on our Group's activities or even suspension or revocation of some or all of our licences for carrying on our business activities**

The Hong Kong financial market in which we operate is highly regulated. There are changes in rules and regulations from time to time in relation to the regulatory regime for the financial services industry, including but not limited to, the SFO, the Companies Ordinance, the CSR, the FRR, the Listing Rules, the GEM Listing Rules, the trading rules of the Stock Exchange and the Takeovers Code. Any such changes might result in an increase in our cost of compliance, or might restrict our business activities. In case we fail to comply with the applicable rules and regulations from time to time, it might result in fines, restrictions on our Group's activities or even suspension or revocation of some or all of our licences for carrying on our business activities. Accordingly, our business operation and financial results might be materially and adversely affected.

Furthermore, we are required to be, and continuously to be, licensed with the relevant regulatory authorities including without limitation, as licensed corporations under the SFO. In this respect, we have to ensure continuous compliance with all applicable laws, regulations, codes and guidelines, and to satisfy the SFC, the Stock Exchange and/or other regulatory authorities that we remain fit and proper to be licensed. If there is any change or tightening of the relevant laws, rules, regulations, codes and guidelines, it may adversely affect the our operation and business.

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We may be subject to regulatory inspections from time to time. If the results of the inspections reveal serious misconduct, the SFC may make further investigations and take disciplinary actions including revocation or suspension of licences, public or private reprimand or imposition of pecuniary penalties against us, our Directors, Responsible Officers or Licensed Representatives. Any of such disciplinary actions taken against us, our Directors, Responsible Officers, Licensed Representatives and/or staff may have an adverse impact on our business operation and financial results.

In 2010, we reported to the SFC that Astrum Capital had breached the repledging limit requirement as set out in section 8A of the CSR during the period from 21 October 2009 to 10 November 2009 where the securities collaterals repledged to an underwriter pursuant to our sub-underwriting engagement were above 140% of the then aggregate amount of margin loans of Astrum Capital. As a result of this incident, we were reminded by the SFC to take all reasonable steps to ensure future compliance with the CSR. We have also previously been involved in non-compliance matters in respect of timely filings of notifications in relation to commencement and cessation of employment in accordance with the IRO. For details of the incidents and the remedial actions we took, please refer to the section headed “Business – Non-compliance and Disciplinary Actions” in this prospectus.

As at the Latest Practicable Date, as far as our Directors are aware, there was no ongoing investigation against any member of our Group or any of our Directors, Responsible Officers, Licensed Representatives and/or staff. Nevertheless, there is no assurance that there will not be any investigations taken against any of them in future.

**Our brokerage services involve active interactions between our staff and customers and therefore it is subject to human errors, which we have to bear the losses resulting therefrom**

During the course of providing securities dealing and brokerage services, trading errors (such as incorrect input of customers’ instructions, including stock code, number of shares or buy/sell orders or incorrect input of account numbers) may occur. Upon discovery of any trading errors, we have to take immediate actions to close out error trade positions and recognise gains or losses from such error trades, if any. During the Track Record Period, we identified 4, 3 and 4 incidents of error trades, respectively. By taking remedial actions to correct the trading errors, we recognised a net gain of approximately HK\$9,000 for the year ended 31 December 2013, a net loss of approximately HK\$800 for the year ended 31 December 2014, and a net gain of approximately HK\$28,000 for the year ended 31 December 2015. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any regulatory fines or penalties as a result of error trades. For details of our error trades incidents, please refer to the section headed “Business – Internal Control – Key controls on our securities dealing and brokerage services – Error trades” in this prospectus.

Any loss suffered by our Group resulting from trading errors made on the AE Referred Accounts would be indemnified by the responsible account executive. However, we have to bear the losses resulting from trading errors made on the house accounts. In the event that

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the trading errors are not effectively prevented or controlled, or rectification measures could not cover the loss incurred, we may be subject to material losses and the financial results of our Group would be adversely affected.

**We had negative operating cash flow for the year ended 31 December 2013 and we cannot assure you that we will not experience negative operating cash flow in the future**

We had negative cash flow from operating activities of approximately HK\$1.9 million for the year ended 31 December 2013, primarily as a result of (i) profit before tax of approximately HK\$2.8 million, positively adjusted by depreciation of approximately HK\$0.2 million and loss on disposal of property, plant and equipment of approximately HK\$0.4 million; (ii) increase in trade receivables of approximately HK\$17.8 million; (iii) increase in trust accounts of approximately HK\$23.5 million; and (iv) increase in trade payables of approximately HK\$35.7 million.

While our Directors believe that we have sufficient funds to finance our current working capital requirements, we cannot assure you that we will not experience negative operating cash flow in the future. We may require additional cash resources if there is a change in business and economic conditions, to take advantage of business opportunities, or to expand our operations as a result of other future developments. If our current liquidity sources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain credit facilities. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financial covenants that would restrict our operations, while the sale of additional equity securities or convertible debt securities would result in a dilution to our Shareholders' interest. We cannot assure you that external borrowings will be available in amounts or on terms acceptable to us, or at all. Any failure by us to raise additional funds on terms acceptable to us or at all could have a material adverse effect on our liquidity, financial condition and results of operations.

**We are exposed to business risks from our placing and underwriting business in case the securities underwritten by us are undersubscribed or the placing exercises are failed to complete**

Placing and underwriting commission was our largest income source during the Track Record Period which accounted for approximately 57.2%, 72.8% and 68.9% of our total revenue for the three years ended 31 December 2015 respectively.

During the Track Record Period, our underwriting service was conducted on a fully underwritten basis, whereby we were obliged to take up the undersubscribed securities up to the maximum of our underwriting commitment. We were also involved in a number of placing exercises as placing agents or sub-placing agents. Depending on the terms of the particular placing agreements, the placing exercises were either on a fully underwritten basis or on a best effort basis.

If the securities underwritten by us are undersubscribed and we fail to procure subscribers to take up all of the undersubscribed securities, we are required to purchase all of the undersubscribed portion for our own account, which would materially and adversely

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affect our liquidity. Our financial position would also be adversely affected if the underwritten securities so taken up by us becomes illiquid and/or their market value drops. In the case of placing of securities on a best effort basis, if the securities are undersubscribed or if market conditions become volatile, the placing may not be completed in full or may be cancelled. Our commission from such placing engagements may reduce or in the worst case we may have no commission at all.

Moreover, the placing and underwriting commission generated by us is directly related to the number of placing and underwriting exercises secured and completed by us and their fund raising sizes. Our Directors consider that our placing and underwriting business is subject to various external factors which are beyond our control, including the number and the size of IPOs in the market, and the activeness of the secondary market for fund-raising exercises under the prevailing financial market environment. There is no assurance that the performance of our Group's placing and underwriting business will not be affected by such external factors.

**We may be subject to substantial risks if our customers default on payments or if the value of the relevant securities collaterals are insufficient to cover the outstanding balances due to significant market volatility**

*(i) Securities dealing and brokerage services*

During the course of provision of securities dealing and brokerage services, our customers are required to settle their securities transactions two days after the trade date. If our customers do not have sufficient cash with us to do so, our Group is required to settle the same with CCASS on behalf of the customers. As such, our liquidity position will be adversely affected.

*(ii) Financing services*

We provide margin financing to our customers with their listed securities as collaterals. We assign a margin ratio for each individual securities ranging from 20% to 60%. The marginable amount of each customer is determined based on (i) the market value of securities held under the securities trading account; and (ii) the margin ratio for each securities. In a volatile market, if stock price declines to the extent that the value of their collaterals fall below our prescribed level, we may require our customers to deposit additional cash or other securities as further collaterals to reduce the credit risk exposures or increase the collateral values.

In the event that a customer is unable to meet a margin call, we are entitled to dispose of the pledged securities on his/her/its behalf and use the sale proceeds thereof towards repayment of the loan. However, there is a risk that the amount recovered from the disposal of the pledged securities may fall short of the outstanding amount of the loan. We would suffer a loss if such shortfall cannot be recovered from our customers. For IPO financing, in the event that the allotment amount to a customer is higher than the initial deposit made by the customer and the share price of such IPO stock falls below the offering price, we may suffer loss if the customer fails to repay the amount owed to us. The Directors confirmed



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that we did not suffer any loss arising from such kind of shortfall during the Track Record Period. There was no bad debt provision for margin loans or amounts due from cash clients made by us during the Track Record Period.

**We rely on our key management personnel to conduct our business, and the loss of any key members of our senior management or professional staff may negatively affect our operation**

Our performances and the implementation of our business plans depend on, to a significant extent, the strategies and visions of our key management personnel. Given that the competition for recruiting competent personnel is intense, we may not be able to attract or retain the services of the necessary key personnel for our business in the future. Our key management personnel have extensive experience and network in the financial services industry and are responsible for formulating our corporate strategies and overseeing our business operation and development.

Should our key personnel cease to be involved in our management in the future and we fail to find suitable replacements, our operation and profitability may be materially and adversely affected. In addition, we may need to incur additional costs to recruit, train and retain key personnel.

As at the Latest Practicable Date, we had 7 Responsible Officers responsible for the various regulated activities of our Group. Under the licensing requirements of the SFO, we must at all times maintain at least two Responsible Officers for each regulated activity. Any resignation of our Responsible Officers may result in breaching the relevant licensing requirements. This may result in suspension of our licences and thus jeopardising our business operation.

**Given that our revenue is sourced from transactions which are of non-recurring nature, our revenue and profitability are highly unpredictable**

Our revenue is primarily generated from transactions which are of a non-recurring nature and on a transaction-by-transaction basis. Our revenue is also subject to the size of transactions and the scope of services to be rendered. In addition, terms and conditions of each engagement including its payment schedule are negotiated and determined on a case-by-case basis.

For our placing and underwriting services, we completed 16, 23 and 29 underwriting and placing engagements respectively for the three years ended 31 December 2015. For our corporate finance advisory services, we were engaged in 13, 19 and 18 corporate finance transactions respectively in the same period.

Given the non-recurring business nature, our revenue and profitability are highly unpredictable. Therefore, our future financial results may be subject to fluctuations depending on our success in entering into new engagements. There is no assurance that we are able to secure new engagements at levels similar to those we had during the Track

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Record Period. There is also no assurance that the engagements we successfully secure can be completed due to the market conditions and circumstances of each engagement. Our revenue and profitability may therefore fluctuate significantly.

**Should we experience any event of professional liabilities, such as claims or lawsuits, our financial position and reputation will be adversely affected**

Our services normally involved providing professional advices to our customers. Our customers, who rely on our professional advice and suffers loss as a result of our negligence in providing such advice, might claim compensation against us. The key business risk associated with our services is, amongst others, possible claims or lawsuits arising from professional negligence and employee infidelity. Although we have adopted the relevant internal control measures, there is no assurance that the measures can completely eliminate all future possible professional negligence and/or employee infidelity. Should we experience any event of professional liabilities, such as claims or lawsuits, it may have an adverse impact on our financial position and reputation.

**Our commission income generated from our securities dealing and brokerage services business may be affected by the growing popularity of online trading as the commission rates for orders placed through online trading platform offered by our competitors are generally lower than the commission rates for orders placed through phone**

During the Track Record Period, commission from securities dealing and brokerage services was one of our key sources of revenue which accounted for approximately 25.2%, 16.2% and 21.6% of our total revenue for the three years ended 31 December 2015, respectively. We generally charge our customers commission at a rate from 0.08% to 0.25% of the transaction values, where our customers can place orders through phone or online trading platform at their convenience at the same commission rate.

In contrast, our competitors generally charge their customers a lower rate for orders placed through online trading platform than those placed through phone. The increasing competition in the securities industry as well as the introduction and popularity of online trading systems may lead to the continuing decrease in our commission from securities dealing and brokerage services. As a result, we cannot assure you that our commission from securities dealing and brokerage services can be sustained at current levels.

**Our securities dealing and brokerage services is subject to customer concentration risk**

While we had 150, 181 and 200 active accounts as at 31 December 2013, 2014 and 2015, approximately 64.2%, 56.1% and 53.0% of our commission income from securities dealing and brokerage services was generated from the ten largest active accounts during the respective years. As a result, our securities dealing and brokerage services are subject to customer concentration risk. In the event that any of these major customers does not continue to trade through our securities trading platform or reduces the trading volume placed through us, our commission from this segment would be adversely affected.

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### **Our expansion plans may not materialise in accordance with the timetable or at all**

As set out in more details in the section headed “Business – Business strategies” in this prospectus, our Group intends to (i) expand our securities and IPO financing services business; (ii) extend our securities dealing and brokerage services to eligible stocks listed on the Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect; and (iii) expand our asset management business. In addition, our Group has implemented or will implement, as when appropriate, certain plans in order to upkeep our competitiveness and sustainability in the industry. Details of which is set out in the section headed “Summary – Strategies and plans to upkeep our competitiveness and sustainability”.

The above expansion plans are based on current intentions and assumptions. The future execution may be subject to capital investment and human resources constraints. Furthermore, our expansion plans may also be hindered by other factors beyond our control, such as the general market conditions, the performance of the financial services industry, and the economic and political environment of Hong Kong, the PRC and the world. Therefore, our expansion plans may not materialise in accordance with the timetable or at all.

### **Any harm to our reputation may have a material adverse effect on our business, results of operations and financial condition**

We and our services are vulnerable to adverse market perception as we operate in an industry where integrity, customer trust and confidence are critical. Litigation and disputes, employee misconduct, changes in senior personnel, customer complaints, outcome of regulatory investigations or penalties on us may harm our reputation. Any harm to our reputation may cause our existing and potential customers to be reluctant to purchase services from us, and may thus have a material adverse effect on our business, results of operations and financial condition.

### **The use of the “Astrum” brand name by other entities may expose us to reputational risks if any actions taken by these entities damage the “Astrum” brand name**

Certain entities are using “Astrum” as their corporate names. If any actions taken by these entities damage the “Astrum” brand name, or any negative publicity is associated with any of these entities, our reputation, business, growth prospects, results of operations and financial condition may be materially and adversely affected.

For the details of these entities and our potential liability that may arise from our current use of “Astrum” as our corporate name, please refer to the section headed “Business – Intellectual Property” in this prospectus.

### **Any failure in protection of computer system from external threat may cause disruption to our operation**

The computer system used by us may be vulnerable to the attack of computer virus, worms, Trojan horses, hackers or other disruptive actions by visitors or other internet users. Such disruption may cause data corruption and interruption in our storage system and delay

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or cessation in the services provided through our securities dealing system and our online trading platform, which could result in 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 trading data or trading records) stored in the computer system and cause losses to our Group.

### **Past dividends should not be used as a reference for our future dividend policy**

For the three years ended 31 December 2015, dividends of nil, nil and approximately HK\$27.4 million were declared and paid by Astrum Capital to its then equity shareholders. Our Directors currently intend to retain certain portions of our distributable profit for future business expansion plan. At present, our Directors have not determined the percentage of our Group's total distributable profit for future dividends, as the same should depend upon our earnings, financial condition, capital and cash requirements, business strategies and such other factors as our Directors may consider relevant at the time of declaration of any dividends subject to the discretion of our Directors. Hence, the dividends declared and paid by us in the past should not be regarded as indicative of our future dividends.

### **RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES**

**The financial services industry in Hong Kong is highly competitive, and our business and prospects may be materially and adversely affected if we are unable to compete effectively**

The financial services industry in Hong Kong has a large number of participants which makes the industry highly competitive. As at 31 May 2016, there were 566 Stock Exchange Participants including 529 trading participants and 37 non-trading participants on the Stock Exchange. New participants may enter into the industry so long as they obtain the requisite licences and permits. Apart from large multi-national financial institutions, our Group also faces competition from local medium and small-sized financial services firms which offer similar range of services.

Our Group will have to compete against competitors who may have greater brand recognition in the market, more human and financial resources, a wider range of services and longer operating history than that of our Group. There is no assurance that our Group will be able to maintain our competitive strengths by responding rapidly to the changing business environment or to capture new market opportunities. Any intensified competition may result in price reduction, which in turn, may have an adverse impact on our operating performance and financial results.

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### **RISK RELATING TO ECONOMIC AND POLITICAL CONDITIONS IN HONG KONG**

**Changes in the economic, political and social conditions, as well as government policies, could have a material and adverse effect on our business, financial condition, results of operations and prospects**

Our business and operations are based in Hong Kong and our Group had derived all our income in Hong Kong during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are affected by government policies, as well as economic, social, political and legal developments in Hong Kong. As an open economy, Hong Kong's domestic economy is also affected by many other unpredictable factors such as economic, social, legal and political development in the PRC, fluctuations in global interest rates, and changes in international economic and political situations. There is no assurance that any changes in the existing government policies, economic, social, political conditions and the business environment in Hong Kong and the PRC in the future will have a positive effect on our business operations.

### **RISKS RELATING TO THE SHARE OFFER**

**There has been no prior public market for our Shares. The trading volume and market price of the Shares following the Share Offer may be volatile**

Prior to the Listing, there is no public market for our Shares. The listing of, and the permission to deal in, our Shares on GEM do not guarantee the development of an active public market for our Shares or the sustainability thereof following completion of the Share Offer. Factors such as variations in our revenues, earnings and cash flows, strategic alliances or acquisitions made by us or our competitors, industrial or environmental accidents suffered by us, loss of key personnel, litigation or fluctuations in the market prices for our services, the liquidity of the market for our Shares, the general market sentiment regarding the financial services industry could cause the market price and trading volume of our Shares to change substantially. In addition, both the market price and liquidity of our Shares could be adversely affected by factors beyond our control and unrelated to the performance of our business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, our Shares may not be sold at or above the Offer Price in the public market.

**Shareholders will experience immediate dilution and may experience further dilution if we issue additional Shares in future**

We may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would reduce the percentage ownership of our Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, we may need to raise additional funds in the future to finance business expansion or new development and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro-rata basis to our

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## RISK FACTORS

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existing Shareholders, the shareholding of our Shareholders may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

**Future sales or perceived sales of substantial amounts of our securities in the public market could have a material and adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future**

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. We cannot predict the effect, if any, of any future sales of our Shares by any of our Controlling Shareholders, or that the availability of our Shares for sale by any of the Controlling Shareholders may have impact on the market price of our Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of our Shares.

**RISKS RELATING TO THIS PROSPECTUS**

**Some facts, forecast and statistics contained in this prospectus with respect to the global and Hong Kong economies and securities industries are derived from various official or third party sources and may not be accurate, complete or up-to-date**

Certain facts, statistics, and data presented in the section headed “Industry Overview” and elsewhere in this prospectus relating to the global and Hong Kong economies and securities industries have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. We believe that the sources of the information are appropriate sources for such information, and the Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither we, our Directors, the Sponsor, nor any parties involved in the Share Offer have independently verified, or make any representation as to, the accuracy of such information and statistics. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

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

Included in this prospectus are various forward-looking statements that are based on various assumptions. Our future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed “Forward-looking Statements” in this prospectus.

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## **WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES**

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Our Group has entered into certain transactions with our connected persons that are expected to continue after the Listing, which will constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules upon the Listing. Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from the strict compliance with the announcement and (where applicable) independent shareholders' approval requirements in respect of such non-exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules. The details of such waivers are set out in the section headed "Connected Transactions" in this prospectus.



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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### **UNDERWRITING AND INFORMATION ON THE SHARE OFFER**

This prospectus is published solely in connection with the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer. The Share Offer comprises the Public Offer of 20,000,000 Shares initially offered and the Placing of 180,000,000 Shares (comprising 120,000,000 New Shares and 60,000,000 Sale Shares initially offered by our Company and the Selling Shareholder, respectively) initially offered (subject, in each case, to reallocation on the basis under the section headed "Structure of the Share Offer" in this prospectus).

The listing of our Shares on the Stock Exchange is sponsored by the Sponsor. Pursuant to the Underwriting Agreements, the Share Offer is underwritten by the Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder). Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

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

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **RESTRICTIONS ON OFFER AND SALE OF THE SHARES**

No action has been taken to permit a public offer of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. 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 Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

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

### **APPLICATION FOR LISTING ON GEM**

We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and which are to be issued or may be issued pursuant to the Share Offer and any Shares which may fall to be allotted and issued pursuant to the exercise of options granted under the Share Option Scheme.

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the 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 Share Offer 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 Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

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 at least 25% of the issued share capital of our Company in the hands of the public. A total of 200,000,000 Offer Shares, comprising 140,000,000 New Shares and 60,000,000 Sale Shares, representing 25% of the enlarged issued share capital of our Company immediately following completion of the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Only securities 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.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential applicants 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, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Selling Shareholder, our Directors, the Sponsor, the Bookrunner, the Underwriters, their respective directors or any other person involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

### **REGISTRATION AND STAMP DUTY**

All the Offer Shares will be registered on the Hong Kong branch register of members of our Company in Hong Kong. Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

### **PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES**

The procedures for applying for Public Offer Shares are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

### **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.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the approval of the listing of, and permission to deal in, our Shares on GEM and our compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, 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 you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional advisers.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **COMMENCEMENT OF DEALING IN THE SHARES**

Dealings in the Shares on GEM are expected to commence on or about Thursday, 14 July 2016. Shares will be traded in board lot of 5,000 Shares each. The GEM stock code for the Shares is 8333.

### **LANGUAGE**

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

### **ROUNDING**

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

### **EXCHANGE RATE CONVERSION**

Solely for your convenience, this prospectus contains translations of certain Renminbi and/or US dollar amounts into Hong Kong dollar amounts or vice versa at specified rates. You should not construe these translations as representations that Renminbi and/or US dollar amounts could actually be converted into Hong Kong dollar amounts or vice versa at the rates indicated or at all. For the purpose of this prospectus, unless we indicate otherwise, the translation of Renminbi amounts into Hong Kong dollar amounts has been made at the rate of RMB1.00 to HK\$1.19, and the translation of US dollar amounts into Hong Kong dollar amounts has been made at the rate of US\$1.00 to HK\$7.78.

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Pan Chik	Flat B, 35th Floor Tower Three The Leighton Hill 2B Broadwood Road Hong Kong	Chinese
Kwan Chun Yee Hidulf	Flat D, 14th Floor 42 Nassau Street Mei Foo Sun Chuen Kowloon, Hong Kong	Chinese
Cheung Hon Fai Bosco	Flat F, 1st Floor West Block 10 Shiu Fai Terrace Mandarin Villa Wan Chai, Hong Kong	Canadian
<i>Independent non-executive Directors</i>		
Chan Chun Hong	Flat G, 55th Floor Tower 3 Manhattan Hill 1 Po Lun Street Lai Chi Kok Kowloon, Hong Kong	Chinese
Lee Tak Cheung Vincent	Flat E, 7th Floor Block 10 Laguna City 21 Laguna Street Kwun Tong Kowloon, Hong Kong	Chinese
Lau Hon Kee	Flat 4, 31st Floor, Block B Choi On House Yue On Court Ap Lei Chau Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### PARTIES INVOLVED IN THE SHARE OFFER

**Sponsor**

Messis Capital Limited  
*A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO*  
Room 1606, 16/F., Tower 2  
Admiralty Centre  
18 Harcourt Road  
Hong Kong

**Lead Manager**

Ping An Securities Limited  
Unit 02, 2/F  
China Merchants Building  
152-155 Connaught Road Central  
Hong Kong

**Placing Underwriters**

Ping An Securities Limited  
Unit 02, 2/F  
China Merchants Building  
152-155 Connaught Road Central  
Hong Kong

Opus Capital Limited  
18/F, Fung House  
19-20 Connaught Road Central  
Central  
Hong Kong

CSL Securities Limited  
Room 1406-1412, 14/F  
Nan Fung Tower  
88 Connaught Road Central  
Central  
Hong Kong

Nuada Limited  
Unit 1805-08, 18/F  
OfficePlus @Sheung Wan  
93-103 Wing Lok Street  
Sheung Wan  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

---

Frontpage Capital Limited  
Unit 1201-1202  
Tung Chiu Commercial Centre  
193 Lockhart Road  
Wan Chai  
Hong Kong

Pacific Foundation Securities Limited  
11/F  
New World Tower II  
16-18 Queen's Road Central  
Hong Kong

Ample Orient Capital Limited  
Unit 902, Far East Consortium Building  
121 Des Voeux Road Central  
Hong Kong

### **Public Offer Underwriters**

Ping An Securities Limited  
Unit 02, 2/F  
China Merchants Building  
152-155 Connaught Road Central  
Hong Kong

Opus Capital Limited  
18/F, Fung House  
19-20 Connaught Road Central  
Central  
Hong Kong

CSL Securities Limited  
Room 1406-1412, 14/F  
Nan Fung Tower  
88 Connaught Road Central  
Central  
Hong Kong

Nuada Limited  
Unit 1805-08, 18/F  
OfficePlus @Sheung Wan  
93-103 Wing Lok Street  
Sheung Wan  
Hong Kong



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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

---

Frontpage Capital Limited  
Unit 1201-1202  
Tung Chiu Commercial Centre  
193 Lockhart Road  
Wan Chai  
Hong Kong

Pacific Foundation Securities Limited  
11/F  
New World Tower II  
16-18 Queen's Road Central  
Hong Kong

Ample Orient Capital Limited  
Unit 902  
Far East Consortium Building  
121 Des Voeux Road Central  
Hong Kong

**Legal advisers to our Company**

*As to Hong Kong Law*  
Adrian Yeung & Cheng  
*Solicitors, Hong Kong*  
Suite 1201-2A, 12th Floor  
Golden Centre  
188 Des Voeux Road Central  
Hong Kong

*As to Cayman Islands law*  
Appleby  
*Attorneys-at-law, Cayman Islands*  
2206-19 Jardine House  
1 Connaught Place  
Central  
Hong Kong

**Legal advisers to the Sponsor  
and the Underwriters**

Vincent T.K. Cheung, Yap & Co.  
*Solicitors, Hong Kong*  
11th Floor  
Central Building  
1-3 Pedder Street  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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**Auditors and Reporting  
accountants**

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*  
31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

**Compliance adviser**

Messis Capital Limited  
*A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO*  
Room 1606, 16/F., Tower 2  
Admiralty Centre  
18 Harcourt Road  
Hong Kong

**Receiving bank**

Industrial and Commercial Bank of  
China (Asia) Limited  
33/F., ICBC Tower  
3 Garden Road  
Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Estera Trust (Cayman) Limited PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
<b>Head office and principal place of business in Hong Kong</b>	Room 2704, 27/F Tower 1 Admiralty Centre 18 Harcourt Road Hong Kong
<b>Company's website</b>	<a href="http://www.astrum-capital.com">http://www.astrum-capital.com</a> <i>(Note: contents contained in this website do not form part of this prospectus)</i>
<b>Company secretary</b>	Wong Susan Chui San, ASCPA, HKICPA Flat E, 19th Floor Monticello 48 Kennedy Road Wan Chai Hong Kong
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Pan Chik Flat B, 35th Floor Tower Three The Leighton Hill 2B Broadwood Road Hong Kong  Kwan Chun Yee Hidulf Flat D, 14th Floor 42 Nassau Street Mei Foo Sun Chuen Kowloon Hong Kong
<b>Compliance officer</b>	Cheung Hon Fai Bosco
<b>Audit committee</b>	Lau Hon Kee ( <i>Chairman</i> ) Chan Chun Hong Lee Tak Cheung Vincent
<b>Remuneration committee</b>	Chan Chun Hong ( <i>Chairman</i> ) Pan Chik Kwan Chun Yee Hidulf Lee Tak Cheung Vincent Lau Hon Kee

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## CORPORATE INFORMATION

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**Nomination committee**

Pan Chik (*Chairman*)  
Kwan Chun Yee Hidulf  
Chan Chun Hong  
Lee Tak Cheung Vincent  
Lau Hon Kee

**Principal share registrar and  
transfer office**

Estera Trust (Cayman) Limited  
P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

**Hong Kong branch share  
registrar and transfer office**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Principal banks**

Industrial and Commercial Bank of  
China (Asia) Limited  
122-126 Queen's Road Central  
Hong Kong

Dah Sing Bank, Limited  
Dah Sing Financial Centre  
108 Gloucester Road  
Wan Chai  
Hong Kong

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## INDUSTRY OVERVIEW

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*This section contains certain information which has been directly or indirectly derived, in part, from various governmental, official, publicly available documents, the internet or other sources, which was not commissioned by us nor the Sponsor. Our Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting, compiling and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any facts has been omitted that would render such information false or misleading. The relevant information has not been independently verified by us, our Selling Shareholder, the Sponsor, the Lead Manager, the Underwriters or any of their respective affiliates or advisers, and therefore may not be accurate, complete or updated. We make no representation as to the accuracy, completeness or fairness of such information and accordingly the information contained herein should not be unduly relied upon.*

*In respect of the information which has been directly or indirectly derived from the Stock Exchange's documents, the Stock Exchange and its subsidiaries do not guarantee the accuracy or reliability of the information and do not accept any liability (whether in tort, contract or otherwise) for any loss or damage arising from any inaccuracy or omission of the information; or any decision, action or non-action based on or in reliance upon any information by any person.*

### HISTORY OF THE HONG KONG STOCK MARKET

#### Development of the stock market

Reports of securities trading in Hong Kong date back to the mid-19th century. However, Hong Kong's first stock exchange, The Association of Stockbrokers, was not established until 1891. It was re-named as The Hong Kong Stock Exchange in 1914. Rapid growth of the Hong Kong economy led to the establishment of three other exchanges: the Far East Exchange in 1969, the Kam Ngan Stock Exchange in 1971 and the Kowloon Stock Exchange in 1972. To streamline the regulatory framework for the development of the stock market in Hong Kong, a series of mergers and acquisitions of stock exchange took place. The Stock Exchange commenced business in 1986.

After the 1987 market crash, the SFC was set up in 1989 to facilitate the regulatory and infrastructural development in the securities and futures markets. Further improvement to the stock market infrastructure was brought about by the introduction of CCASS in 1992 and the AMS in 1993. In 1999, the Stock Exchange launched GEM to provide a platform of fund-raising for growth enterprises. In April 2015, the migration of MWS and AMS terminals to NSTD, a multi-workstations front-end trading device, was completed successfully.

On 6 March 2000, the Stock Exchange, the Futures Exchange and the HKSCC were merged under a single holding company, HKEx. On 27 June 2000, HKEx listed its shares on the Main Board by way of introduction.

With decades of development, the Stock Exchange became one of the leading stock exchanges in the world. According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, Hong Kong ranked the eighth largest market of the world's leading stock exchanges in terms of domestic equity market capitalisation as at the end of March 2016 with a total market capitalisation of approximately US\$3,024 billion. It was also the fourth largest stock market in Asia falling behind Japan, Shanghai and Shenzhen as at the end of March 2016.

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## INDUSTRY OVERVIEW

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<b>Rank</b>	<b>Exchange</b>	<b>Approximately US\$ billion (as at the end of March 2016)</b>
1	NYSE Euronext (United States)	18,171
2	NASDAQ OMX (United States)	7,049
3	Japan Exchange Group (Japan) <sup>1</sup>	4,602
4	Shanghai Stock Exchange (PRC)	3,930
5	London Stock Exchange Group (United Kingdom) <sup>2</sup>	3,805
6	NYSE Euronext (Europe) <sup>3</sup>	3,354
7	Shenzhen Stock Exchange (PRC)	3,095
8	Hong Kong Stock Exchange (Hong Kong) <sup>4</sup>	3,024
9	TMX Group (Canada) <sup>5</sup>	1,767
10	Deutsche Börse (Germany)	1,655

Source: SFC

Notes:

1. Comprises Tokyo Stock Exchange and Osaka Securities Exchange
2. Comprises London Stock Exchange and Borsa Italiana
3. Comprises Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris
4. Includes GEM
5. Includes TSX Venture

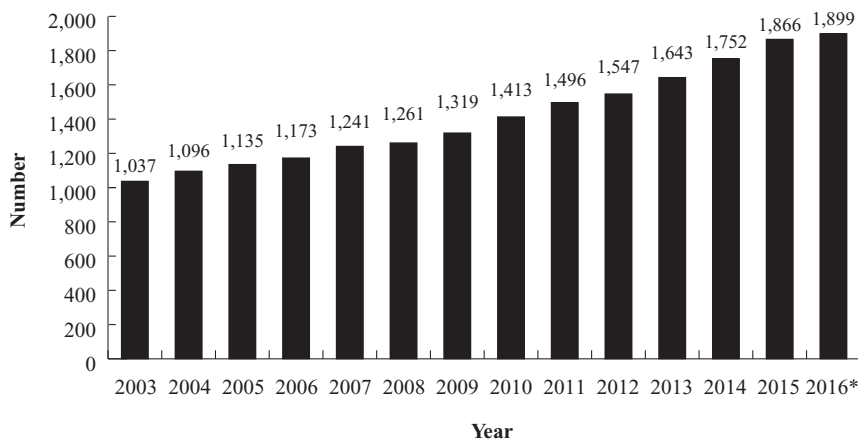
### **Growth of Hong Kong stock market**

The number of companies listed in Hong Kong increased substantially from 1,037 as at the end of 2003 to 1,866 as at the end of 2015, among which 1,644 companies were listed on the Main Board and 222 companies were listed on GEM. As at 31 May 2016, the number of listed companies further increased to 1,899.

The total market capitalisation of listed companies in Hong Kong fluctuated during the past 13 years along with the market conditions. The total market capitalisation increased from approximately HK\$5,548 billion as at the end of 2003 to HK\$20,698 billion as at the end of 2007. A significant decline in total market capitalisation to approximately HK\$10,299 billion was experienced as at the end of 2008 following the 2008 global financial tsunami. The securities market recovered gradually thereafter until 2011 where the Hong Kong securities market was impacted by the US sub-prime financial crisis. The total market capitalisation then increased from approximately HK\$17,537 billion as at the end of 2011 to HK\$24,684 billion as at the end of 2015. As at 31 May 2016, the market capitalisation was approximately HK\$23,131 billion.

## INDUSTRY OVERVIEW

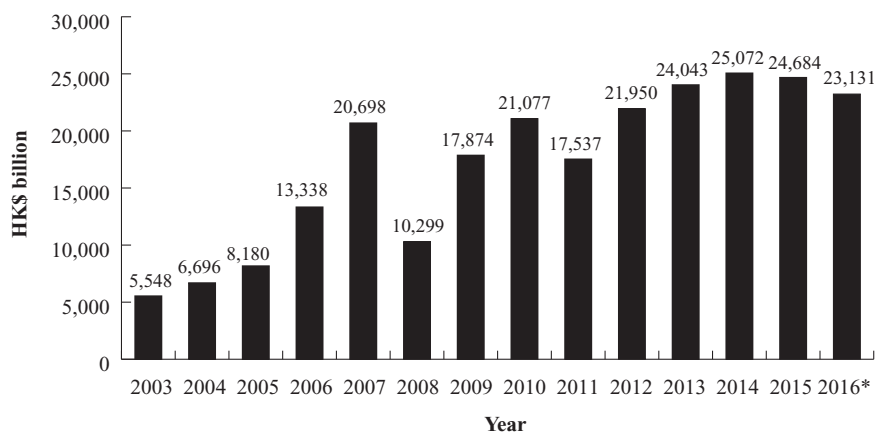
**Number of companies listed on the Main Board and GEM  
as at end of year from 2003 to 2016\***



\* As at 31 May 2016

Source: HKEx fact book 2015 and HKEx Monthly Market Highlights – May 2016

**Total market capitalisation of companies listed on  
the Stock Exchange as at end of year from 2003 to 2016\***



\* As at 31 May 2016

Source: HKEx fact book 2015 and HKEx Monthly Market Highlights – May 2016

### Fund-raising activities in the Hong Kong stock market

#### IPO

From 2009 to 2011, Hong Kong was the leading IPO centre in the world. A total of 69, 101 and 89 IPOs were launched during the period, raising a total of approximately HK\$248 billion, HK\$449 billion, and HK\$260 billion, respectively. In 2012, 62 IPOs were launched in Hong Kong raising approximately HK\$90 billion, and Hong Kong's world ranking slipped to fourth place in terms of amount raised. Hong Kong emerged as the world's second largest IPO market from fourth place in 2013, raising a total of approximately HK\$169 billion. Funds raised by IPOs for the year ended 31 December 2014 totalled approximately HK\$233 billion, an increase of approximately 37.6% compared with approximately HK\$169 billion for the same period in 2013. For the year ended 31 December 2015, a total of 124 IPOs were launched, raising approximately HK\$263 billion.

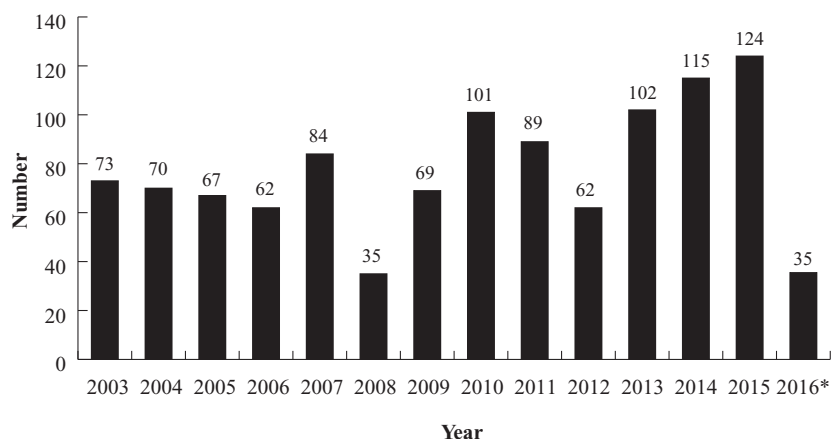


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## INDUSTRY OVERVIEW

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### Number of new listings on the Main Board and GEM from 2003 to 2016\*

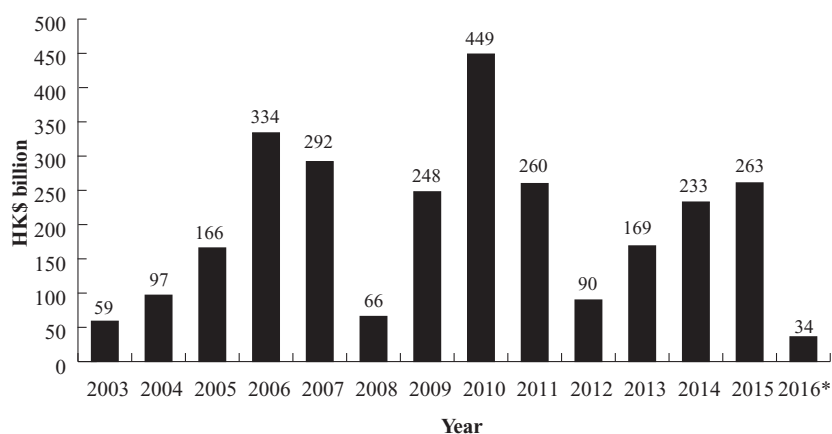


\* For the five months ended 31 May 2016

Note: Exclude the number of transfer of listing from GEM to Main Board

Source: HKEx fact book 2015, HKEx Monthly Market Highlights – May 2016 and GEM website

### Funds raised from IPO on the Main Board and GEM from 2003 to 2016\*



\* For the five months ended 31 May 2016

Source: HKEx fact book 2015 and HKEx Monthly Market Highlights – May 2016

According to the Bi-Monthly Newsletter November – December 2015 issued by the Stock Exchange, the Stock Exchange continues to perform well in IPO fundraising, ranking the first worldwide in 2015 and in the top 5 position worldwide for the past 13 consecutive years.

## INDUSTRY OVERVIEW

### Global ranking in IPO fundraising (January – December 2015)

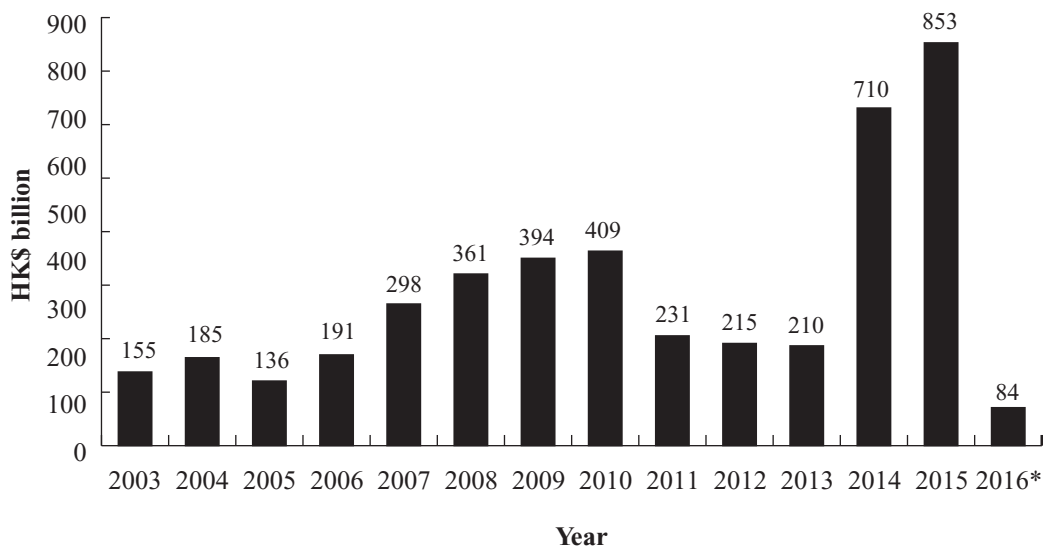
Rank	Exchange	Number of IPOs	YTD funds raised (US\$ billion)
1	Hong Kong	138	33.50
2	New York	60	19.69
3	Nasdaq	147	18.04
4	London	85	17.50
5	Shanghai	87	17.47
6	Tokyo	97	15.67
7	Madrid	12	9.38
8	Shenzhen	127	8.05
9	Deutsche Borse	21	7.84
10	Amsterdam (Euronext)	9	7.71

Source: HKEx – Bi-Monthly Newsletter November – December 2015

### Secondary market

Equity fund raising in secondary market in Hong Kong was active with year-on-year growth between 2007 and 2010. However, by 2011 the amount raised fell significantly to approximately HK\$231 billion. In 2012, the amount decreased slightly to approximately HK\$215 billion and for the year ended 31 December 2013, the equity fund raising in secondary market decreased further to approximately HK\$210 billion. For the twelve months ended 31 December 2014, the amount increased significantly to approximately HK\$710 billion. For the year ended 31 December 2015, the amount was approximately HK\$853 billion.

#### Funds raised in secondary market in Hong Kong from 2003 to 2016\*



\* For the five months ended 31 May 2016

Source: HKEx fact book 2015 and HKEx Monthly Market Highlights – May 2016

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## INDUSTRY OVERVIEW

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### SECURITIES TRADING IN HONG KONG

#### Securities trading

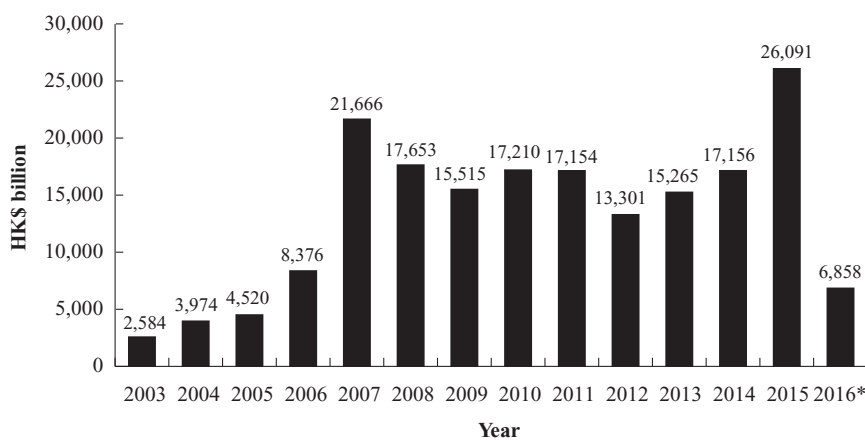
The Main Board and GEM are the two markets operated by the Stock Exchange for securities trading. The Main Board provides a platform for the trading of securities of larger and more established companies while the GEM provides a platform for the trading of securities of growth companies.

Since 2003, trading turnover showed a general upward trend up until 2007. There was a downturn of trading turnover in 2008 and 2009 due to the global financial tsunami which took place in the second half of 2008. Total trading turnover in 2009 was approximately HK\$15,515 billion, representing a decrease of approximately 12.1% compared to that in 2008. Total trading turnover improved in 2010 to approximately HK\$17,210 billion, representing an increase of approximately 10.9% compared to that in 2009. Total trading turnover was approximately HK\$17,154 billion in 2011.

Amid uncertainties about the European debt problem, trading became less active in late 2011. In 2012, trading activity further reduced and the average daily trading turnover decreased by approximately 22.9% from HK\$70 billion in 2011 to approximately HK\$54 billion. Total trading turnover was approximately HK\$13,301 billion in 2012. In 2013, trading activity improved and the average daily trading turnover increased by approximately 16.2% from 2012 level to approximately HK\$63 billion.

The average daily trading turnover in 2014 was approximately HK\$69 billion, representing an increase of approximately 11.0% compared with approximately HK\$63 billion in 2013. The average daily trading turnover in 2015 was approximately HK\$106 billion, representing an increase of 53.6% when compared with HK\$69 billion in 2014.

**Total annual trading turnover from 2003 to 2016\***



\* For the five months ended 31 May 2016

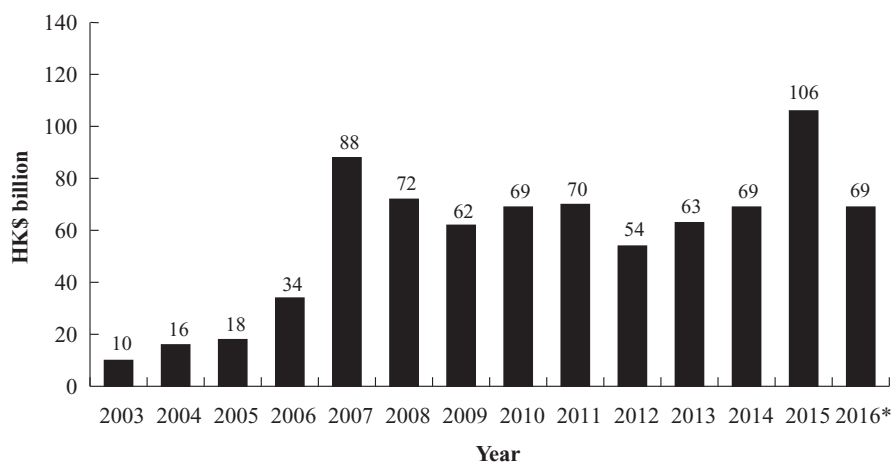
Source: HKEx fact book 2015 and HKEx Monthly Market Highlights – January, February, March, April and May 2016

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## INDUSTRY OVERVIEW

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Average daily trading turnover from 2003 to 2016\*



\* For the five months ended 31 May 2016

Source: HKEx fact book 2015 and HKEx Monthly Market Highlights – May 2016

### Exchange participants

In order to trade in securities through the trading facilities of the Stock Exchange, a participant, among other things, shall hold a Stock Exchange Trading Right and be a Stock Exchange Participant. It must also be a licensed corporation under the SFO for Type 1 (dealing in securities) regulated activity and comply with the financial resources requirements as specified by the FRR and the Stock Exchange.

Stock Exchange Participants are divided into three categories by the Stock Exchange based on their market share:

- (a) Category A (the top 14 firms in terms of their share of the total trading volume);
- (b) Category B (firms ranked from 15 to 65 in terms of their share of the total trading volume); and
- (c) Category C (the remaining firms in the stock market).

We are a Stock Exchange Participant under Category C with market share of approximately 0.0186% for the year ended 31 December 2015, and is currently holding 1 Stock Exchange Trading Right.

### Shanghai-Hong Kong Stock Connect

Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shanghai Stock Exchange (SSE) and China Securities Depository and Clearing Corporation Limited. Under the programme, shares eligible to be traded through all Northbound Trading Link comprises all the constituents of the SSE 180 Index and SSE 380 Index, and shares of all SSE-listed companies which have issued both A shares and H shares. Shares eligible to be traded through the Southbound Trading Link comprises all the constituents of the Hang Seng Composite Large Cap Index and Hang Seng Composite MidCap Index, and shares of all companies listed on SSE and the Stock Exchange.

Trading under Shanghai-Hong Kong Stock Connect is, initially, subject to a maximum cross-boundary investment quota, together with a daily quota that will be monitored on a “real time” basis. The Northbound Trading Link is limited to an aggregate quota of RMB300

## INDUSTRY OVERVIEW

billion and a daily quota of RMB13 billion, and the Southbound Trading Link is limited to an aggregate quota of RMB250 billion and a daily quota of RMB10.5 billion. The table sets out the Northbound Trading transactions since May 2015 and up to May 2016.

Northbound Trading	May 2016	April 2016	March 2016	February 2016	January 2016	December 2015	November 2015	October 2015	September 2015	August 2015	July 2015	June 2015	May 2015
Total buy trade value (RMB million)	24,172.02	30,427.15	47,007.35	22,061.73	33,685.22	28,650.34	42,211.78	33,213.51	41,665.48	71,071.10	82,394.94	116,553.96	82,388.52
Average daily buy trade value (RMB million)	1,151.05	1,521.36	2,350.37	1,378.86	1,684.26	1,364.30	2,010.08	2,214.23	2,314.75	3,384.34	3,745.22	5,827.70	4,577.14
Total number of buy trades	1,216,525	1,598,223	2,036,919	1,107,517	1,571,049	1,225,093	1,511,108	1,298,885	1,610,877	2,158,985	2,236,618	2,787,941	1,843,182
Average daily number of buy trades	57,929	79,911	101,845	69,219	78,552	58,337	71,957	86,592	89,493	102,808	101,664	139,397	102,399
Total sell trade value (RMB million)	20,308.91	28,297.99	36,180.92	22,061.44	30,087.71	33,876.98	58,757.86	37,694.63	40,211.43	49,639.57	113,889.03	110,660.44	68,163.09
Average daily sell trade value (RMB million)	967.09	1,414.90	1,809.05	1,378.84	1,504.39	1,613.19	2,797.99	2,512.98	2,233.97	2,363.79	5,176.77	5,533.02	3,786.84
Total number of sell trades	1,090,301	1,215,733	1,439,348	1,176,939	1,457,911	1,420,791	1,932,099	1,299,282	1,625,577	1,960,612	2,874,348	3,092,386	1,921,738
Average daily number of sell trades	51,919	60,786	71,967	73,558	72,895	67,656	92,004	86,618	90,309	93,362	130,652	154,619	106,763

Source: HKEx website – monthly statistics of Shanghai–Hong Kong Stock Connect

### Online securities brokerage

According to the “Cash Market Transaction Survey 2009/10” and “Cash Market Transaction Survey 2014/15” published by the Stock Exchange in February 2011 and February 2016, respectively, the number of brokers that offer online trading services to retail investors increased from 126 in the 2006/07 survey (or approximately 33% of all surveyed brokers) to 240 in the 2014/15 survey (or approximately 58% of all surveyed brokers), representing a CAGR of approximately 8.4%. The share of retail online trading value had risen from approximately 16.8% of total retail investor trading in 2006/07 to approximately 44.3% of total retail investor trading during the period in 2014/15.

	Cash Market Transaction Survey (2006/07 – 2014/15)									
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
Respondent sample size	380	404	410	409	431	453	457	433	414	
<b>Online broker</b>										
Number of online brokers	126	155	173	185	209	245	250	247	240	
As percentage of all responding Exchange Participants	33%	38%	42%	45%	48%	54%	55%	57%	58%	
<b>Online trading</b>										
Online trading value (HK\$ million)	845,014	1,156,321	921,416	1,095,691	1,252,109	919,187	1,235,360	1,465,223	3,079,997	
As percentage of total retail investor trading	16.8%	17.4%	21.5%	26.9%	25.8%	33.8%	39.2%	38.2%	44.3%	
As percentage of total market turnover	5.3%	5.1%	6.3%	6.9%	6.6%	6.8%	8.2%	9.3%	11.6%	

Source: Cash Market Transaction Survey 2009/10 and Cash Market Transaction Survey 2014/15

### SECURITIES AND IPO FINANCING

Hong Kong has experienced a significant growth in its securities market activities in recent years. This provided the Authorised Institutions with more opportunities to participate in IPOs, whether as a lending financial institution to finance the subscription for new shares or as a receiving bank. Lending Authorised Institution means an financial institution which extends credit facilities to its customers for the purpose of: (i) facilitating their subscription for new shares in an IPO; (ii) financing their acquisition or holding of shares in listed stocks (in the case of lending to investors); or (iii) financing their business operations (in the case of lending to stockbrokers).

## INDUSTRY OVERVIEW

According to the statutory guideline “New share subscription and share margin financing” of the “Supervisory Policy Manual” issued by HKMA in January 2007, lending Authorised Institutions should apply a reasonable margin requirement on their lending to individual customers. The market norm is a 10% margin on such lending. This requirement may be satisfied by the deposit of collateral (in the form of cash or securities) with the lending Authorised Institutions or by setting an appropriate loan-to-value ratio. Lending Authorised Institutions should exercise prudence in setting the ratios having regard to the underlying financial strength, liquidity and price volatility of individual stocks. As a reference, the current market norms are: (i) around 50-60% for blue chips (with higher ratios of 70% adopted by lending Authorised Institutions which specialise in share margin financing and have the expertise and sophisticated risk management systems to control the risks involved); and (ii) around 30-40% or below for selected second and third liners. Such market norms may change from time to time according to market situations.

According to the annual reports of 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 published by SFC, the following data were extracted from the monthly financial returns submitted to the SFC in accordance with the FRR by licensed corporations licensed for dealing in securities or securities margin financing:

	2010	2011	As at 31 December		2014	2015
			2012	2013		
Number of active margin clients	132,101	135,201	139,375	150,545	181,593	241,948
Amounts of receivables from margin clients ( <i>HK\$ million</i> )	58,468	50,171	58,812	85,794	111,549	145,307
Average collateral coverage ( <i>times</i> ) ( <i>Note</i> )	4.7	3.9	4.2	3.9	4.2	4.4

*Source:* SFC Annual Report 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16

*Note:* The number of times the aggregate market value of securities collateral deposited by customers over the total amounts of margin loan due from these margin clients on a given date on an industry-wide basis.

## ASSET MANAGEMENT

According to the Fund Management Activities Survey (FMAS) conducted by SFC, the asset management business in Hong Kong amounted to approximately HK\$12,770 billion as at the end of 2014. The asset management business in Hong Kong continued to trend up in 2014 with year-on-year growth of 11.9% from 2013.

The asset management business can be analysed as follows:

### By source of funds

<i>(HK\$ million)</i>	Licensed corporations	Registered institutions	Insurance companies	Total
Hong Kong Investors (% of total)	2,862,058 (25.3%)	389,549 (38.6%)	385,488 (85.2%)	3,637,095 (28.5%)
Non-Hong Kong investors (% of total)	8,446,727 (74.7%)	619,517 (61.4%)	66,944 (14.8%)	9,133,188 (71.5%)
<b>Total (100%)</b>	<b>11,308,785 (100%)</b>	<b>1,009,066 (100%)</b>	<b>452,432 (100%)</b>	<b>12,770,283 (100%)</b>

## INDUSTRY OVERVIEW

Funds from non-Hong Kong investors accounted for more than 70% of the asset management business and increased by approximately 9.3% to HK\$9,133 billion as at the end of 2014 from that as at the end of 2013.

### By geographical distribution of investments

<i>(HK\$ million)</i>	<b>Licensed corporations</b>	<b>Registered institutions</b>	<b>Insurance companies</b>	<b>Total</b>
Invested in Hong Kong (% of total)	2,127,731 (18.8%)	385,585 (38.2%)	92,130 (20.4%)	2,605,446 (20.4%)
Invested overseas (% of total)	9,181,054 (81.2%)	623,481 (61.8%)	360,302 (79.6%)	10,164,837 (79.6%)
<b>Total (100%)</b>	<b>11,308,785 (100%)</b>	<b>1,009,066 (100%)</b>	<b>452,432 (100%)</b>	<b>12,770,283 (100%)</b>

About 20% of the asset management business was invested in Hong Kong as at the end of 2014. In value terms, the amount of assets invested in Hong Kong grew by approximately 6.5% to HK\$2,605 billion as at the end of 2014 as compared with that as at the end of 2013. Given the relatively better performance of other markets (including the PRC), more funds were invested outside Hong Kong.

### By location of management

<i>(HK\$ million)</i>	<b>Licensed corporations</b>	<b>Registered institutions</b>	<b>Insurance companies</b>	<b>Total</b>
Managed in Hong Kong (% of total)	6,062,482 (53.6%)	684,954 (67.9%)	108,276 (23.9%)	6,855,712 (53.7%)
Managed overseas (% of total)	5,246,303 (46.4%)	324,112 (32.1%)	344,156 (76.1%)	5,914,571 (46.3%)
<b>Total (100%)</b>	<b>11,308,785 (100%)</b>	<b>1,009,066 (100%)</b>	<b>452,432 (100%)</b>	<b>12,770,283 (100%)</b>

The proportion of assets managed in Hong Kong accounted for 53.7% of the asset management business as at the end of 2014. In terms of value, the amount of assets managed in Hong Kong increased by 17.7% to a record level of approximately HK\$6,856 billion as at the end of 2014 as compared with that as at the end of 2013.

## COMPETITIVE LANDSCAPE

The financial services sector in Hong Kong is highly competitive, for details, please refer to the section headed “Business – Competitive Landscape” in this prospectus.



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## REGULATORY OVERVIEW

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This section sets forth a summary of the laws and regulations applicable to our business and operations in Hong Kong. As this is a summary, it does not contain detailed analysis of the Hong Kong laws which are relevant to our business.

### **Introduction**

The SFO is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures and leveraged foreign exchange markets, the offering of investments to the public in Hong Kong, intermediaries and their conduct of regulated activities. In particular, Part V of the SFO deals with licensing and registration matter.

The SFO is administered by the SFC which is the statutory regulatory body that governs the securities and futures markets and non-bank retail leveraged foreign exchange market in Hong Kong.

### **Types of Regulated Activities**

The SFO provides a single licensing regime under which a person needs only one license to carry on different types of regulated activities as specified in Schedule 5 of the SFO. There are ten types of regulated activities, namely:

- Type 1: dealing in securities;
- Type 2: dealing in futures contracts;
- Type 3: leveraged foreign exchange trading;
- Type 4: advising on securities;
- Type 5: advising on futures contracts;
- Type 6: advising on corporate finance;
- Type 7: providing automated trading services;
- Type 8: securities margin financing;
- Type 9: asset management; and
- Type 10: providing credit rating services.

As of the Latest Practicable Date, the following member of our Group was licensed under the SFO to carry out the regulated activities as stated below:

<b>Company</b>	<b>Types of Regulated Activities</b>
Astrum Capital Management Limited	Type 1, Type 2, Type 6 and Type 9

### **Overview of Licensing Requirements**

Under the SFO, any person who:

- (a) carries on a business in a regulated activity; or
- (b) holds itself out as carrying on a business in a regulated activity,

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## REGULATORY OVERVIEW

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must be licensed under the relevant provisions of the SFO for carrying on such regulated activity, unless one of the exceptions under the SFO applies. It is a serious offence for a person to conduct any regulated activity without appropriate license.

Further, if a person (whether by itself or another person on its behalf, and whether in Hong Kong or from a place outside Hong Kong) actively markets to the public in Hong Kong any services that it provides and such services, if provided in Hong Kong, would constitute a regulated activity, then that person is also subject to the licensing requirements under the SFO.

In addition to the licensing requirements on corporations, any individual who:

- (a) performs any regulated function in relation to a regulated activity carried on as a business; or
- (b) holds himself out as performing such regulated activity,

must be licensed separately under the SFO as a Licensed Representative accredited to his principal.

For each regulated activity conducted by a licensed corporation, it must appoint no less than two Responsible Officers, at least one of them must be an executive director, to supervise the business of such regulated activity. A Responsible Officer is an individual approved by the SFC to supervise the regulated activity or activities of the licensed corporation to which he is accredited. In addition, every director of the licensed corporation who actively participates in or is responsible for directly supervising the licensed corporation's regulated activity or activities must apply to the SFC to become a Responsible Officer.

### **Fit and Proper Requirement**

Persons applying for licenses under the SFO must satisfy and continue to satisfy after the grant of such licenses by the SFC that they are fit and proper persons to be so licensed. In simple terms, a fit and proper person means one who is financially sound, competent, honest, reputable and reliable.

### **On-going Obligations of Licensed Corporations**

Licensed corporations, Licensed Representatives and Responsible Officers must remain fit and proper as defined under the SFO at all times. They are required to comply with all applicable provisions of the SFO and its subsidiary rules and regulations as well as the codes and guidelines issued by the SFC.

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## REGULATORY OVERVIEW

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Outlined below are some of the key on-going obligations of a licensed corporation:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial returns to the SFC, in accordance with the requirements under the FRR (as discussed in more detail below);
- maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the CSR;
- maintenance of segregate account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules;
- issuance of contract notes, statements of account and receipts, in accordance with the requirements under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules;
- record keeping requirements prescribed under the Securities and Futures (Keeping of Records) Rules;
- submission of audited accounts and other required documents in accordance with the requirements under the Securities and Futures (Accounts and Audit) Rules;
- maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules;
- notification to the SFC of certain changes and events, in accordance with the requirements under Securities and Futures (Licensing and Registration) (Information) Rules;
- implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification and reporting of suspicious transactions and staff screening, education and training, in accordance with the requirements under the Anti-Money Laundering Guideline (as discussed in more detail below); and
- business conduct requirements under the Code of Conduct, the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC, and other applicable codes and guidelines issued by the SFC.

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## REGULATORY OVERVIEW

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### FRR

Subject to certain exemptions described below, a licensed corporation is required to maintain minimum paid-up share capital of:

- HK\$5,000,000 – in the case of (i) a corporation licensed for Type 1 regulated activity that does not provide securities margin financing; (ii) a corporation licensed for Type 2 or Type 7 regulated activity; (iii) a corporation licensed for Type 3 regulated activity that is an approved introducing agent; (iv) a corporation licensed for Type 4, Type 5, Type 9 or Type 10 regulated activity that is not subject to the licensing condition that it shall not hold client assets; or (v) a corporation licensed for Type 6 regulated activity that is subject to the no sponsor work licensing condition (but is not subject to the licensing condition that it shall not hold client assets);
- HK\$10,000,000 – in the case of (i) a corporation licensed for Type 1 regulated activity that provides securities margin financing; (ii) a corporation licensed for Type 8 regulated activity; or (iii) a corporation licensed for Type 6 regulated activity that is not subject to the no sponsor work licensing condition; or
- HK\$30,000,000 – in the case of a corporation licensed for Type 3 regulated activity that is not an approved introducing agent.

There is no minimum paid-up share capital requirement if the licensed corporation carries on a regulated activity solely as one or more of the following:

- (i) an approved introducing agent who is not a licensed corporation licensed for Type 3 regulated activity;
- (ii) a trader;
- (iii) a futures non-clearing dealer;
- (iv) a licensed corporation licensed for Type 4, Type 5, Type 9 or Type 10 regulated activity which is subject to the licensing condition that it shall not hold client assets; or
- (v) a licensed corporation licensed for Type 6 regulated activity which is subject to both licensing conditions that it shall not hold client assets or engage in sponsor work.

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## REGULATORY OVERVIEW

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Pursuant to the FRR, a licensed corporation shall also maintain minimum liquid capital of the higher of the amount of (a) and (b) below:

(a) the amount of:

- HK\$100,000 – in case of a corporation licensed for Type 4, Type 5, Type 6, Type 9 or Type 10 regulated activity which is subject to the licensing condition that it shall not hold client assets;
- HK\$500,000 – in case of (i) a corporation licensed for Type 1 regulated activity that is an approved introducing agent or trader; or (ii) a corporation licensed for Type 2 regulated activity that is an approved introducing agent, a futures non-clearing dealer or trader; or
- HK\$3,000,000 – in case of (i) a corporation licensed for Type 1 regulated activity that is not an approved introducing agent or trader; or (ii) a corporation licensed for Type 2 regulated activity that is not an approved introducing agent, a futures non-clearing dealer or trader; (iii) a corporation licensed for Type 3 regulated activity that is an approved introducing agent; (iv) a corporation licensed for Type 4, Type 5, Type 6, Type 9 or Type 10 regulated activity which is not subject to the licensing condition that it shall not hold client assets; or (v) a corporation licensed for Type 7 or Type 8 regulated activity; or
- HK\$15,000,000 – in case of a corporation licensed for Type 3 regulated activity that is not an approved introducing agent; and

(b) its variable required liquid capital, as defined in the FRR.

If the licensed corporation is licensed for more than one type of regulated activity, the minimum paid-up share capital and liquid capital that the corporation should maintain shall be the highest amount required among those regulated activities.

### **CSR**

The repledging limit stipulated under section 8A of the CSR applies to an intermediary which is licensed for dealing in securities or securities margin financing and where the intermediary or an associated entity of such intermediary repledges securities collateral. The intermediary shall ascertain the aggregate market value of the repledged securities collateral, which shall be calculated by reference to the respective closing prices of the collateral on that Business Day.

Pursuant to section 8A of the CSR, if the aggregate market value of the repledged securities collateral as calculated above exceeds 140% of the intermediary's aggregate margin loans on the Relevant Day, the intermediary shall by the close of business on the next Business Day following the Relevant Day withdraw, or cause to be withdrawn, from deposit an amount of repledged securities collateral such that the aggregate market value of the repledged securities collateral at the close of business on the next Business Day

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## REGULATORY OVERVIEW

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following the Relevant Day, which is calculated by reference to the respective closing prices on the Relevant Day, does not exceed 140% of the intermediary's aggregate margin loans as at the close of business on the Relevant Day.

### **Offence to issue advertisements, invitations or documents relating to investments**

Under section 103(1) of the SFO, the issue of advertisement, invitation or document which contains an invitation to the public-

- to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities; or a regulated investment agreement or an agreement to acquire, dispose of, subscribe for or underwrite any other structured product; or
- to acquire an interest in or participate in, or offer to acquire an interest in or participate in, a collective investment scheme has to be authorised by the SFC under section 105(1) of the SFO, unless specific exemptions apply.

The specific exemptions include, among others, that under section 103(3)(k) of the SFO, if the issue of the advertisement, invitation or document made in respect of securities or structured products, or interests in any collective investment scheme, that are or are intended to be disposed of only to "professional investors" (as defined in Part 1 of Schedule 1 to the SFO), authorisation of the issue by the SFC is not required.

If a person commits an offence contrary to section 103(1) of the SFO for him to issue advertisement, invitation or document relating to investments without the authorisation of the SFC and no specific exemptions under the SFO applies, he is liable:

- (a) on conviction on indictment to a fine of HK\$500,000 and to imprisonment for 3 years and, in the case of a continuing offence, to a further fine of HK\$20,000 for every day during which the offence continues; or
- (b) on summary conviction to a fine of HK\$100,000 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of HK\$10,000 for every day during which the offence continues.

### **Anti-Money Laundering and Counter-Terrorist Financing**

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong as well as the Anti-Money Laundering Guideline.

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## REGULATORY OVERVIEW

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The Anti-Money Laundering Guideline provides practical guidance to assist licensed corporations and their senior management in designing and implementing their own anti-money laundering and counter-terrorist financing policies, procedures and controls in order to meet the relevant legal and regulatory requirements in Hong Kong. Under the Anti-Money Laundering Guideline, licensed corporations should, among other things:

- assess the risks of any new products and services before they are introduced and ensure that appropriate additional measures and controls are implemented to mitigate and manage the associated money laundering and terrorist financing risks;
- identify the client and verify the client's identity using reliable, independent source documents, data or information, and take steps from time to time to ensure that the client's information is up-to-date and relevant;
- conduct on-going monitoring of activities of the clients to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purpose;
- maintain a database of names and particulars of terrorist suspects and designated parties which consolidates the various lists that have been made known to it, as well as comprehensive on-going screening of the client's database or, alternatively, make arrangements to access to such a database maintained by third party service providers; and
- conduct on-going monitoring for identification of suspicious transactions and ensure compliance with their legal obligations of reporting funds or property known or suspected to be proceeds of crime or terrorist property to the JFIU, a unit jointly run by the Hong Kong Police Force and the Hong Kong Customs and Excise Department to monitor and investigate suspected money laundering.

We set out below a brief summary of the principal legislations in Hong Kong that are concerned with money laundering and terrorist financing.

***(1) Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong)***

Among other things, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance imposes requirements relating to client due diligence and record-keeping and provides regulatory authorities with the powers to supervise compliance with the requirements under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance. In addition, the regulatory authorities are empowered to (i) ensure that proper safeguards exist to prevent contravention of specified provisions in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance; and (ii) mitigate money laundering and terrorist financing risks.



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## REGULATORY OVERVIEW

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***(2) Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong)***

Among other things, the Drug Trafficking (Recovery of Proceeds) Ordinance contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the confiscation of the proceeds from drug trafficking activities. It is an offence under the Drug Trafficking (Recovery of Proceeds) Ordinance if a person deals with any property knowing or having reasonable grounds to believe it to represent the proceeds of drug trafficking. The Drug Trafficking (Recovery of Proceeds) Ordinance requires a person to report to an authorised officer if he/she knows or suspects that any property (directly or indirectly) represents the proceeds of drug trafficking or is intended to be used or was used in connection with drug trafficking, and failure to make such disclosure constitutes an offence under the Drug Trafficking (Recovery of Proceeds) Ordinance.

***(3) Organised and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong)***

Among other things, the Organised and Serious Crimes Ordinance empowers officers of the Hong Kong Police Force and the Hong Kong Customs and Excise Department to investigate organised crime and triad activities, and it gives the courts jurisdiction to confiscate the proceeds of organised and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offences. The Organised and Serious Crimes Ordinance extends the money laundering offence to cover the proceeds of all indictable offences in addition to drug trafficking.

***(4) United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong)***

Among other things, the United Nations (Anti-Terrorism Measures) Ordinance provides that it would be a criminal offence to: (i) provide or collect funds (by any means, directly or indirectly) with the intention or knowledge that the funds will be used to commit, in whole or in part, one or more terrorist acts; or (ii) make any funds or financial (or related) services available, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate. The United Nations (Anti-Terrorism Measures) Ordinance also requires a person to report his knowledge or suspicion of terrorist property to an authorised officer, and failure to make such disclosure constitutes an offence under the United Nations (Anti-Terrorism Measures) Ordinance.

### **Compliance with the relevant requirements**

Our Directors confirmed that our Group has obtained all relevant permits/ registrations/licenses for its existing operations in Hong Kong and that, save as disclosed under the section headed “Business – Non-Compliance and Disciplinary Actions” in this prospectus, our Group complies with all applicable laws, regulations, rules, codes and guidelines in Hong Kong which are material to the business and operation of our Group during the Track Record Period and up to the Latest Practicable Date.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OUR CORPORATE HISTORY

#### Overview

Our Company was incorporated in the Cayman Islands with limited liability on 13 January 2015. Our Company completed the Reorganisation on 23 June 2016 in preparation for the Listing pursuant to which our Company became the holding company of our Group. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in this section.

We are a financial services provider in Hong Kong engaging in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management. We operate our business through our principal operating subsidiary, Astrum Capital. This operating subsidiary was established in 2005 by, amongst others, Mr. Cheung, being one of our executive Directors. In July 2005, Astrum Capital (under the former name of Anderson Man Asset Management Limited) was admitted as a Stock Exchange Participant and a CCASS Broker Participant and was registered with SFC as a licensed corporation to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under SFO. Our securities dealing and brokerage services commenced in 2006 under a small scale and generated only a limited amount of revenue.

In January 2006, Astrum Capital was further registered with SFC to carry on Type 9 (asset management) regulated activity under the SFO. With a view of expanding asset management business, Astrum Capital ceased trading of securities on the Stock Exchange with effect from 31 January 2007 and ceased to be a CCASS Broker Participant on 6 March 2007. In 2007, we tapped into the asset management business by acting as the investment adviser as to the investment and reinvestment of the assets of Astrum Master Fund and Astrum Feeder Fund, which our role as investment adviser was subsequently terminated in 2011.

In May 2009, Mr. Pan acquired the entire interest in Astrum Capital through Sunpro Investments Limited, which was wholly owned by Mr. Pan at the material time. Under the management of Mr. Pan, we resumed our securities dealing and brokerage services by (i) re-admitted as a CCASS Broker Participant in August 2009 and (ii) installed the broker supplied system which included a platform for online trading. During the same year, we commenced to provide financing services to our customers for purchasing securities on a margin basis.

In September 2012, we launched our corporate finance business after the joining of Mr. Kwan and the registration with SFC as a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO. In October 2012, we expanded our placing and underwriting service and for the first time acted as one of the joint lead managers of the IPO of shares of a newly-listed company. Since then, we have been actively participating in different fund raising exercises for newly-listed companies and listed companies in Hong Kong.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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In March 2015, Astrum Capital entered into the Investment Management Agreement with Astrum China Fund to act as the investment manager. Astrum China Fund was subsequently launched on 1 April 2015.

Immediately before the Reorganisation, Astrum Capital was owned as to 80% and 20% by Astrum China and Isthmus Management, respectively, whereas each of Astrum China and Isthmus Management was wholly owned by Mr. Pan and Mr. Ng, respectively. Mr. Ng was only a shareholder of Astrum Capital and he did not and will not involve in the management of Astrum Capital and our Group. For further background and relevant industry experience of Mr. Pan, please refer to the section headed “Directors and Senior Management” in this prospectus.

### Major developments and milestones

The following table sets out the major developments and milestones of our Group since establishment:

Year	Event
2005	<ul style="list-style-type: none"><li>● Anderson Man Asset Management Limited (智達資產管理服務有限公司) was incorporated in Hong Kong on 12 January 2005 and its nature of business was provision of securities brokerage and asset management services</li><li>● In July, Anderson Man Asset Management Limited was registered with the SFC as a licensed corporation to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO</li><li>● In July, Anderson Man Asset Management Limited was admitted as a Stock Exchange Participant and a CCASS Broker Participant</li></ul>
2006	<ul style="list-style-type: none"><li>● In January, Anderson Man Asset Management Limited was registered with SFC as a licensed corporation to carry on Type 9 (asset management) regulated activity under the SFO</li><li>● In July, Anderson Man Asset Management Limited changed its Chinese name from 智達資產管理服務有限公司 to 智達資產管理有限公司</li></ul>
2007	<ul style="list-style-type: none"><li>● In January, Anderson Man Asset Management Limited changed its name to Astrum Capital Management Limited (阿仕特朗資本管理有限公司)</li></ul>

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Year	Event
	<ul style="list-style-type: none"><li>● In March, Astrum Capital was appointed as the investment adviser as to the investment and reinvestment of the assets of Astrum Feeder Fund and Astrum Master Fund</li></ul>
2009	<ul style="list-style-type: none"><li>● In August, Astrum Capital was re-admitted as a CCASS Broker Participant</li></ul>
2012	<ul style="list-style-type: none"><li>● In September, Astrum Capital was registered with the SFC as a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO</li></ul>
2015	<ul style="list-style-type: none"><li>● In February, Astrum Capital obtained approval as a China Connect Exchange Participant and a China Connect Clearing Participant</li><li>● In March, Astrum Capital was appointed as the investment manager of Astrum China Fund</li></ul>

### **Our structure and corporate history**

The following describes the corporate history of Astrum Capital, our principal operating subsidiary:

#### *Astrum Capital*

Astrum Capital was established by Mr. Cheung (being an executive Director) and another then shareholder (being an Independent Third Party) with limited liability on 12 January 2005. From the date of incorporation of Astrum Capital to 17 October 2007 (being the date on which Mr. Pan, being one of our Controlling Shareholders, first acquired part of the shareholding of Astrum Capital through Sunpro Investments Limited, a company which was wholly owned by Mr. Pan at the material time), there were several transfers and allotments and issues of shares of Astrum Capital and Mr. Cheung ceased to hold any shares of Astrum Capital on 3 January 2007.

Immediately before the first acquisition of part of the shareholding of Astrum Capital on 17 October 2007 by Mr. Pan, Astrum Capital had a then total issued share capital of HK\$14,000,000 divided into 14,000,000 shares of HK\$1.00 each and was owned by two then shareholders, each of whom being an Independent Third Party.

On 17 October 2007, Mr. Pan, through Sunpro Investments Limited, acquired 5,964,000 shares of Astrum Capital, representing 42.60% of the then issued share capital of Astrum Capital at a total consideration of HK\$4,877,700 which was determined with reference to the then net asset value of Astrum Capital. As at the Latest Practicable Date, the consideration had been fully settled.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The following transfers and allotments and issues of shares in Astrum Capital were effected after the first acquisition of part of the shareholding of Astrum Capital by Mr. Pan:

- (a) On 4 May 2009, 1,000,000 shares of Astrum Capital were allotted and issued to Sunpro Investments Limited at par. After the said allotment and issue of shares, Mr. Pan, through Sunpro Investments Limited, owned approximately 46.43% of the then issued share capital of Astrum Capital.
- (b) On 21 May 2009, the then other shareholders (each of them being an Independent Third Party) transferred a total of 8,036,000 shares of Astrum Capital to Sunpro Investments Limited, representing approximately 53.57% of the then issued share capital of Astrum Capital at a total consideration of HK\$3,157,000 which was determined with reference to the then net asset value of Astrum Capital as at 31 December 2008. As at the Latest Practicable Date, the consideration had been fully settled. After the said transfer, Astrum Capital was wholly owned by Mr. Pan through Sunpro Investments Limited.
- (c) During the period from 1 June 2009 to 12 August 2009, a total of 12,000,000 shares of Astrum Capital were allotted and issued to Sunpro Investments Limited at par. After the said allotment and issue of shares, Mr. Pan, through Sunpro Investments Limited, held 27,000,000 shares of Astrum Capital, representing the then entire issued share capital of Astrum Capital.
- (d) On 19 October 2011, Sunpro Investments Limited transferred 27,000,000 shares in Astrum Capital, representing the then entire issued share capital in Astrum Capital, to Astrum China at a total consideration of HK\$12,653,625 which was determined with reference to the then net asset value of Astrum Capital as at 30 June 2011. As at the Latest Practicable Date, the consideration had been fully settled. After the said transfer, Astrum Capital was wholly owned by Astrum China.
- (e) On 29 August 2012, Astrum China transferred 6,750,000 shares in Astrum Capital, representing 25% of the then entire issued share capital in Astrum Capital, to Isthmus Management at a total consideration of HK\$3,000,000 which was determined with reference to the then net asset value of Astrum Capital as at 31 July 2012. As at the Latest Practicable Date, the consideration had been fully settled. After the said share transfer, Astrum Capital was owned as to 75% and 25% by Astrum China and Isthmus Management, respectively.
- (f) During the period from 17 October 2012 to 17 December 2013, a total of 18,000,000 shares in Astrum Capital were allotted and issued to Astrum China at par. After the said allotments and issues of shares, Astrum Capital was owned as to 85% and 15% by Astrum China and Isthmus Management, respectively.
- (g) On 18 November 2014, Astrum China transferred 2,250,000 shares in Astrum Capital to Isthmus Management at a total consideration of HK\$4,000,000 which was determined with reference to the then net asset value of Astrum Capital as at

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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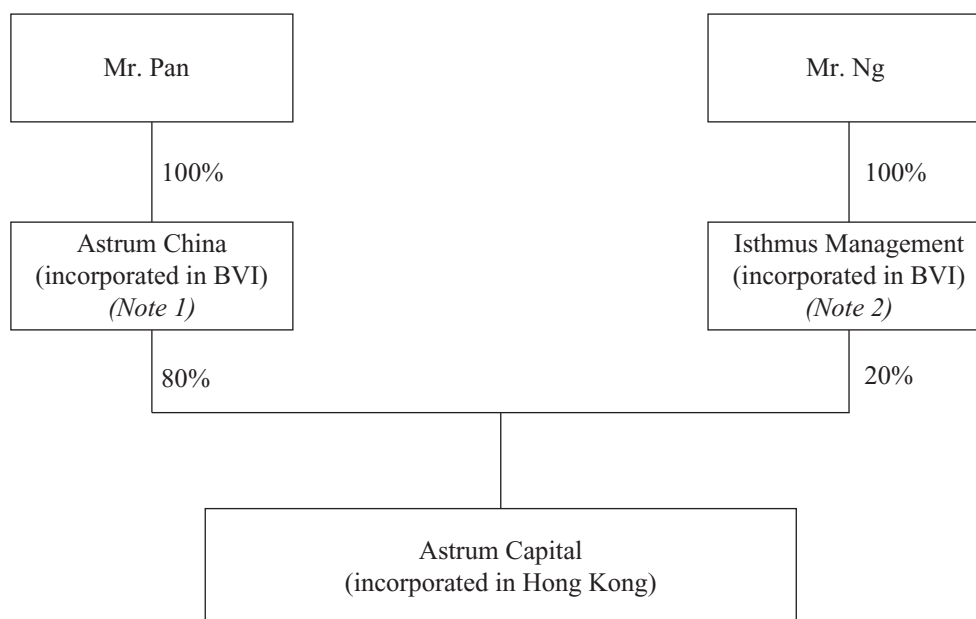
30 September 2014. As at the Latest Practicable Date, the consideration had been fully settled. After the said share transfer, Astrum Capital was owned as to 80% and 20% by Astrum China and Isthmus Management, respectively.

As a result of the above transfers and allotments and issues of shares, Astrum China and Isthmus Management held 36,000,000 shares and 9,000,000 shares in Astrum Capital, respectively, representing 80% and 20% of the then total number of issued shares in Astrum Capital, respectively.

In anticipation of the Share Offer and the Reorganisation, on 9 June 2015, Major Harvest acquired a total of 45,000,000 shares in Astrum Capital, representing its then total number of shares in issue immediately before the Reorganisation, of which 36,000,000 shares from Astrum China and 9,000,000 shares from Isthmus Management satisfied by the allotment and issue of 80 shares and 20 shares respectively by Major Harvest to Autumn Ocean and Ample Honesty, respectively, at the direction of Astrum China and Isthmus Management. As a result, Astrum Capital became a directly wholly-owned subsidiary of Major Harvest.

### REORGANISATION

The following chart sets forth the corporate and shareholding structure of our Group immediately prior to the Reorganisation:



*Notes:*

1. Astrum China is an investment holding company incorporated in the BVI. Mr. Pan is the sole director of Astrum China.
2. Isthmus Management is an investment holding company incorporated in the BVI. Mr. Ng is the sole director of Isthmus Management.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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In preparation for the Listing, our Group underwent the Reorganisation, the major steps of which include:

- (i) On 3 December 2014, Major Harvest was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares of US\$1.00 each. 80 and 20 fully paid ordinary shares of Major Harvest, representing 80% and 20% of the then entire issued share capital of Major Harvest, were allotted and issued to Autumn Ocean and Ample Honesty respectively on 31 December 2014.
- (ii) Our Company was incorporated on 13 January 2015 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. 1 Share was allotted and issued nil-paid to the subscriber to the memorandum and articles of association of our Company and was transferred to Autumn Ocean on the same day, and 79 nil-paid Shares and 20 nil-paid Shares were then allotted and issued to Autumn Ocean and Ample Honesty on the same day. After the aforesaid allotment and issue of Shares, the issued share capital of our Company was owned as to 80% and 20% by Autumn Ocean and Ample Honesty, respectively.
- (iii) On 9 June 2015, Major Harvest acquired a total of 45,000,000 ordinary shares in Astrum Capital (representing the then entire issued shares of Astrum Capital) of which 36,000,000 shares from Astrum China and 9,000,000 shares from Isthmus Management satisfied by the allotment and issue of 80 shares and 20 shares respectively by Major Harvest to Autumn Ocean and Ample Honesty, respectively, at the direction of Astrum China and Isthmus Management. After the aforesaid share transfers, Astrum Capital became a wholly-owned subsidiary of Major Harvest.
- (iv) On 23 June 2016, our Company acquired 160 shares and 40 shares in Major Harvest (representing a total of 100% of the then issued share capital of Major Harvest) from Autumn Ocean and Ample Honesty respectively, and in consideration for which 80 nil-paid Shares held by Autumn Ocean and 20 nil-paid Shares held by Ample Honesty were credited as fully paid and 527,999,920 Shares and 131,999,980 Shares were allotted and issued to Autumn Ocean and Ample Honesty respectively, all credited as fully paid.

As a result of the Reorganisation, our Company became the holding company of our Group comprising Major Harvest and Astrum Capital.

As confirmed by our Directors, there were no outstanding options, warrants and/or convertibles in respect of each member of our Group as at the Latest Practicable Date.

On 19 March 2015, we have obtained approvals from the SFC approving each of Major Harvest and Autumn Ocean to become a substantial shareholder of Astrum Capital under the Reorganisation. On 22 April 2016, we have obtained approval from the SFC approving our Company to become a substantial shareholder in Astrum Capital under the Reorganisation. Save for the abovementioned approvals from the SFC, no other regulatory approval is required for the Reorganisation.

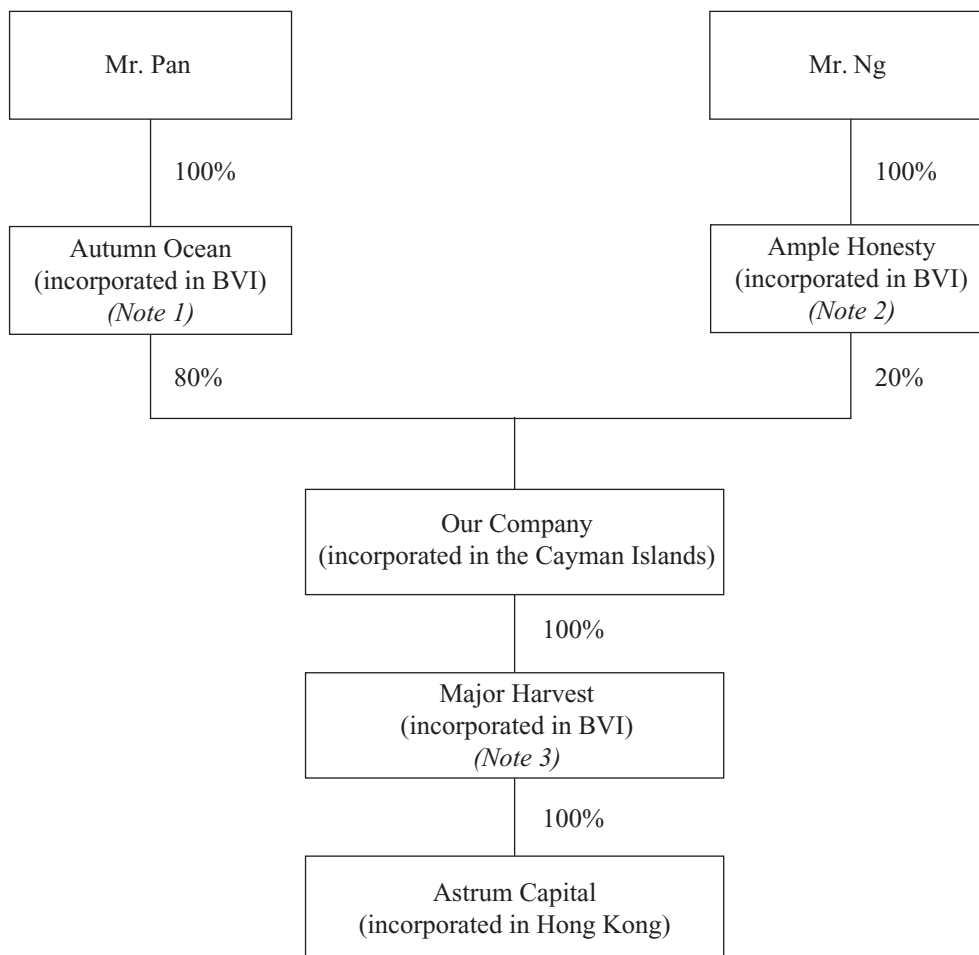


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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The following chart sets forth our corporate and shareholding structure immediately following completion of the Reorganisation:



*Notes:*

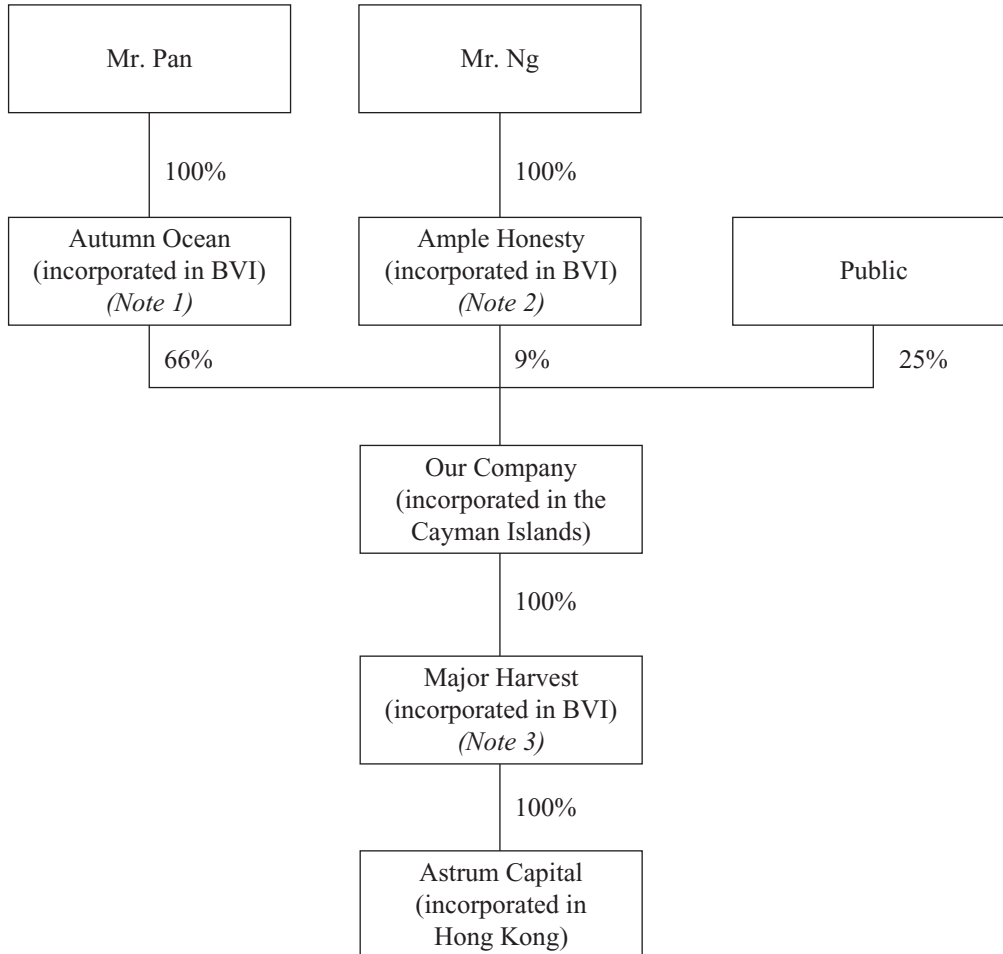
1. Autumn Ocean is an investment holding company incorporated in the BVI. Mr. Pan is the sole director of Autumn Ocean.
2. Ample Honesty is an investment holding company incorporated in the BVI. Mr. Ng is the sole director of Ample Honesty.
3. Major Harvest was incorporated on 3 December 2014 in the BVI and is an investment holding company.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The following chart sets forth our corporate and shareholding structure immediately following completion of the Share Offer, taking no account of any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme:



*Notes:*

1. Autumn Ocean is an investment holding company incorporated in the BVI. Mr. Pan is the sole director of Autumn Ocean.
2. Ample Honesty is an investment holding company incorporated in the BVI. Mr. Ng is the sole director of Ample Honesty.
3. Major Harvest was incorporated on 3 December 2014 in the BVI and is an investment holding company.

## BUSINESS

### OVERVIEW

We are a financial services provider in Hong Kong engaging in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management services.

All of our business activities are carried out through our operating subsidiary, Astrum Capital, which is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Astrum Capital is also a Stock Exchange Participant and is currently holding 1 Stock Exchange Trading Right. During the Track Record Period, we did not engage in dealing in futures contracts or proprietary trading business.

We are expanding our securities dealing and brokerage services from mainly Hong Kong listed securities to eligible stocks listed on the Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. In February 2015, we were approved as a China Connect Exchange Participant and a China Connect Clearing Participant. We have installed the necessary system for handling trades through Shanghai-Hong Kong Stock Connect and are able to provide such services when we receive orders from our customers.

In addition to the breakthrough in securities dealing and brokerage services, we dedicate more resources and effort to our asset management services. During the Track Record Period, we provided asset management services to three discretionary managed accounts. In March 2015, we strengthened the manpower of our asset management team and Astrum Capital was then engaged by Astrum China Fund, a private equity fund with an initial AUM of approximately US\$6 million, as its investment manager.

The following table sets out the revenue generated from each of our core services during the Track Record Period:

	Year ended 31 December					
	2013		2014		2015	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Commission from securities dealing and brokerage services	3,839	25.2	6,557	16.2	19,873	21.6
Placing and underwriting commission	8,729	57.2	29,424	72.8	63,267	68.9
Corporate finance advisory services fee	1,828	12.0	2,681	6.6	3,265	3.6
Interest income from securities and IPO financing services	854	5.6	1,772	4.4	2,736	3.0
Asset management fee	—	—	—	—	2,658	2.9
	<u>15,250</u>	<u>100.0</u>	<u>40,434</u>	<u>100.0</u>	<u>91,799</u>	<u>100.0</u>

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## BUSINESS

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### COMPETITIVE STRENGTHS

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

#### **We offer multiple financial services to our customers**

During the Track Record Period, we offered multiple financial services to our customers, comprising (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management.

Building on the foundation of our securities dealing and brokerage business, we believe that our financial services in different areas can create synergies with each other. We provide financing to our customers for purchasing securities on a margin basis, which in turn may bolster our commission from securities dealing and brokerage business as our customers can leverage the size of their investments. Our placing and underwriting services not only provide a platform to listed companies and their shareholders to place their securities in bulk volume, but also complement to our securities dealing and brokerage services as our brokerage customers are the potential placees of the fund raising exercises undertaken by us. As such, we can generate underwriting and placing commission on one hand and brokerage commission from our brokerage customers on the other hand. Furthermore, in conjunction with our placing and underwriting services, we can provide corporate finance advisory services to our customers in respect of their fund raising exercises or other corporate actions.

Our Directors believe that the complementary nature of our services distinguishes us from our competitors under the competitive operating environment, and allows us to capture business opportunities in different business segments and thus we can generate a diversified stream of income.

#### **We maintain a good relationship with our customers**

We recognise that market reputation and clients' confidence in our services are the keys to success, which enable us to maintain on-going relationship with our existing customers, obtain client referral from our existing customers and attract new customers from the market. In this regard, we place great emphasis on winning customer loyalty by providing them reliable, integrated and professional services. With our continuous efforts, we have successfully retained existing customers and, at the same time, attracted new customers.

During the Track Record Period, we had recurring engagements from 23 listed companies for the provision of corporate finance advisory services and placing and underwriting services which, to a certain extent, indicates that we maintain a good relationship with our customers.

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## BUSINESS

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### **We have been in the financial services industry for over 11 years**

We established our securities dealing and brokerage business in 2005. In 2007, we tapped into the asset management business by acting as the investment adviser as to the investment and reinvestment of the assets of Astrum Master Fund and Astrum Feeder Fund. We have been licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO since September 2012.

Recently, we recorded an expansion in our customer base in securities dealing and brokerage services as reflected by the increase in the number of our securities trading accounts from 242 as at 1 January 2013 to 417 as at 31 December 2014, and further increase to 494 as at 31 December 2015. We also recorded expansion in our other business segments including our placing and underwriting services as well as our financing services. In particular, we secured and completed more placing and underwriting exercises in 2014 as compared to 2013, resulting in the substantial increase in the placing and underwriting commission from approximately HK\$8.7 million for the year ended 31 December 2013 to approximately HK\$29.4 million for the year ended 31 December 2014. The placing and underwriting commission was approximately HK\$63.3 million for the year ended 31 December 2015, representing an increase of approximately 115.0% as compared to the year ended 31 December 2014. Our corporate finance advisory business also experienced growth during the Track Record Period.

With our history of establishment and a progressive development in different business segments, our Directors believe that we can continue to offer quality services and tailored solutions to meet our customers' needs for different financial services.

### **We possess an experienced and competent management team**

We are led by a team of experienced and competent professionals who formulate corporate strategies, monitor compliance and financial performance, and manage daily operations with an aim to provide services to our customers in a reliable, efficient and professional manner. All of our executive Directors, who are also Responsible Officers, namely, Mr. Pan, Mr. Kwan and Mr. Cheung, have over 18 years of experience in the financial services industry with different focuses, including but not limited to investment services, asset management, corporate finance advisory services, compliance and risk management. With the experience and knowledge of our management team, our Directors believe that our Group is able to respond promptly and duly to the ever-changing market conditions and environment. For details of the biographies of our management team, please refer to section headed "Directors and Senior Management" in this prospectus.

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## BUSINESS

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### **BUSINESS STRATEGIES**

The principal business objective of our Group is to further strengthen our position in the financial services industry in Hong Kong. We intend to achieve our future plans by adopting the following key strategies:

#### **To further develop our core business by expanding our securities and IPO financing services**

Our securities and IPO financing business is limited by our capital resources and our level of bank borrowings from time to time subject to the capital requirements under the FRR. We intend to further develop our financing business and expand our customer base who trade securities with us on a margin basis with an aim to increase our interest income. During the Track Record Period, interest rates charged by us on the outstanding principal amount due from our customers for purchasing of securities and the loans advanced to our customers for IPO subscriptions ranged from 5.5% to 11.0% per annum and 1.0% to 2.0% per annum, respectively. By applying part of the net proceeds from the Share Offer to our financing services, we will have more capital resources for financing the securities trading of our customers and therefore our interest income is expected to increase. Coupled with the expansion in our financing services, our securities dealing and brokerage business is expected to be more active as customers are required to trade through their accounts with our Group when utilising our securities and IPO financing services.

#### **To expand our asset management business**

We have been licensed to carry out Type 9 (asset management) regulated activity under the SFO since 4 January 2006. Our experiences in asset management can be traced back to 2007 when we were appointed as the investment adviser as to the investment and reinvestment of the assets of Astrum Master Fund and Astrum Feeder Fund. During the Track Record Period, we provided asset management services to three discretionary managed accounts. In March 2015, we were appointed as the investment manager of Astrum China Fund. The investment objective of Astrum China Fund is to generate consistent and superior long-term risk adjusted returns through capital appreciation, while also attempting to preserve capital and mitigate risks through hedging activities and risk management practice. The initial AUM of Astrum China Fund was approximately US\$6 million.

We believe that by leveraging on the experiences of our asset management team, we are able to achieve the investment objective of Astrum China Fund and generate a reasonable return for the investors. We believe that the expansion of our asset management business will broaden our revenue base in long run by generating monthly management fee and performance based incentive income.

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### **To extend our securities dealing and brokerage services to eligible stocks listed on the Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect**

With the launch of Shanghai-Hong Kong Stock Connect on 17 November 2014, investors in Hong Kong are now able to trade eligible stocks listed on the Shanghai Stock Exchange through eligible brokers in Hong Kong. According to the Stock Exchange, the total number of buy and sell trade of Northbound Trading in May 2016 reached 2.3 million with the aggregate trading value of approximately RMB44.5 billion.

With a view to capturing the business opportunities arising from the launch of Shanghai-Hong Kong Stock Connect, we are expanding our securities dealing and brokerage services by offering customers to trade eligible stocks listed on the Shanghai Stock Exchange through us. In February 2015, we were approved as a China Connect Exchange Participant and a China Connect Clearing Participant. We have installed the necessary system for handling trades through Shanghai-Hong Kong Stock Connect and are able to provide such services when we receive orders from our customers.

We believe that the extension of our service scope to trade eligible stocks listed on the Shanghai Stock Exchange will increase our future revenue from brokerage commissions. Greater demand for our securities and IPO financing services is also expected accordingly.

### **OUR BUSINESS MODEL AND SERVICES**

We are a financial services provider in Hong Kong engaging in the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management services.

#### **(i) Securities dealing and brokerage services**

During the Track Record Period, commission from securities dealing and brokerage services was one of our key sources of revenue which accounted for approximately 25.2%, 16.2% and 21.6% of our total revenue for the three years ended 31 December 2015, respectively. We offer securities dealing and brokerage services principally for securities in Hong Kong which include stocks, derivatives and debt instruments.

Each of our customers has to maintain a securities trading account with us before he/she could place the trading orders. Trading orders from customers are usually placed through phone or online trading platform through our website at [www.astrum-capital.com](http://www.astrum-capital.com). The securities trading account holders are provided with their own user names and passwords to log into our online trading platform for carrying out trading activities. Other than placing securities trading orders, our online trading platform also allows our customers to trace the transaction status and account balances on a real time basis and review their transaction histories for the past twelve months. The average daily trading volume from orders placed through online trading platform for our securities dealing and brokerage business were approximately HK\$5.0 million, HK\$5.8 million and HK\$20.2 million, respectively, for the three years ended 31 December 2015. The percentage of commission income generated from

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orders placed through online trading platform accounted for approximately 67.0%, 48.8% and 48.8% of our total commission generated from securities dealing and brokerage services for the three years ended 31 December 2015, respectively.

For those trading orders placed by phone, all relevant phone communications with our customers are recorded by our telephone recording system as our internal control measures. During the Track Record Period, commission generated from orders placed through telephone accounted for approximately 33.0%, 51.2% and 51.2% of our total commission generated from securities dealing and brokerage services for the three years ended 31 December 2015, respectively.

We recorded significant growth in the number of new securities trading accounts during the Track Record Period. For the three years ended 31 December 2015, we had 106, 96 and 115 new securities trading accounts, respectively, resulting in the increase in the number of securities trading accounts from 242 as at 1 January 2013 to 417 as at 31 December 2014 and further increased to 494 as at 31 December 2015. Amongst all securities trading accounts maintained with us as at 31 December 2013, 2014 and 2015, approximately 44.9%, 43.4% and 40.5% of them were regarded as active accounts, respectively, being accounts from which we had generated income in the past twelve months. While we had 150, 181 and 200 active accounts as at 31 December 2013, 2014 and 2015, approximately 64.2%, 56.1% and 53.0% of our commission income from securities dealing and brokerage services was generated from the ten largest active accounts during the respective years.

The tables below set out the movement of the number of securities trading accounts and a breakdown of the number of active accounts maintained with us during the Track Record Period:

	<b>Year ended 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Accounts maintained at the beginning of the year	242	334	417
Accounts opened	106	96	115
Accounts closed	(14)	(13)	(38)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Accounts maintained at the end of the year</b>	<b><u>334</u></b>	<b><u>417</u></b>	<b><u>494</u></b>
Active accounts maintained at the end of the year			
– Cash account	95	102	121
– Margin account	55	79	79
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total active accounts</b>	<b><u>150</u></b>	<b><u>181</u></b>	<b><u>200</u></b>



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Our securities trading accounts are categorised as House Accounts and AE Referred Accounts. Customers sourced by our management through their business connections are classified as House Accounts while customers sourced by our account executives through their personal networks are classified as AE Referred Accounts. The income generated from House Accounts are attributed to our Group, while the income generated from the AE Referred Accounts are shared between the responsible account executives and our Group. The sharing portion of commissions varies among each AE Referred Account and is determined on a case-by-case basis. Generally, the proportion of commission shared by the account executives responsible for AE Referred Accounts ranged from 10% to 70% of the gross amount of commission received from securities trading transactions and 50% of the gross amount of commission received from IPO transactions. To determine the proportion of commission shared by the account executives for securities trading transactions, upon account opening, our account executives usually propose a sharing ratio on the gross amount of commission generated from each AE Referred Account. The sharing ratio of the majority of AE Referred Accounts ranges from 40% to 60%. For those AE Referred Accounts which require less customer service, the sharing ratio ranges from 10% to 35%. Occasionally, we raise the sharing ratio to 65% to 70% for certain AE Referred Accounts in an attempt to provide incentive to the account executives. For the three years ended 31 December 2015, the total commission paid to the account executives responsible for the AE Referred Accounts amounted to approximately HK\$945,000, HK\$938,000 and HK\$1,897,000, respectively. As at the Latest Practicable Date, we had 1 account executive responsible for House Accounts only, 1 account executive responsible for AE Referred Accounts only and 4 account executives responsible for both House Accounts and AE Referred Accounts. As at 31 December 2013, 2014 and 2015, we had 334, 417 and 494 securities trading accounts (including cash accounts and margin accounts), respectively. The nature and breakdown of total securities trading accounts and the active accounts are set out below:

*Securities trading accounts:*

	<b>As at 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Cash account</b>			
– AE Referred Account	204	217	99
– House Account	53	86	269
<b>Margin account</b>			
– AE Referred Account	64	80	29
– House Account	13	34	97
<b>Total securities trading accounts</b>	<b><u>334</u></b>	<b><u>417</u></b>	<b><u>494</u></b>

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*Active accounts:*

	As at 31 December		
	2013	2014	2015
<b>Cash account</b>			
– AE Referred Account	75	70	43
– House Account	20	32	78
<b>Margin account</b>			
– AE Referred Account	44	62	17
– House Account	11	17	62
<b>Total active accounts</b>	<b>150</b>	<b>181</b>	<b>200</b>

As shown in the table above, the number of total securities trading accounts and total active accounts generally increased during the Track Record Period. The decrease in the number of AE Referred Accounts and the increase in the number of House Accounts as at 31 December 2015 as compared to the respective numbers as at 31 December 2013 and 2014 was mainly attributable to the fact that, during the year ended 31 December 2015, 186 AE Referred Accounts were transferred to House Accounts as (i) a former account executive responsible for AE Referred Accounts ceased to act as our account executive in March 2015; and (ii) Mr. Pan transferred his then AE Referred Accounts to House Accounts in March 2015 in order to devote more of time to the management of our Group in preparation of the Listing.

The following table sets forth the breakdown of the number of AE Referred Accounts in different range of commission sharing ratio to the responsible account executives:

	As at 31 December 2013			As at 31 December 2014			As at 31 December 2015		
	10%- 35%	40%- 60%	65%- 70%	10%- 35%	40%- 60%	65%- 70%	10%- 35%	40%- 60%	65%- 70%
	<b>AE referred account</b>								
– Cash account	22	169	13	22	174	21	5	65	29
– Margin account	16	47	1	20	56	4	6	19	4
<b>Total</b>	<b>38</b>	<b>216</b>	<b>14</b>	<b>42</b>	<b>230</b>	<b>25</b>	<b>11</b>	<b>84</b>	<b>33</b>

### *Commission from securities dealing and brokerage services*

We charge our customers brokerage commissions based on the transaction value of each completed trading order. Subject to a minimum charge ranging from HK\$50 to HK\$100, we generally charge our customers commissions at a rate from 0.08% to 0.25%. The commission rates charged to our customers vary and are determined on a case-by-case basis after taking into account factors including the transaction histories, trading volumes, trading frequencies and financial positions of our customers and the then market commission rates. Our staff enjoy the best commission rate and interest rate for securities dealing and brokerage services. We charge our staff (excluding our Directors) at the commission rate of 0.08% subject to a minimum charge of HK\$50.

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### (ii) Placing and underwriting services

During the Track Record Period, placing and underwriting commission was our largest source of income, which contributed approximately 57.2%, 72.8% and 68.9% of our total revenue for the three years ended 31 December 2015, respectively.

During the Track Record Period, we participated in different kinds of fund raising exercises for companies listed on the Stock Exchange by acting as the joint-bookrunner, lead manager, co-lead manager, underwriter, sub-underwriter, sub-agent, placing agent or sub-placing agent. Those fund raising exercises included placing and IPO of shares of newly-listed companies, placing of new shares of listed companies under general mandate or specific mandate, top-up placement of shares of listed companies, issue of new shares of listed companies by way of rights issue or open offer, issue of unlisted warrants and unlisted debt securities by listed companies. In addition to acting for listed companies on the Stock Exchange, we were engaged as placing agents for shareholders of listed companies to place bulk volume of securities in the secondary market.

Set out below is a brief summary of the placing and underwriting services undertaken by us during the Track Record Period:

Types of fund raising exercise	Our role	Year ended 31 December		
		2013	2014	2015
		<i>Number of transactions</i>	<i>Number of transactions</i>	<i>Number of transactions</i>
IPOs	Underwriter	7	5	3
Listed companies on the Stock Exchange				
– Placing of new shares	Placing agent	3	9	6
	Sub-placing agent	–	4	9
– Placing of unlisted debt securities or derivatives	Placing agent	2	2	–
	Sub-placing agent	1	–	–
– Issue of new shares by way of rights issue or open offer	Underwriter	–	1	3
	Sub-underwriter	–	–	5
	Sub-agent	–	–	1
Shareholders of listed companies				
– Placing of existing shares held by the shareholders	Placing agent	2	2	2
Overseas fund	Placing agent	1	–	–
<b>Total number of placing and underwriting exercises</b>		<b>16</b>	<b>23</b>	<b>29</b>

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For placing exercises, we usually agree with the contracting party to place a number of securities on an agreed price on a best effort basis within a period of time. For underwriting exercises, we are obliged to take up the unsubscribed securities up to our maximum underwriting commitment in the event of under-subscription of the securities. For the three years ended 31 December 2015, our underwriting commitment amounted to approximately HK\$67.0 million, HK\$157.3 million and HK\$1,375.9 million, respectively. During the Track Record Period, we did not subscribe on our own for any securities under underwriting exercises as a result of under-subscriptions.

We charge commission for acting as a placing agent, a sub-placing agent or a sub-agent in a fund raising exercise based on the aggregate placing price of the number of securities successfully placed by us to our placees or sub-agents. We usually charge commission for acting as a bookrunner, a lead manager, a co-lead manager, a co-manager, an underwriter or a sub-underwriter in a fund raising exercise based on our underwriting commitment and the aggregate offer price of the number of securities underwritten by us. Depending on our role under different fund raising exercises, we collect commission either from the listed companies, the shareholders of the listed companies or our immediate distributors of the fund raising exercises.

Set out below is the breakdown of our revenue from our placing and underwriting services:

	Year ended 31 December								
	2013			2014			2015		
	<i>Number of completed transactions</i>	<i>Commission generated HK\$'000</i>	%	<i>Number of completed transactions</i>	<i>Commission generated HK\$'000</i>	%	<i>Number of completed transactions</i>	<i>Commission generated HK\$'000</i>	%
Our role									
Placing agent/ sub-agent	8	6,103	69.9	13	20,744	70.5	9	10,166	16.1
Sub-placing agent	1	61	0.7	4	2,206	7.5	9	18,810	29.7
Underwriter	7	2,565	29.4	6	6,474	22.0	6	25,698	40.6
Sub-underwriter	–	–	–	–	–	–	5	8,593	13.6
<b>Total</b>	<b>16</b>	<b>8,729</b>	<b>100.0</b>	<b>23</b>	<b>29,424</b>	<b>100.0</b>	<b>29</b>	<b>63,267</b>	<b>100.0</b>

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The following table sets out the top five placing and underwriting transactions undertaken by our Group during the Track Record Period:

### Year ended 31 December 2013

	Type of services provided	Fund raising size of the transaction <i>in million</i>	Commission rate under the agreement %	Commission recognised by our Group <i>HK\$'000</i>
Convoy Financial Services Holdings Limited (now known as Convoy Financial Holdings Limited) (stock code: 1019) <sup>(Note 1)</sup>	Placing	HK\$81.4	3.5	2,849
Modern Education Group Limited (now known as Hong Kong Education (Int'l) Investment Limited) (stock code: 1082)	Placing	HK\$31.2	3.5	1,092
JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (stock code: 8326) <sup>(Note 2)</sup>	Underwriting	HK\$50.0	5.0	975
Customer A <sup>(Note 3)</sup>	Placing	RMB106.8	0.6-1.8	902
Finsoft Corporation (now known as Finsoft Financial Investment Holdings Limited)(stock code: 8018)	Underwriting	HK\$41.0	2.5	<u>795</u>
<b>Total</b>				<b><u><u>6,613</u></u></b>
<b>% of our total placing and underwriting commission</b>				<b><u><u>75.8%</u></u></b>

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### Year ended 31 December 2014

	Type of services provided	Fund raising size of the transaction <i>in million</i>	Commission rate under the agreement %	Commission recognised by our Group <i>HK\$'000</i>
Bonjour Holdings Limited (stock code: 653)	Placing	HK\$163.8	3.5	5,733
Oriental Unicorn Agricultural Group Limited (now known as China Demeter Investments Limited) (stock code: 8120)	Underwriting	HK\$180.4	3.5	4,901
Convoy Financial Holdings Limited (stock code: 1019) <sup>(Note 1)</sup>	Placing	HK\$95.8	3.5	3,354
CIL Holdings Limited (stock code: 479)	Placing	HK\$69.0	3.5	2,416
Customer B <sup>(Note 4)</sup>	Placing	HK\$161.8	2.5	<u>2,199</u>
<b>Total</b>				<b><u><u>18,603</u></u></b>
<b>% of our total placing and underwriting commission</b>				<b><u><u>63.2%</u></u></b>

### Year ended 31 December 2015

	Type of services provided	Fund raising size of the transaction <i>in million</i>	Commission rate under the agreement %	Commission recognised by our Group <i>HK\$'000</i>
China National Culture Group Limited (stock code: 745)	Underwriting	HK\$490.7	2.0	9,814
Customer C <sup>(Note 5)</sup>	Sub-placing	HK\$2,627.9	3.3	9,356
GET Holdings Limited (stock code: 8100)	Underwriting	HK\$205.2	3.5	7,181
RCG Holdings Limited (stock code: 802)	Underwriting	HK\$313.3	2.0	6,265
Customer D <sup>(Note 6)</sup>	Sub-underwriting	HK\$461.0	3.25	<u>5,688</u>
<b>Total</b>				<b><u><u>38,304</u></u></b>
<b>% of our total placing and underwriting commission</b>				<b><u><u>60.5%</u></u></b>

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## BUSINESS

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*Notes:*

1. None of our Controlling Shareholders had any relationship with Convoy Financial Holdings Limited (formerly known as Convoy Financial Services Holdings Limited) (stock code: 1019) and its affiliated companies (other than the business contacts in the ordinary and usual course of business of our Group).
2. Mr. Pan was a substantial shareholder and a non-executive director of JC Group Holdings Limited during the engagement period. Mr. Pan ceased to be a substantial Shareholder and a non-executive director of JC Group Holdings Limited in July 2014.
3. Customer A is a special purpose vehicle of a financial service company which engaged us for its offering of asset-backed securities.
4. Customer B is an investment holding company which engaged us as its placing agent for placement of the securities held by it in the secondary market in bulk volume.
5. Customer C is a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, which engaged us as a sub-placing agent for a placing exercise of a company listed on the Stock Exchange.
6. Customer D is a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, which engaged us as a sub-underwriter for an open offer exercise of a company listed on the Stock Exchange.

During the year ended 31 December 2014, we recorded a substantial increase in our revenue from the placing and underwriting business segment. Our revenue from this segment increased from approximately HK\$8.7 million in 2013 to approximately HK\$29.4 million in 2014. The total number of completed transactions increased from 16 in 2013 to 23 in 2014. For the year ended 31 December 2015, we recorded revenue from this segment of approximately HK\$63.3 million from 29 completed transactions.

As at 31 December 2015, we had 1 engagement as underwriter in progress. Subsequent to 31 December 2015 and up to the Latest Practicable Date, we were newly engaged in 9 engagements as underwriter/sub-underwriter/placing agents/sub-placing agent. During the same period, we had completed 8 of those engagements and 1 open offer exercise which we were engaged as sub-underwriter has been terminated. As at the Latest Practicable Date, we were under 1 engagement as placing agent.

*Pricing policy*

Our placing and underwriting commission, which may be a fixed fee or a fee charged as a percentage of the fund raising size, is negotiated on a case-by-case basis mainly with reference to the prevailing market rate, the then market sentiments, and our role and bargaining power under the fund raising exercise. During the Track Record Period, the placing and underwriting commission rate charged by us ranged from 0.25% to 5.0%.

During the course of the provision of placing and underwriting services, we may engage other parties as the sub-placing agents or sub-underwriters for the fund raising exercise. The formation of the placing and/or underwriting syndicates aims to leverage their distribution capabilities for the completion of the fund raising exercise and to share the risks of under-subscriptions. During the Track Record Period, the sub-placing and/or

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sub-underwriting commissions shared with other sub-placing agents or sub-underwriters ranged from 0.25% to 4.9% of the gross proceeds of the amount of securities allocated to or sub-underwritten by them.

### **(iii) Corporate finance advisory services**

We provide corporate finance advisory services to our customers which are mainly listed companies in Hong Kong. We have been licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO since 19 September 2012.

Our services mainly include (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial advisers; and (ii) giving opinion or recommendations to the independent board committee and independent shareholders of our customers in the capacity of independent financial advisers. We were engaged in 13, 19 and 18 corporate finance transactions for the three years ended 31 December 2015, respectively.

As financial advisers to our customers, we generally give advices to our customers on the structure of the proposed transactions, and the relevant implications of the proposed transactions to the customers under Hong Kong regulatory framework including the Listing Rules, the GEM Listing Rules and the Takeovers Code. We are usually responsible for monitoring the progress of the proposed transactions. We also take the role in the documentation preparation and liaising with the relevant regulatory bodies (such as the Stock Exchange and the SFC) for the clearance and/or publication of relevant announcements, circulars and other documents as required for the proposed transactions. During the Track Record Period, we acted as financial adviser to our customers on notifiable transaction, connected transactions, open offer, issue of new shares and on matters related to mandatory unconditional cash offer.

Under the relevant rules and regulations (including the Listing Rules, GEM Listing Rules and the Takeovers Code), for certain types of transactions undertaken by listed issuers, independent financial advisers have to be appointed to express its opinion as to whether the terms of the proposed transactions are fair and reasonable so far as the independent shareholders of the listed issuers are concerned. As independent financial adviser, we conduct review and analysis on the proposed transactions, assess the fairness and reasonableness on the terms of the proposed transactions and issue advice letters (with our bases and grounds) to recommend the independent board committee and independent shareholders on how to vote on the relevant resolutions to be proposed at the shareholders' meetings. During the Track Record Period, we acted as independent financial advisers to our customers on different nature of transactions including connected transactions, continuing connected transactions and refreshment of general mandates.



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The following table summarises the details of our top 5 corporate finance advisory engagements for each of the three years ended 31 December 2015:

### For the year ended 31 December 2013

Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
The client is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in financial service business, solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and assets investment.	Provision of independent financial advisory service in relation to a discloseable and connected transaction	HK\$300,000	Payable in 2 installments, with the first installment payable within seven Business Days after the first submission of our advice letter to the Stock Exchange, and the second installment payable within seven Business Days after the date of our advice letter	February 2013 to March 2013
The client is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in financial service business, solar energy business with a current focus on development, construction, operation and maintenance of power station projects, money lending business and assets investment.	Provision of independent financial advisory service in relation to a connected transaction	HK\$300,000	Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement, and the second installment payable within seven Business Days after the date of our advice letter	March 2013 to June 2013

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Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
<p>The client is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities.</p>	<p>Provision of independent financial advisory service in relation to a major and connected transaction</p>	<p>HK\$200,000</p>	<p>Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement, and the second installment payable within seven Business Days after the date of our advice letter</p>	<p>February 2013 to April 2013</p>
<p>The client is a company incorporated in Cayman Islands with limited liabilities, whose shares are listed on the Main Board. It is principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.</p>	<p>Provision of documentation service in relation to placing of new shares</p>	<p>HK\$200,000</p>	<p>Documentation fee is deducted from the proceeds of the placing after completion. <i>(Note)</i></p>	<p>December 2012 to January 2013</p>

*Note:* Apart from provision of documentation service, we were also engaged as the placing agent in relation to such placing exercise.

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<b>Background of the client</b>	<b>Scope of services and transaction nature</b>	<b>Service fee received</b>	<b>Payment term of our service fee</b>	<b>Engagement period</b>
The client is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in sales and distribution of natural gas and liquefied petroleum gas in the PRC including the provision of piped gas, transportation, distribution and retail of liquefied petroleum gas; production and sale of barreled drinking water and lottery agency.	Provision of financial advisory service in relation to connected transactions and continuing connected transaction	HK\$175,000	Payable in 3 installments, with the first installment payable upon the despatch of the announcement in relation to the transaction, the second installment payable upon the despatch of the circular in relation to the transaction, and the third installment payable upon the holding of the shareholders' meeting to approve the transaction	April 2013 to July 2013

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### For the year ended 31 December 2014

Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
<p>The client is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in purchasing, processing, designing, production and wholesale distribution of pearls and jewellery; and development, sales and leasing of properties.</p>	<p>Provision of financial advisory service in relation to an open offer</p>	<p>HK\$400,000</p>	<p>Payable in 4 installments, with the first installment payable upon the signing of the letter of engagement, the second installment payable on the date of the announcement in relation to the open offer, the third installment payable on the date of the despatch of the circular in relation to the open offer, and the fourth installment payable on the date of completion of the open offer</p>	<p>December 2014 to January 2015</p>
<p>The client is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in sales and distribution of natural gas and liquefied petroleum gas in the PRC including the provision of piped gas, transportation, distribution and retail of liquefied petroleum gas; production and sale of barreled drinking water and lottery agency.</p>	<p>Provision of financial advisory service in relation to a major and connected transaction</p>	<p>HK\$400,000</p>	<p>Payable in 3 installments, with the first installment payable upon the date of acceptance of our engagement, the second installment payable upon the despatch of the announcement, and the third installment payable upon the despatch of the circular</p>	<p>August 2014 to December 2014</p>

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Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
<p>The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM. It is principally engaged in the provision of staff outsourcing services, executive/staff search services and other human resources support services, credit assessment, credit counselling services; and entrusted loan in the PRC; and P2P business in the PRC.</p>	<p>Provision of financial advisory service in relation to a mandatory unconditional cash offer</p>	<p>HK\$300,000</p>	<p>Payable in 3 installments, with the first installment payable upon the publication of the announcement in relation to the cash offer, the second installment payable upon the despatch of the offeree board circular/ composite offer and response document in relation to the cash offer, and the third installment payable upon the publication of the announcement in relation to the results of the cash offer</p>	<p>June 2014 to September 2014</p>
<p>The client is a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board. It is principally engaged in property development, property letting, property management and investment holding activities.</p>	<p>Provision of independent financial advisory service in relation to a major and connected transaction as well as a discloseable and connected transaction</p>	<p>HK\$220,000</p>	<p>Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement and the second installment payable within five days after obtaining clearance from the Stock Exchange on our advice letter in relation to the transaction</p>	<p>August 2014 to October 2014</p>

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Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
<p>The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board. It is principally engaged in independent financial advisory business, money lending business, proprietary investment business, asset management business and corporate finance advisory services.</p>	<p>Provision of financial advisory service in relation to placing of new shares</p>	<p>HK\$200,000</p>	<p>Our service fee shall be deducted from the proceeds of the placing exercise</p>	<p>September 2014 to October 2014</p>

### For the year ended 31 December 2015

Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
<p>The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM. It is principally engaged in the provision of multi-media contact services and contact centre system in Hong Kong.</p>	<p>Provision of independent financial advisory service in relation to an unconditional mandatory cash offer for shares of the client</p>	<p>HK\$700,000</p>	<p>Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement, and the second installment payable within seven Business Days after the date of our advice letter</p>	<p>June 2015 to July 2015</p>

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Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
<p>The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board. It is principally engaged in sale of speaker units mainly comprise speaker drivers for automotive, flat-panel TV and audio applications; energy trading mainly comprises fuel oil, oil and natural gas.</p>	<p>Provision of financial advisory service in relation to a connected transaction in relation to the subscription of new shares by a substantial shareholder</p>	<p>HK\$400,000</p>	<p>Payable in 3 installments, with the first installment payable upon the date of acceptance of our engagement, the second installment payable within seven Business Days after the issue of announcement, and the third installment payable within seven Business Days after the issue of the circular</p>	<p>November 2015 to February 2016</p>
<p>The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board. It is principally engaged in development and operation of stylish department store chain.</p>	<p>Provision of independent financial advisory service in relation to a discloseable and connected transaction</p>	<p>HK\$320,000</p>	<p>Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement, and the second installment payable within seven Business Days after the date of our advice letter</p>	<p>October 2015 to December 2015</p>
<p>The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board. It is principally engaged in development and operation of stylish department store chain.</p>	<p>Provision of independent financial advisory service in relation to a continuing connected transaction</p>	<p>HK\$250,000</p>	<p>Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement accepted, and the second installment payable within seven Business Days after the date of our advice letter</p>	<p>February 2015 to June 2015</p>

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Background of the client	Scope of services and transaction nature	Service fee received	Payment term of our service fee	Engagement period
The client is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board. It is principally engaged in the provision of car rental services; trading of electronic components/materials; research, design, development, sale of digital signal processing based consumer electronic devices/platforms; and provision of solutions for digital signal processing based consumer electronic devices/platforms.	Provision of independent financial advisory service in relation to a connected transaction	HK\$250,000	Payable in 2 installments, with the first installment payable upon the date of acceptance of our engagement, and the second installment payable within seven Business Days after the date of our advice letter	April 2015 to May 2015

### *Pricing policy*

Our advisory fees were determined on a case-by-case basis with reference to the scope of our work in the engagements, the transaction natures, the complexity of the transactions and the expected time to be involved. For the three years ended 31 December 2015, our mandated fee for financial advisory services ranged from HK\$80,000 to HK\$175,000, from HK\$70,000 to HK\$500,000, and from HK\$50,000 to HK\$700,000, respectively, while our mandated fee as independent financial advisers ranged from HK\$50,000 to HK\$300,000, from HK\$40,000 to HK\$220,000, and from HK\$60,000 to HK\$700,000, respectively.

Set out below is the summary of the corporate finance advisory services provided by us during the Track Record Period:

Type of Service	Year ended 31 December								
	2013			2014			2015		
	Number of engagements	Aggregate financial advisory fee HK\$'000	%	Number of engagements	Aggregate financial advisory fee HK\$'000	%	Number of engagements	Aggregate financial advisory fee HK\$'000	%
Financial Advisory	2	255	14.0	8	1,708	63.7	4	610	18.7
Independent Financial Advisory	10	1,373	75.1	10	923	34.4	13	2,555	78.3
Others <sup>(Note 1)</sup>	1	200	10.9	1	50	1.9	1	100	3.0
	<u>13</u>	<u>1,828</u>	<u>100.0</u>	<u>19</u>	<u>2,681</u>	<u>100.0</u>	<u>18</u>	<u>3,265</u>	<u>100.0</u>

*Note 1:* Others represent the documentation services provided to our customers on fund raising exercises.



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For the two years ended 31 December 2014, we recorded an increase in revenue in this business segment principally due to the increase in number of engagements as financial advisers. The number of engagements as financial advisers increased from 2 in 2013 to 8 in 2014 which resulted in the increase in our total revenue from financial advisory engagements from approximately HK\$0.3 million in 2013 to approximately HK\$1.7 million in 2014. For the year ended 31 December 2015, our revenue derived from this segment increased further to approximately HK\$3.3 million as a result of the increase in service fee received from the independent financial advisory engagements.

As at 31 December 2015, we had 1 engagement as financial adviser and 1 engagement as independent financial adviser in progress. Subsequent to the Track Record Period and up to the Latest Practicable Date, we were newly engaged in 2 engagements as financial adviser and 2 engagements as independent financial adviser. During the same period, we had completed 5 corporate finance advisory engagements. As at the Latest Practicable Date, we had 1 engagement as financial adviser in progress.

### **(iv) Financing services including securities and IPO financing**

To complement our securities dealing and brokerage services, we also provide securities and IPO financing to our customers who wish to purchase securities on a margin basis.

Margin financing offers funding flexibility to our customers by providing them with margin loans which is repayable on demand with their listed securities as collaterals. We assign a margin ratio for each individual securities ranging from 20% to 60%. In general, margin ratios for Hang Seng Index constituent stocks and Hang Seng China Enterprises Index constituent stocks are 60% and 40% respectively and margin ratios for other stocks are 20%. We do not set a fixed maximum daily limit of margin loan to our customers. The marginable amount of each customer is determined based on (i) the market value of securities held under the securities trading account; and (ii) the margin ratio for each securities. Upon the change in market value of securities under a securities trading account, the marginable amount varies accordingly. Our members of the credit committee and account executives review, on a daily basis, the margin position report containing the outstanding balance, the marginable amount, the amount to be called for deposit and the leverage ratio (expressing as a ratio of the outstanding balance against the market value of the securities held by the customers). The range of our daily average leverage ratio of our customers was 11% to 70%, 13% to 42% and 7% to 71% for each of the three years ended 31 December 2015, respectively.

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The following table sets forth the actual margin loan amount that we provided to our customers, the market value of securities pledged by our customers as collateral and the leverage ratio of our customers on a daily average basis and as at the end of the year:

	Year ended			As at 31	As at 31	As at 31
	31	31	31	December	December	December
	December	December	December	2013	2014	2015
	<i>(Daily</i>	<i>(Daily</i>	<i>(Daily</i>			
	<i>average)</i>	<i>average)</i>	<i>average)</i>			
Actual margin loan amount that we provided to our customers ( <i>HK\$'000</i> )	6,792	18,285	22,452	9,096	26,296	36,032
Market value of securities pledged by our customers as collateral ( <i>HK\$'000</i> )	29,520	78,459	106,118	34,915	94,768	150,960
Leverage ratio of our customers ( <i>Note</i> )	23.0%	23.3%	21.2%	26.1%	27.7%	23.9%

*Note:* Leverage ratio of our customers is calculated as the actual margin loan amount that we provided to our customers divided by the market value of securities pledged by our customers as collateral.

For the three years ended 31 December 2015, we had 37, 56 and 103 securities trading accounts with outstanding balance exceeding the marginable amount, at one or more than one occasions, respectively. We closely monitor the margin position of those securities trading accounts based on the margin position report. Should the customers of such accounts make any further purchase transaction, an insufficient fund alert would automatically be prompted to our management, and approval or rejection of such purchase transaction would be made by our management after taking into consideration of the shortfall amount, the quality, liquidity and price volatility of the individual stock, and the creditworthiness and trading history of the customer.

When the leverage ratio of a securities trading account exceeds 50%, our account executive would call the customer, on a case-by-case basis after considering the amount of margin loan or effect of IPO subscriptions, to deposit sufficient funds or take other appropriate actions (such as further deposit of securities to the securities trading account, or sale of securities in the securities trading account) to top up the outstanding balance and/or the market value of the securities under the securities trading account. During the Track Record Period, we had 30, 38 and 71 securities trading accounts with leverage ratio over 50%, at one or more than one occasions, respectively. Our account executives had called their respective customers as and when necessary and during the Track Record Period, we recorded three occasions where our customers failed to meet our margin call.

Our credit committee may, on a case-by-case basis depending on the quality, liquidity and price volatility of individual stock, and the transaction history and credibility of the customer, exercise the right to take action on a securities trading account such as prohibition of further purchase of securities or liquidation of the position of the securities trading

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account. During the Track Record Period, we prohibited the customers of three securities trading accounts from making further purchase of securities as a result of their failure to meet our margin calls, and those accounts subsequently restored the leverage ratio to an acceptable level by deposit of funds and sale of securities in the accounts. During the Track Record Period, we had not liquidated any securities trading account and we did not record any loss resulting from default of margin loans from our customers.

We usually provide margin financing to our customers through our internal resources. Occasionally, the margin financing is funded by banking facilities granted by the Authorised Institutions, which are secured by pledging the securities collateral deposited by our customers with such Authorised Institutions. As at 31 December 2013, 2014 and 2015, the balance of the margin loans provided by us with listed securities as collaterals amounted to approximately HK\$9.1 million, HK\$26.3 million and HK\$36.0 million, respectively. As at the Latest Practicable Date, we had available bank overdrafts and revolving loan facilities with an aggregate amount of HK\$17 million from two Authorised Institutions.

We also provide financing for subscription of shares in connection with IPOs which usually lasts for 4 to 11 days. We will liaise with the Authorised Institutions for financing if our internal available fund is insufficient. During the Track Record Period, we provided IPO loans to our customers for 17, 27 and 14 IPOs, among which, we applied for 6, 17 and 12 IPO loans through an Authorised Institution which granted us staging facilities for IPO loan, respectively. As at 31 December 2013, 2014 and 2015, we had no IPO loan balance outstanding.

During the Track Record Period, interest rates charged by us on the outstanding principal amount due from our customers for purchasing of securities ranged from 5.5% to 11.0% per annum with reference to the Hong Kong Dollar Best Lending Rate quoted by the Hongkong and Shanghai Banking Corporation and the loans advanced to our customers for IPO subscriptions ranged from 1.0% to 2.0% per annum.

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### (v) Asset management

Our experiences in asset management services can be traced back to 2007 when we were appointed as the investment adviser as to the investment and reinvestment of the assets of Astrum Master Fund and Astrum Feeder Fund which our role was subsequently terminated in 2011. During the Track Record Period, we also managed three discretionary accounts whereby we were appointed as the agent of the customers to manage portfolios on their behalves. We charged a management fee of 1.5% of the sum of the market value of the securities and the outstanding balance of the customer's account. For the three years ended 31 December 2015, we recognised management fees for the three discretionary accounts of approximately HK\$5,000, HK\$62,000 and HK\$78,000, respectively. The following table sets forth information of the three discretionary accounts:

	<b>Returns Best Investments Limited</b>	<b>Discretionary account A</b>	<b>Discretionary account B</b>
Background of the clients	A company wholly owned by a member of the Pan's Family	An individual who is an Independent Third Party	An individual who is an Independent Third Party
<b>AUM</b>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2013	1,179	992	3,496
As at 31 December 2014	963	1,281	2,411
As at 31 December 2015	N/A <sup>(Note 1)</sup>	1,283	90
<b>Cumulative return for the period</b>	<i>%</i>	<i>%</i>	<i>%</i>
November to December 2013	9.7	18.3	N/A
September to December 2013	N/A	N/A	249.6
January to December 2014	(18.4)	(20.8)	72.2
January to December 2015	N/A	5.7	311.8
January to February 2015	4.5	N/A	N/A

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	<b>Returns Best Investments Limited</b>	<b>Discretionary account A</b>	<b>Discretionary account B</b>
<b>Management fee for the period</b>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
November to December 2013	3	2	N/A
September to December 2013	N/A	N/A	Waived <i>(Note 2)</i>
January to December 2014	17	17	28 <i>(Note 2)</i>
January to December 2015	N/A	22	54
January to February 2015	2	N/A	N/A

*Notes:*

1. Our asset management service to Returns Best Investments Limited was ceased on 28 February 2015.
2. Management fee for discretionary account B was waived for the period from September 2013 to June 2014.

With an aim to reinforce the overall development of our Group's businesses, we have been dedicating more resources and effort to develop our asset management business by strengthening the manpower of our asset management team. In March 2015, Astrum Capital entered into the Investment Management Agreement with Astrum China Fund pursuant to which Astrum Capital was appointed as the investment manager for Astrum China Fund to provide advice on the management, investment and reinvestment of its assets in pursuit of the investment objective and in accordance with the investment strategies and restrictions as described in its private offering memorandum. The Investment Management Agreement was amended on 23 June 2016 by the Supplemental Investment Management Agreement entered into between Astrum Capital and Astrum China Fund to clarify the payment terms of the management fee, and to include the maximum aggregate annual management fee and performance fee under the Investment Management Agreement. The term of the Investment Management Agreement commenced on 1 April 2015, being the launch date of Astrum China Fund and shall be ending on 31 December 2017, with an option to renew by mutual agreement of Astrum China Fund and Astrum Capital no less than 30 days before the expiration of the term of the investment management agreement, and subject to compliance with the relevant GEM Listing Rules. Details of Astrum China Fund are set out below:

Fund name: Astrum Absolute Return China Fund

Fund type: Private placement fund

Place of incorporation: The Cayman Islands

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Investment objective:	To generate consistent and superior long-term risk adjusted returns through capital appreciation, while also attempting to preserve capital and mitigate risks through hedging activities and risk management practice.
Investment strategy:	The investment policy of Astrum China Fund is equities long/short and focuses on acquiring undervalued stocks and short selling overvalued stocks by investing in a wide range of instruments including, but not limited to, listed equities and debt securities, as part of its investment strategy. Astrum China Fund may engage in short selling individual stocks or hedging the investment portfolios by using derivatives such as index futures and index options.
Target investors:	Private investors who are professional investors as defined under the Code of Conduct
Launch date:	1 April 2015
Initial AUM:	Approximately US\$6 million
Investment manager:	Astrum Capital
Management fee:	One twelfth (1/12) of two (2) per cent per month of the net asset value of Astrum China Fund, which shall be paid as soon as reasonably practicable after the end of each calendar month, and in any event, within 30 days of the finalisation of the net asset value as at the last valuation day of each calendar month
Performance fee:	20% of the positive increment in the net asset value of Astrum China Fund over its high water mark at the relevant performance period, which shall be paid arrears as soon as reasonably practicable after the end of each calendar month and in any event, within 30 days of the finalisation of the net asset value as at the last valuation day of each calendar month

To cope with the expansion of our asset management business, we set up an investment committee to (i) set and review the universe of securities which Astrum China Fund is eligible to buy; (ii) decide the asset allocations; (iii) approve or reject the investment proposals prepared by the investment team; and (iv) review the performance and compliance matters of Astrum China Fund. The members of the investment committee will have regular meeting on a monthly basis. The investment committee comprises Mr. Pan, Mr. Kwan and Mr. Ngai.

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For biographies of Mr. Pan and Mr. Kwan, please refer to the section headed “Directors and Senior Management” in this prospectus. Set out below is the brief credentials of Mr. Ngai:

Mr. Ngai is the portfolio manager of Astrum China Fund. Prior to his tenure with our Group, Mr. Ngai worked as the portfolio manager of Changjiang Asset Management (HK) Limited for the period from May 2012 to August 2014, during which Mr. Ngai was the portfolio manager of Changjiang Absolute Return China (Cayman) Fund and Changjiang Hong Kong Equity Fund. Changjiang Absolute Return China (Cayman) Fund was awarded “HFM Asia Hedge Fund Performance Awards 2014 – Long/short equity – overall” by HFM Week magazine on 22 September 2014. He holds a bachelor’s degree in business studies conferred by Hong Kong Polytechnic University and is a member of Hong Kong Institute of Certified Public Accountants.

Mr. Ngai entered into an employment contract with Astrum Capital under which the remuneration of Mr. Ngai would be equivalent to 75% of the performance fee to be received by Astrum Capital from Astrum China Fund.

As at 1 April 2015, being the launch date of Astrum China Fund, approximately 33% of the initial AUM of approximately US\$6 million was invested by Mr. Ngai, and the remaining of the initial AUM was invested by four individuals, who are Independent Third Parties. During the period from June 2015 to December 2015, Mr. Ngai and two individual investors, who are Independent Third Parties, further injected approximately US\$50,000 and US\$351,000 respectively to Astrum China Fund.

For the year ended 31 December 2015, we recorded management fee and performance fee for Astrum China Fund of approximately HK\$0.7 million and HK\$1.9 million, respectively. As at 31 December 2015, the AUM of Astrum China Fund was approximately US\$6.2 million. The net asset value per share of Astrum China Fund decreased from US\$1,000 on 1 April 2015 to US\$965.676 on 31 December 2015, representing a negative return of approximately 3.4%.

### CUSTOMERS

Customers of our securities dealing and brokerage services comprise corporate and retail customers. As for our placing and underwriting services and our corporate finance advisory services, our customers mainly consist of Hong Kong listed companies and shareholders of Hong Kong listed companies.

#### **Our top five customers**

For the three years ended 31 December 2015, revenue generated from our top five largest customers, in aggregate, accounted for approximately 44.7%, 50.2% and 48.4% of our Group’s total revenue, respectively. Among which, our largest customer for the respective year accounted for approximately 18.7%, 14.2% and 16.6% of our Group’s total revenue, respectively.

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The tables below set out the revenue generated from our top five largest customers, their business background, our services provided and the duration of business relationships with our Group for the three years ended 31 December 2015.

### Year ended 31 December 2013

Rank	Customer	Industry/ Background of customer	Type of services provided	Revenue contributed (HK\$'000)	% of total revenue	Length of relationships with our Group (years)
1	Convoy Financial Services Holdings Limited (now known as Convoy Financial Holdings Limited) (stock code: 1019) <sup>(Note 1)</sup>	Financial services	Placing services	2,849	18.7	2
2	Modern Education Group Limited (now known as Hong Kong Education (Int'l) Investments Limited) (stock code: 1082)	Private education services	Placing services and corporate finance advisory services	1,292	8.5	3
3	JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (stock code: 8326) <sup>(Note 2)</sup>	Food and beverage	Underwriting services	975	6.4	2
4	Customer A <sup>(Note 3)</sup>	Fund	Placing services	902	5.9	2
5	Finsoft Corporation (now known as Finsoft Financial Investment Holdings Limited) (stock code: 8018)	Information technology	Underwriting services	795	5.2	2
<b>Total revenue from our top five customers</b>				<b>6,813</b>	<b>44.7</b>	



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**Year ended 31 December 2014**

Rank	Customer	Industry/ Background of customer	Type of services provided	Revenue contributed (HK\$'000)	% of total revenue	Length of relationships with our Group (years)
1	Bonjour Holdings Limited (stock code: 653)	Retail	Placing services	5,733	14.2	2
2	Oriental Unicorn Agricultural Group Limited (now known as China Demeter Investments Limited) (stock code: 8120)	Agricultural products	Underwriting services, corporate finance advisory services and matching services	5,112	12.6	2
3	CIL Holdings Limited (stock code: 479)	Information technology	Placing services	3,625	9.0	2
4	Convoy Financial Holdings Limited (stock code: 1019) <sup>(Note 1)</sup>	Financial services	Placing services, corporate finance advisory services and securities dealing and brokerage services	3,618	9.0	2
5	Customer B <sup>(Note 4)</sup>	Investment holdings	Placing services	2,199	5.4	2
<b>Total revenue from our top five customers</b>				<u>20,287</u>	<u>50.2</u>	

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### Year ended 31 December 2015

Rank	Customer	Industry/ Background of customer	Type of services provided	Revenue contributed (HK\$'000)	% of total revenue	Length of relationships with our Group (years)
1	Customer C <sup>(Note 5)</sup>	Financial services	Sub-underwriting services and sub-placing services	15,240	16.6	3
2	China National Culture Group Limited (stock code: 745)	Media	Underwriting service and matching services	9,839	10.7	1
3	GET Holdings Limited (stock code: 8100)	Information technology	Underwriting services and securities dealing and brokerage services	7,381	8.0	2
4	RCG Holdings Limited (stock code: 802)	Technology	Underwriting services and matching services	6,296	6.9	1
5	Customer D <sup>(Note 6)</sup>	Financial services	Sub-underwriting services	5,688	6.2	1
<b>Total revenue from our top five customers</b>				<b>44,444</b>	<b>48.4</b>	

*Notes:*

- None of our Controlling Shareholders had any relationship with Convoy Financial Holdings Limited (formerly known as Convoy Financial Services Holdings Limited) (stock code: 1019) and its affiliated companies (other than the business contacts in the ordinary and usual course of business of our Group).
- Mr. Pan was a substantial shareholder and a non-executive director of JC Group Holdings Limited during the engagement period. Mr. Pan ceased to be a substantial shareholder and a non-executive director of JC Group Holdings Limited in July 2014.
- Customer A is a special purpose vehicle of a financial service company which engaged us for its offering of asset-backed securities.
- Customer B is an investment holding company which engaged us as its placing agent for placement of the securities held by it in the secondary market in bulk volume.
- Customer C is a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, which engaged us as sub-placing agents and sub-underwriters.
- Customer D is a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, which engaged us as a sub-underwriter for an open offer exercise of a company listed on the Stock Exchange.

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### Transactions with shareholders, connected persons and their respective associates

During the Track Record Period, we conducted various business activities with our shareholders, connected persons and their respective associates. The table below sets out the breakdown of revenue by business activities contributed by our shareholders, connected persons and their respective associates for the three years ended 31 December 2015.

	<b>Year ended</b>		
	<b>31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Securities dealing and brokerage services</b>			
Revenue contributed by our shareholders, connected persons and their respective associates (HK\$'000)	163	265	659
Approximate percentage of our Group's revenue generated under the segment (%)	4.2	4.0	3.3
<b>Placing and underwriting services</b>			
Revenue contributed by our shareholders, connected persons and their respective associates (HK\$'000)	1,565	–	–
Approximate percentage of our Group's revenue generated under the segment (%)	17.9	–	–
<b>Corporate finance advisory services</b>			
Revenue contributed by our shareholders, connected persons and their respective associates (HK\$'000)	–	300	–
Approximate percentage of our Group's revenue generated under the segment (%)	–	11.2	–
<b>Financing services</b>			
Revenue contributed by our shareholders, connected persons and their respective associates (HK\$'000)	96	226	216
Approximate percentage of our Group's revenue generated under the segment (%)	<u>11.2</u>	<u>12.8</u>	<u>7.9</u>
<b>Asset management services</b>			
Revenue contributed by our shareholders, connected persons and their respective associates (HK\$'000)	–	–	2,658
Approximate percentage of our Group's revenue generated under the segment (%)	–	–	100.0
<b>Total revenue contributed by our shareholders, connected persons and their respective associates (HK\$'000)</b>	<b><u>1,824</u></b>	<b><u>791</u></b>	<b><u>3,533</u></b>
<b>Approximate percentage of our Group's total revenue (%)</b>	<b><u>12.0</u></b>	<b><u>2.0</u></b>	<b><u>3.8</u></b>

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The securities dealing and brokerage services and financing services were mainly provided to our Directors and their respective associates and Astrum China Fund during the Track Record Period. The placing and underwriting services and corporate finance advisory services were provided to JC Group Holdings Limited (stock code: 8326) and Zebra Strategic Holdings Limited (stock code: 8260), of which Mr. Pan was the then substantial shareholder and non-executive director. For the year ended 31 December 2015, we provided asset management service to Astrum China Fund, all the management shares of which were indirectly wholly owned by Mr. Pan.

Revenue generated from our shareholders, connected persons and their respective associates accounted for approximately 12.0%, 2.0% and 3.8% of our Group's total revenue for the three years ended 31 December 2015, respectively.

### **Staff and self-employed account executives dealing**

Pursuant to the Code of Conduct, employees of a licensed corporation should generally be required to deal through the licensed corporation which they are employed under, unless permitted by their employers. According to our policy, our staff and self-employed account executives are generally required to deal in securities through their securities trading accounts maintained with us. Before our staff and self-employed account executives open an outside account with other licensed corporations, our staff and self-employed account executives have to inform us the details of the account to be opened, including (i) the type of account to be opened (i.e. securities trading account or futures contracts trading account); and (ii) the name of the relevant licensed corporations that written consent is required from our compliance department. Since the main purpose of requiring our written consent before the opening of an outside account is to ensure that we are informed of the details of the outside account so as to monitor the trading transactions of our staff and self-employed account executives, upon receiving the details of the account to be opened, our compliance department, in general, will write a letter to the relevant licensed corporation to grant our consent for such outside account being opened and maintained with that licensed corporation. There is no internal policy which sets out the circumstances or factors taking into account when the Company allow staff and account executive to open an outside account.

When staff and self-employed account executives deal through their outside accounts, they have to produce copy of monthly statement to our compliance department within 15 days after the end of each month.

All dealings by our staff and self-employed account executives on accounts maintained with us are closely monitored by our Responsible Officers on a daily basis. Before the close of business of each trading day, our Responsible Officers would check all the transactions conducted by our staff and self-employed account executives by reviewing the daily transaction register (which contains details of all transactions dealt through our securities trading system, including the name of securities traded, transaction volume and transaction amount) to identify any staff and self-employed account executives dealings in securities of listed companies under the restricted list maintained by us. Our compliance department, on a monthly basis, would review all personal account dealings by our staff and self-employed account executives, including both securities trading accounts maintained with us and

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outside accounts, to assess whether any of our staff and self-employed account executives has (i) incurred substantial losses which is beyond his/her financial abilities; (ii) traded frequently which would affect his/her daily performance of duties and (iii) dealt in securities of listed companies under the restricted list maintained by us.

The table below sets out the breakdown of revenue by business activities contributed by our staff and self-employed account executives (excluding our Directors) for the three years ended 31 December 2015.

	<b>Year ended 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Securities dealing and brokerage services</b>			
Revenue contributed by our staff and self-employed account executives (HK\$'000)	99	261	389
Approximate percentage of our Group's revenue generated under the segment (%)	2.6	4.0	2.0
<b>Financing services</b>			
Revenue contributed by our staff and self-employed account executives (HK\$'000)	62	60	83
Approximate percentage of our Group's revenue generated under the segment (%)	<u>7.3</u>	<u>3.4</u>	<u>3.0</u>
<b>Total revenue contributed by our staff and self-employed account executives (HK\$'000)</b>	<b><u>161</u></b>	<b><u>321</u></b>	<b><u>472</u></b>
<b>Approximate percentage of our Group's total revenue (%)</b>	<b><u>1.1</u></b>	<b><u>0.8</u></b>	<b><u>0.5</u></b>

We offer our staff and self-employed account executives (other than our Directors) the best commission rate and interest rate for securities dealing and brokerage services and securities and IPO financing services. During the Track Record Period, we charged our staff and self-employed account executives (excluding our Directors) at the commission rate of 0.08% subject to a minimum charge at HK\$50 and an interest rate of 6.0% per annum on the outstanding principal amount due from our employees and self-employed account executives for purchase of securities. The total revenue generated from our employees and self-employed account executives (other than our Directors) accounted for approximately 1.1%, 0.8% and 0.5% of our Group's total revenue for the three years ended 31 December 2015, respectively.

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### SUPPLIERS

Due to the nature of our principal business activities, we have no major suppliers.

### SALES AND MARKETING

For securities dealing and brokerage services, our sales and marketing function is handled by our account executives. Under the supervision of Mr. Pan, our account executives are responsible for sourcing new customers, maintaining customer relationships, promoting our services and handling customers' enquiries. For placing and underwriting services and corporate finance services, the sales and marketing function is performed by Mr. Pan and Mr. Kwan who are responsible for maintaining a good relationship with the management of listed companies and other business partners in the financial services industry. We also sponsor congratulatory advertisement on newspaper for listing exercises for which our underwriting service is engaged.

Going forward, we plan to promote our corporate image and expand our business network in a more proactive manner by participating in public industry events and functions.

### RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activity.

### REGULATORY REQUIREMENTS

Astrum Capital is licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Set out below is a summary of the licenses currently held by us and the number of licensed persons in each regulated activity as at the Latest Practicable Date.

<b>Regulated activities</b>	<b>Number of Responsible Officers</b> <i>(Note)</i>	<b>Number of Licensed Representatives</b> <i>(Note)</i>
Type 1	5	9
Type 2	4	3
Type 6	3	3
Type 9	5	9

*Note:* Respective persons may hold multiple licenses for different regulated activities.

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As at the Latest Practicable Date, our license for Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO were subject to certain conditions as follows:

- For Type 6 regulated activity, we shall not act as sponsor in respect of an application for the listing on a recognised stock market of any securities.
- For Type 9 regulated activity, we shall not conduct business involving the discretionary management of any collective investment scheme for persons other than professional investors.
- For Type 9 regulated activity, we shall not provide a service of managing a portfolio of futures contracts for another person unless it is for hedging purpose only.

Other than the licenses obtained under the SFO, since we are a Stock Exchange Participant and are holding 1 Stock Exchange Trading Right, our operation is also governed by rules and regulations introduced and administered by the Stock Exchange from time to time.

During the Track Record Period, we had obtained all material licenses, permits or certificates necessary to conduct our operations from the relevant governmental and regulatory bodies in Hong Kong and we had complied, to a material extent, with all applicable laws, regulations, rules, codes and guidelines in Hong Kong in connection with the business and operation of our Group. Details of the regulatory and licensing requirements are disclosed under the section headed “Regulatory Overview” in this prospectus.

### COMPETITIVE LANDSCAPE

The financial services sector in Hong Kong is highly competitive due to the vast number of market players in securities dealing and brokerage services, securities and IPO financing, corporate finance advisory services and asset management services.

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### *Securities dealing and brokerage services*

As at 31 May 2016, there were 529 Stock Exchange trading participants and 37 Stock Exchange non-trading participants. These participants are classified into three categories. Below is the distribution of market share of these participants from 2005 to 2015:

<b>Year</b>	<b>Category A (Position 1 to 14)</b>	<b>Category B (Position 15 to 65)</b>	<b>Category C (Position 66 and above)</b>
2005	53.1%	33.2%	13.8%
2006	52.0%	35.6%	12.4%
2007	50.4%	37.8%	11.9%
2008	53.0%	36.3%	10.7%
2009	52.0%	35.3%	12.6%
2010	51.1%	36.2%	12.8%
2011	53.6%	35.0%	11.4%
2012	57.7%	32.5%	10.5%
2013	56.0%	32.5%	11.5%
2014	54.2%	34.2%	11.6%
2015	52.3%	35.3%	12.4%

*Source: HKEx fact book 2009, 2014 and 2015*

*Note:* The table includes all Stock Exchange Participants that had paid transaction levy, investor compensation levy (if applicable) and trading fee to the Stock Exchange. The Stock Exchange Participants are classified into Category A, Category B or Category C participant by the Stock Exchange in terms of their respective share of the total market turnover.

The brokerage business in Hong Kong is dominated by certain large firms, in particular those in Category A. The top 14 firms accounted for more than 50% of the market turnover in the past few years thus leaving competition among firms in Category B and Category C intense. On 1 April 2003, minimum commission rates in respect of securities and commodities trading in Hong Kong have been deregulated. Since the deregulation, commissions have generally been subject to market forces and negotiations between brokerage firms and customers which further intensified competition within the securities brokerage industry.

We were a Stock Exchange Participant under Category C with a market share of approximately 0.0186% for the year ended 31 December 2015, and are currently holding 1 Stock Exchange Trading Right.

### *Corporate finance advisory services*

The financial services industry operates in a fast-changing business environment. The entry barrier for setting up business in providing corporate finance advisory services is considered to be low as substantial capital investment is not required. We face keen competition from different consulting and professional firms, including, amongst others, 281 licensed corporations and 33 registered institutions for Type 6 (advising on corporate finance) regulated activity as at the end of March 2016 according to the statistics of SFC, which may lead to competitive pricing for services.



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### *Securities and IPO financing services*

According to the data extracted from the SFC annual reports as illustrated in the section headed “Industry Overview” in this prospectus, the number of active margin finance borrowers increased from 132,101 in 2010 to 241,948 in 2015, representing an increase of approximately 83.2%. Following the increase in the number of active margin finance borrowers, the amounts of receivables from margin finance customers also showed a general upward trend and increased from approximately HK\$58.5 billion in 2010 to approximately HK\$145.3 billion in 2015, representing an increase of approximately 148.4%.

### *Asset management services*

We face keen competition from different asset management firms, including 1,153 licensed corporations and 42 registered institutions for Type 9 (asset management) regulated activity as at the end of March 2016 according to the statistics of the SFC.

## **INTERNAL CONTROL**

Pursuant to the Code of Conduct, a licensed corporation should have internal control in place to protect its operations, customers and other licensed or registered persons from financial loss arising from theft, fraud and other dishonest acts, professional misconduct or omissions. We have internal control system in place for the purpose of the compliance of the Code of Conduct.

We constantly collect information on the changing regulatory requirement by attending seminars and studying enforcement news of the SFC. We also have policies and procedures such as staff dealing, Chinese Wall, segregation of duties, policies on conflict of interests, policies on accounts opening and dealing practices. Our compliance department periodically reviews an internal policies to cope with new development of the relevant laws and regulations. Our compliance department and the operational teams discuss and evaluate the needs for improvement in our internal control system as and when necessary according to the needs of the daily operation.

Under the supervision of Mr. Cheung, our executive Director, our compliance department is responsible for setting out internal control standards and monitoring various control measures as implemented by each operational department. The experience and qualification of Mr. Cheung is set out in the section headed “Directors and Senior Management” in this prospectus.

All other operational departments are responsible for the implementation of the control measures based on the established policies and procedures. Our Responsible Officers are responsible for overseeing the day-to-day operations of these departments and ensuring that the internal control procedures are being followed.

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Set out below are some of our major internal control system in regard to our business activities:

### **Anti-money laundering and counter-terrorist financing**

For the purpose of detecting and preventing money laundering and counter-terrorist financing activities, we have established a number of policies and procedures in compliance with relevant legal and regulatory requirements.

Our employees are required to comply with the Hong Kong laws and the Anti-Money Laundering Guideline. With reference to the Anti-Money Laundering Guideline, our checking consists of four main components, (i) customer due diligence; (ii) on-going monitoring; (iii) suspicious transaction reporting; and (iv) record keeping.

#### *Customer due diligence*

Our employees have to identify and verify the identities of the beneficial owners of a securities trading account with reference to data or information provided by a reliable and independent source.

Our securities trading customers can be categorised into individual and corporate customers. For individual customers, we would inspect their original identification documents (e.g. ID cards or passports) and obtain a copy of the relevant documents to identify and verify their identities. For local corporate customers, we would obtain relevant information from the Hong Kong Companies Registry including the identity of shareholders and directors for verification. For offshore corporate customers, we would obtain their incorporation documents, memorandum and articles of association or equivalent constitutional documents, registers of members and directors and their board minutes. The identities of the authorised persons, directors and shareholders of both offshore and local corporate customers would be identified and verified through the same process as verifying individual customers' identities.

We also screen the potential customers against the databases of Webb-site Reports, the Department of the Treasury of the US, and FATF to check if such potential customer is from a high-risk and non-cooperative jurisdiction labelled by FATF or a US blocked person. Based on the information and document provided by the customers and the results obtained from these databases, our compliance department will fill in a Customer ML/TF Risk Assessment Form which is a checklist to identify high risk account. If the potential customer is identified as a US blocked person or comes from a high-risk and non-cooperative jurisdiction labelled by FATF, we will not accept such account. For other reasons of being classified as a high risk account, such as the customer is a retired person or the customer's account is opened on a non-face-to-face basis, we may, upon collection of further information or documents, accept such high risk account. However, a customer who has been identified as a high risk customer will be subject to close monitoring by our compliance department.

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### *On-going monitoring*

We review documents, data and information relating to our customers from time to time and monitor activities of the customers and identify those transactions that are complex, large and unusual. A transaction is considered to be complex, large and unusual if (i) the transaction involved some sophisticated manipulation, which constitute a series of transactions which are not commercially sensible; (ii) the ratio of the transaction amount to the net worth of the customer is abnormally high; or (iii) the customer's trading instructions deviate from his/her past trading pattern.

The responsible account executives and our compliance department are responsible for the on-going monitoring. For high risk customers, we review the transaction movement to identify any abnormal transactions movement or third party payment once a month.

### *Suspicious transaction reporting*

If any suspicious transaction is noted, our employees have to notify our money laundering reporting officer without delay. Once there are reasonable grounds to justify that the customers or transactions are suspicious, the money laundering reporting officer shall file reports to JFIU as soon as practicable.

### *Record keeping*

We record sufficient data and information to trace individual transactions and establish a financial profile of any suspicious account or customer. All records are kept for at least six years.

During the Track Record Period, we were not aware of any customers or transactions which were suspicious of money laundering and terrorist financing activities.

### **Key controls on our securities dealing and brokerage services**

We have a set of internal control procedures to cover the areas of accounts opening, dealing procedures, staff dealing, error trades and risk management.

### *Accounts opening*

Our account executives, who are licensed persons, are required to take all reasonable steps to identify the customers' identities, financial backgrounds, investment experiences and investment objectives. They also have to fully explain the account opening documents to customers. Written agreements must be entered into between us and the customers prior to providing any services to them. To verify the customer's identities, the written agreements have to be accompanied with copies of documents which can uniquely identify the customer such as identity cards, passports, address proofs, corporate documents and/or other relevant documents as appropriate. Where there are any subsequent changes to the personal information of the customers such as address, we will request the customers to provide supporting evidence.

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### *Dealing procedures*

Our account executives are responsible for taking trading orders from customers through telephone and such orders will be recorded through our telephone recording system. Our account executives are prohibited from receiving trading orders through mobile phones within office premises. If trading orders are received from mobile phones outside office premises, our account executives have to immediately call back to our telephone recording system and record the time of receipt and instruction details.

The account executives are required to ascertain the customers' personal particulars such as names and account numbers before executing the trading orders. They are also required to check against the stock positions and available balance of customers' accounts to ensure that there are sufficient cash and/or securities in their accounts to cover the transaction cost. The account executives will notify the customers after the execution of the trade. The phone recordings are maintained and kept for at least six months.

For securities dealing through our online trading platform, customers are provided with unique usernames and passwords for logging into the online trading platform. They can change their passwords through the online trading platform. When trading orders are input, our system will check if the customers have sufficient cash and/or securities in their accounts to cover the transaction cost. Our customers can trace the transaction status from the online trading platform on real time basis.

Alerts are prompted to our management for any insufficiency of cash or securities in a trading order. Our management then decide on whether to approve the trading orders after considering the shortfall amount, the customers' creditworthiness and trading histories of customers.

We also send account statements by mail or e-mail to our customers, whose accounts incurred any movement, on daily basis for record.

### *Error trades*

When our account executives become aware of any error trade, he/she must immediately report it to our Responsible Officers, who will then rectify the same as soon as possible. The responsible account executives for the error trades have to fill in "Error Reports" describing the events, actions being taken, error amounts and suggestions for future precautions. The "Error Reports", along with all supporting documents, are reviewed by our Responsible Officers and submitted to the operations department. The error trades are then booked into the error trade account.

During the Track Record Period, we identified 4, 3 and 4 incidents of error trades, respectively. The amount involved in each incident was minimal. By taking remedial actions to correct the errors, we recognised a net gain of approximately HK\$9,000 for the year ended 31 December 2013, a net loss of approximately HK\$800 for the year ended 31 December 2014 and a net gain of approximately HK\$28,000 for the year ended 31 December 2015.

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### *Prevention of fraud, misappropriation or misconduct*

We have internal control procedures to prevent fraud, misappropriation and misconduct. We prohibit our account executives from handling the delivery of cash or any connection regarding cash with customers. For deposit of funds to our trading accounts, our operations department keeps the pay-in slip or, if cheque is received from the customers, the cheque copy from the customers as supporting documents to credit entry of such deposit. For withdrawal of funds, we accept verbal request from the customer only when payments are being made payable to account holder's title. If such withdrawal of fund is payable to a third-party account other than the customer, original written request must be obtained from customer together with reason for requesting third-party payment. Our operations manager approves withdrawal only when the securities trading account has sufficient funds for the withdrawal and after verification of customer's signature with account opening record.

Where securities are to be deposited into our securities trading account through CCASS, a completed "Settlement Instruction Request Form" must be obtained and our operations manager will liaise with the counterparty to confirm that the name of the counterparty's account holder is the same as our customer. When a customer deposits physical share certificates in street name into our securities trading account, proof of ownership, such as presentation of the stamped contract note under the name of our customer, must be produced to us. If share certificates are in street name and proof of ownership cannot be produced, it is then the customer's responsibility to have the certificates re-registered into his/her name before depositing the same into our securities trading account. Upon receipt of marketable shares, the operations manager will deposit the share certificates into CCASS and input relevant entry to update the securities trading system and the daily statement will be generated and sent to the customer by post or email accordingly. When a customer requests for withdrawal of the securities from the securities trading account through CCASS, a completed "Settlement Instruction Request Form" must be obtained together with enough and accurate information to expedite the withdrawal.

Our compliance department performs monthly checking including cash/cheque deposit, fund withdrawal, settlement instruction, physical certificate deposit or withdrawal.

### *Staff and self-employed account executives dealing*

Staff and self-employed account executives are required to identify and disclose all related accounts including minor children and accounts in which the staff hold beneficial interest. Staff and self-employed account executives are generally required to conduct their personal account dealings through their securities trading accounts maintained with us. Before our staff and self-employed account executives open an outside account with other licensed corporations, our staff and self-employed account executives are required to inform us the details of the account to be opened, including (i) the type of account to be opened (i.e. securities trading account or futures contracts trading account); and (ii) the name of the relevant licensed corporations that written consent is required from our compliance department. When staff and self-employed account executives deal through their outside accounts, they have to produce copy of monthly statement to our compliance department within 15 days after the end of each month.

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We maintain a restricted list containing those listed companies for which mandate may be or has been signed with us and our staff and self-employed account executives are not allowed to trade those listed companies enlisted in the restricted list. The restricted list is updated by our corporate finance department and circulated to our staff and self-employed account executives from time to time. Our Responsible Officers, on daily basis, review all personal account dealings by our staff and self-employed account executives on securities trading accounts maintained with us, to identify any dealings in securities of listed companies under the restricted list. In addition, our compliance department, on monthly basis, review all personal account dealings by our staff and self-employed account executives, including both securities trading accounts maintained with us and outside accounts, to assess whether (i) staff incur substantial losses which is beyond his/her financial abilities; (ii) staff trade frequently which would affect his/her daily performance of duties and (iii) staff deals in securities of listed companies under the restricted list.

Having considered the abovementioned internal control procedures, in particular (i) measures are in place to require our staff and self-employed account executives to (a) inform us the details of any outside accounts opened and (b) provide us with the monthly statements of outside accounts; (ii) our staff and self-employed account executives are well informed of trading restrictions on companies listed in the restricted list; and (iii) the staff dealings are regularly reviewed by our senior management, our Directors are of the view, and the Sponsor concurs with our Directors' view, that our internal control procedures are adequate and effective to monitor our staff and self-employed account executives dealing.

### *Credit risk management*

We are exposed to credit risks during the course of our business on providing financing services to our customers for trading on a margin basis. As our internal control measures, we have a credit committee comprising Mr. Pan, Mr. Kwan and Ms. Truong to maintain proper credit controls on margin financing in order to prevent us from being exposed to unacceptable credit risks.

In order to minimise our risk related to provision of financing services, we implement a daily monitoring procedure to review the margin position of those securities trading accounts with outstanding balance exceeding the marginable amount. Our members of the credit committee and account executives review the Margin Position Report containing the outstanding balance, the marginable amount, the amount to be called for deposit and the leverage ratio (expressing as a ratio of the outstanding balance against the market value of the securities held by the customers). When the leverage ratio of a securities trading account exceeds 50%, our account executives would call their respective customers, on a case-by-case basis such as considering amount of margin loan or effect on IPO subscriptions, to deposit sufficient funds or take other appropriate actions (such as further deposit of securities to the securities trading account, or sale of securities in the securities trading account) to top up the outstanding balance and/or the market value of the securities under the securities trading account. Our credit committee may, on a case-by-case basis depending on the quality, liquidity and price volatility of individual stock, and the transaction history and creditworthiness of the customer, exercise the right to take action on a securities trading account such as prohibition of further purchase of securities or liquidation of the position of the securities trading account.

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The credit assessment of a customer is performed during account opening through enquiry and collection of information so as to verify the customers' net worth and income, and evaluate their risk profile by understanding their financial condition, investment preferences and investment experience. We did not independently obtain credit information from third parties (such as any credit reports on our customers) during our credit assessment process. However, given that (i) our financing service are provided with listed securities pledged as collaterals; (ii) margin ratio is assigned for each individual securities; (iii) marginable amount of each of our customer is determined based on (a) the market value of securities held under the securities trading account; and (b) the margin ratio for each securities; and (iv) our margin call policy and trading limit set for each securities trading account would limit the maximum loss due to customer's default, our Directors consider that our credit assessment procedures are appropriate and sufficient to manage our credit risk and in compliance with the requirements under the Code of Conduct.

During the Track Record Period, we did not record any loss resulting from default of margin loans from our customers.

### *Liquidity risk management*

We are required to maintain at all times the liquid capital which is not less than the minimum requirement as set out under the FRR. Our accounts department is responsible for the preparation of the financial returns and the computation of liquid capital in accordance with the requirements under the FRR. The monthly financial returns are submitted to our Responsible Officers for review and approval before submission to the SFC no later than three weeks after each calendar month. Our accounts department also conducts the liquid capital computation on a daily basis which is reviewed by our Responsible Officers to ensure that Astrum Capital is able to comply with the FRR requirement on an ongoing basis.

During the Track Record Period, our Group did not have any material non-compliance with the minimum liquid capital requirement as set out by the SFC.

### *Information technology policy*

Our Group has put in place information technology policy which controls over our information technology infrastructure. Access controls are in place so that all users' access (including staff, clients, IT consultant and trading system service provider of the securities trading system) to the system are required to be authorised by our Group. Password policies and standards are also in place to facilitate user authentication and access control. The computer system and information processing facilities of our Group are protected by firewalls and anti-virus software to prevent and detect any potential threats by computer viruses and other malicious software. Encryption is required when data is stored on portable devices. Daily backup procedures and business continuity plan are in place to ensure the continuity of our business operation.

To ensure the safety and stability of the online trading system and prevent system breakdown, our Group has implemented the following measures. Firstly, for hardware components of the trading system, we have backup components to ensure any hardware failure can be recovered within a short period of time. Secondly, dealing department and



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operations department are responsible for the close monitoring of the stability and performance of the trading system and, if any irregularities are detected, liaising with the IT consultant and/or trading system service provider for rectification immediately. Thirdly, any software/hardware changes/upgrade in the trading system will be tested during market rehearsal session before rollout. Fourthly, the log for our online trading system being accessed by our customers would be recorded. Both software and hardware firewalls are established for the online trading system to prevent and detect any potential threats by computer viruses and other malicious software. Our customer will be locked out of our online trading system if they enter a wrong password for five times or more and the online access to the account would be suspended until we receive a request from the customer to lift the suspension.

In the event the operation of the IT infrastructure is suspended, we shall activate our contingency plans including (i) the set up of an emergency office equipped with computers, printer, fax machine and telephones in a business center located in Wanchai, Admiralty, Central or Sheung Wan; (ii) restoration of the backup files in the emergency office; (iii) contacting other brokers or sending our dealer to the trading floor in the Stock Exchange to continue trading and continuing the normal CCASS functions in the back-up centre provided by HKSCC; and (iv) notifying our customers by email/mail our contact information in the emergency office.

### **Key internal controls on our placing and underwriting services and corporate finance advisory services**

#### *Restricted list and conflict checks*

Once we identify potential projects which involve any listed companies, the names of the listed companies are added to the restricted list and such list is then circulated to our staff. Our staff are strictly prohibited to trade the securities of the listed companies listed on the restricted list.

Prior to the acceptance of any corporate finance advisory engagement, a conflict of interests check and/or independence check is conducted. Upon clearance of the conflict of interests check and/or independence check, our corporate finance department liaises with the customers on the terms of the engagement which include the scope of our work, the fees and the payment terms. Once the terms are agreed by both parties, both parties then enter into the engagement letter and we retain the original engagement letter for record keeping purpose.

#### *Chinese Wall*

As we are engaged in a variety of businesses of different nature, we recognise the importance of managing conflict of interests to protect the interests of our customers and our staff. As such, we have established the Chinese Wall to enable us to avoid possible conflict of interests and the flow of material non-public information.



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We have internal policies and procedures in place to safeguard inside information and to ensure no improper trading occurs (e.g. the restricted list as recorded and kept by our corporate finance department from time to time). To effectively enforce the Chinese Wall policy, we have also established physical segregation including segregation of office premises for various departments in particular our corporate finance department.

### *Record keeping*

We keep proper books and records for all transactions undertaken by us. All filings of documents and correspondences of the corporate finance engagements as well as the placing and underwriting transactions are reviewed by our Responsible Officers and kept for at least seven years.

We also keep separate files for copies such as invoices, engagement letters, underwriting agreements and/or placing letters. These documents must be circulated to our accounts department to ensure that accounting records are updated properly.

### **Key control on our asset management services**

#### *Account opening*

Our investment committee will carry out meeting and approve account opening with external brokers to execute trade orders under Astrum China Fund. On a quarterly basis, the operation officer of Astrum China Fund will provide a report to the investment committee to review and ensure that the percentage of the aggregate transaction value placed to each of the external brokers will be less than 30%. Investment committee approval will be required for any changes to the list of external brokers with Astrum China Fund.

#### *Dealing procedure*

The investment committee sets up a universe of securities based on the trading multiples such as P/Es, P/Bs and EV/EBITDAs of the listed securities. The portfolio manager who initiates the trade would prepare an investment memo which covers the background information on the securities, target prices, recommendation and/or actions to be taken for each investment on behalf of Astrum China Fund. All trading orders, together with the investment memo, have to be approved by one of the investment committee members before execution. The investment memo, trade orders and order confirmations will be kept for completion of record. The operations officer of Astrum China Fund monitors its position on a daily basis to ensure that the investment guidelines are properly followed.

#### *Staff dealing*

Staff who involves in Astrum China Fund is required to seek approval from a Responsible Officer prior to conducting any personal trading. Staff who would like to trade in the same securities as Astrum China Fund on the same day can only execute such trade one day after the approval is granted. Each staff is required to conduct trading in the

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securities trading accounts with Astrum Capital unless prior consent is given by the compliance department and each staff is required to submit a disclosure of their securities holding on a monthly basis.

### *Compliance monitoring*

We have a set of investment guidelines setting out a number of investment limits including (i) individual holdings over the net asset value of Astrum China Fund; (ii) amount of warrants and other leveraging instruments; (iii) the extent of overdraft and other borrowings; and (iv) the required percentage of aggregate shareholding of each investee company. All investment decisions are subject to the limits as set out in investment guidelines.

If any of the limits as set out in our investment guidelines is exceeded, our Responsible Officers and compliance department will be notified and prompt remedial actions will be taken.

Our investment team meets on a weekly basis to discuss on areas including (i) the discussion of major market updates, events and geopolitical developments; (ii) the review of deviations of actual asset allocation from target allocations; (iii) the review on sector performance and comment on portfolio performance; and (iv) discussions on individual investments. Our investment committee also meets on a monthly basis to review (i) the portfolios and asset allocations of Astrum China Fund; (ii) its performance; (iii) the universe of securities; and (iv) the compliance matters of Astrum China Fund.

### **Compliance with FATCA**

Given that Astrum Capital holds assets on behalf of customers in the provision of securities brokerage services, it falls within the definition of FFI under FATCA.

To ensure that Astrum Capital complies with FATCA requirements, our Group has adopted the following measures:

- (i) registering Astrum Capital with the IRS;
- (ii) identifying any US taxpayer during the account opening procedures to ensure compliance with FATCA;
- (iii) conducting reviews of our existing client accounts to identify any accounts held by US taxpayer; and
- (iv) providing training and guidance to Astrum Capital's employees with respect to the new requirements under FATCA.

As at the Latest Practicable Date, none of our existing client accounts were held by a US taxpayer. Given that (i) Astrum Capital has registered with the IRS; (ii) we have implemented account opening procedures to identify US accounts and clients in compliance with FATCA; and (iii) none of our existing securities trading accounts are held by a US

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taxpayer, our Directors believe that the implementation of FATCA in Hong Kong pursuant to the IGA has no material impact on our business operations, our Shareholders and our existing clients.

### **NON-COMPLIANCE AND DISCIPLINARY ACTIONS**

Our Directors confirm that save as disclosed below, we have complied with all applicable laws and regulations in Hong Kong (being the principal jurisdiction in which we operate) in all material respects and no disciplinary action was taken against any members of our Group and/or our employees during the Track Record Period and up to the Latest Practicable Date.

Set out below are details of our past non-compliance incidents:

#### **1. Breach of repledging limit requirement under CSR**

During the period from 21 October 2009 to 10 November 2009, pursuant to one of our sub-underwriting engagements, the securities collaterals repledged to an underwriter of such engagement were above 140% of the then aggregate amount of margin loans of Astrum Capital. It was until 12 November 2009 that Astrum Capital settled the margin loan with the underwriter for the clients such that all securities collaterals had been returned from the underwriter to the clients.

We subsequently reported to the SFC that Astrum Capital had breached the repledging limit requirement as set out in section 8A of the CSR during the period from 21 October 2009 to 10 November 2009 and was reminded by the SFC to take all reasonable steps to ensure future compliance with the CSR in March 2010.

Subsequent to this incident, Astrum Capital has taken remedial actions to avoid the reoccurrence of the breach. These actions include the implementation of a daily monitoring controls over the repledging limit and update of the relevant sections in its compliance and procedures manual.

As advised by the Legal Counsel, given there has been no action taken by the SFC since March 2010, the risk of any further action to be taken by the SFC relating to this matter is remote.

#### **2. Non-compliance with IRO**

- (i) Section 52(4) of the IRO: During 2005 to 2014, our Company failed to file within the prescribed time limit under section 52(4) of the IRO the notice (Form 56E) regarding the commencement of employment of 19 employees.
- (ii) Section 52(5) of the IRO: During 2008 to 2015, our Company failed to file within the prescribed time limit under section 52(5) of the IRO the notice (Form 56F) regarding the cessation of employment of 10 employees.

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Our Company confirms that the above breaches were not willful and due to the inadvertent oversight, unfamiliarity with the relevant requirements of the administrative staff responsible for employee records and the absence of timely professional advice at the material time. As advised by the Legal Counsel, any person without reasonable excuse fails to comply with section 52(4) and section 52(5) of the IRO shall be guilty of an offence and the maximum penalty for each offence is HK\$10,000 and the time limit of prosecution of this kind of defaults is either in the year of assessment in respect of or during the offence was committed or within 6 years after the expiration thereof. As further advised by the Legal Counsel, the abovementioned offences under IRO are quite minor and technical in nature, the chance of prosecution is remote and even if there is any prosecution, the chance of maximum sentence being imposed is remote upon successful conviction(s) if any.

### **Indemnity given by the Indemnifiers**

The Indemnifiers, namely, Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty, have entered into the Deed of Indemnity whereby the Indemnifiers have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and losses which may arise as a result of any non-compliance of our Group with the applicable laws, rules and regulations before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the paragraph headed “Tax and other indemnities” in Appendix IV to this prospectus.

### **Internal control measures to prevent the recurrence of non-compliance incidents**

In order to continuously improve our Group’s corporate governance and to prevent recurrence of the abovementioned non-compliances in the future, our Group has adopted or will adopt the following measures:

1. With regards to the non-compliance with section 8A of the CSR, we have implemented a daily monitoring control over the replying limit since March 2010 and updated the relevant sections in our compliance and procedures manual accordingly.
2. With regards to the non-compliance with the IRO, our human resources department has maintained a checklist for the documents required to be filed by each of our incoming and outgoing employees, including, amongst others, Form 56E and Form 56F since March 2015 and our human resources handbook was updated accordingly in February 2016.
3. On 13 February 2015 and 19 February 2016, our Directors attended training sessions conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange.
4. We have engaged Messis Capital Limited as our compliance adviser upon Listing to advise us on compliance matters in accordance with the GEM Listing Rules.

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5. On 23 June 2016, we established an audit committee which comprises all independent non-executive Directors, namely, Mr. Chan Chun Hong, Mr. Lee Tak Cheung Vincent and Mr. Lau Hon Kee. The audit committee has adopted its terms of reference which sets out clearly its duties and obligations to, among others, overseeing the internal control procedures and accounting and financial reporting matter of our Group, and ensuring compliances with the relevant laws and regulations.
6. Our compliance officer, Mr. Cheung, is responsible for ongoing review and update of our compliance and procedures manual to ensure that the compliance policy and procedures are up to date in accordance with the regulatory requirements.
7. All of our management and staff are required to report to and/or notify our compliance officer promptly of any non-compliance or potential non-compliance events.
8. Our Group will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and compliance when necessary and appropriate.

Our Directors are of the view that the above arrangements will enable our Group to ensure our compliance with the legal and regulatory requirements in the future.

### **View of our Directors and the Sponsor**

Our Directors consider that the abovementioned non-compliance incidents would not affect the suitability of our executive Directors under Rules 5.01 and 5.02 of the GEM Listing Rules or the suitability of listing our Company under Rule 11.06 of the GEM Listing Rules and that the various internal control measures adopted by our Group are adequate and effective having taken into account that (i) our Group has fully rectified all of the non-compliance incidents, if applicable; (ii) our Group has implemented (or will implement where applicable) the abovementioned measures to avoid recurrence of the non-compliance incidents; (iii) there were no recurrence of similar non-compliance incidents since the implementation of such measures; and (iv) the non-compliance incidents were unintentional, did not involve any dishonesty or fraudulent act on the part of our executive Directors, and did not raise any question as to the integrity of our executive Directors.

The Sponsor, after considering the above and having reviewed the internal control measures, concurs with the views of our Directors that (a) the various internal control measures adopted by our Group are adequate and effective; and (b) the abovementioned non-compliance incidents would not affect the suitability of our Directors under Rule 5.01 and Rule 5.02 of the GEM Listing Rules and the suitability of our Company under Rule 11.06 of the GEM Listing Rules.

**SFC inspection**

During the inspection visits by the SFC in late 2011 and early 2012, the SFC had some comments in regard to our internal control procedures. We were required to take rectifying measures on the deficiencies as detailed below. To address SFC's comments, we have updated our compliance and procedures manual and submitted the same to the SFC. On 19 July 2012, we received a letter from the SFC confirming no further comments on our responses. Set out below is the summary of the comments from the SFC and our rectification actions taken in respect of their comments:

**Comments from the SFC**

**Our rectification actions**

**(1) Margin call policy**

SFC noted that we had a margin call policy as stated in our internal compliance and procedures manual. However, the matters below were not addressed in the margin call policy:

Updated our compliance and procedures manual to:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>● the form of an objective proof of net income or net worth such as tax returns, salaries advice and bank statements used as a reference for setting limits to customers;</li><br/><li>● the triggering level for marking the first and successive margin calls;</li></ul> | <ul style="list-style-type: none"><li>● state that the form of objective proof of net worth or net income should be obtained, such as tax returns, salaries advice, bank statement or broker account statement for the use of reference for setting limits to our customers;</li><br/><li>● clearly state the conditions for trigger of margin call. For cash account, a call would be triggered when an account carries a debit balance. For margin account, a margin call would be triggered when net value (i.e. total current market value of all open positions less amount owes to us add amount owned by the customer) of an account falls below the minimum margin requirement as set by our credit committee;</li></ul> |
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### Comments from the SFC

- the giving of warnings to customers with outstanding margin calls specifying the steps that we plan to take and when;
- the triggering level for stopping further advances to customers; and
- the approval procedure for circumstances in which deviation from the policy and the limits applicable to each level of the management.

### Our rectification actions

- state that our respective sales representative would be responsible to inform customers of margin call specifying that we would, according to the signed account agreement, liquidate sufficient position to cover outstanding call in the event where defaults had happened, including failure to meet margin call;
- the relevant account, which our customer has any outstanding margin call, is restricted to.
  - liquidating orders only;
  - withdrawal of funds;
  - transfer of funds to another accounts;
  - withdrawal of stock;
  - transfer of stock to another account; and
  - withdrawal of assets from the account;
- empower the credit committee to waive or grant an extension for setting of margin call after considering the written explanations from the account executive, any adverse effects on our liquid capital and any breach of the FRR.

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### Comments from the SFC

### Our rectification actions

#### (2) Margin call / call for overdue cash customer receivables

Astrum Capital has the discretion on whether to make margin calls/ calls for overdue cash customers' receivable to customers. However, margin calls/ calls for overdue cash customers' receivables would not be made as long as the total outstanding balances did not exceed the aggregate of excess liquid capital and undrawn approved subordinated loan.

For better credit control, Astrum Capital is required to apply an effective margin control collection and overdue customer receivable procedures to all margin customers and cash customers.

Adopted a prudent margin policy and tightened our margin collection procedures to protect us from suffering potential loss as a result of customer defaults or adverse market conditions. In the circumstances where the credit committee has decided to take forced-liquidation action against an outstanding margin call, we would adopt a last-in-first-out basis at market price or the best available terms to the client. The liquidating order should be entered by the compliance officer. After liquidating, our compliance department should send a letter informing our customer that forced-liquidation action has been taken to cover the outstanding margin call.

#### (3) Trading limit

Our credit committee would grant the trading limit to customer based on the estimated net worth and estimated annual income declared by customer in the customer's agreement instead of verifying on objective proof of the financial background of customer. Astrum Capital should establish policies and procedures to set out the criteria and document the justifications for granting trading limits to customers.

Obtain objective proof of net worth or net income of our customers for setting trading limit for margin/cash accounts.

#### (4) Employee dealing



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### **Comments from the SFC**

Employees were allowed to place orders for their trading accounts directly through the front office trading system and employee trading activities were only monitored by the compliance officer on a monthly basis. Astrum Capital was required to take appropriate actions to ensure full compliance with the Code of Conduct which requires transactions of employees' accounts and related accounts should be reported to and actively monitored by our senior management who should not have any beneficial or other interests in the transactions and maintain procedures to detect irregularities and ensure that our handling of these transactions or orders is not prejudicial to the interests of our other customers.

### **Our rectification actions**

In addition to monthly review by our compliance officer, we monitor all staff dealing on a daily basis by our Director.

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### Comments from the SFC

### Our rectification actions

#### (5) Stock reconciliation

Astrum Capital conducted daily stock reconciliation to reconcile the aggregated stock holdings maintained in CCASS with internal stock ledger. Moreover, the operations manager would generate the “ATI” report from the settlement system and upload to the CCASS for stock transfer between CCASS “01” clearing account, “03” cash customer account and “04” margin client account to ensure that stocks were properly segregated into the CCASS sub-accounts.

Enhanced our settlement system to include the “02” entitlement account to the “ATI” report to transfer stocks between CCASS accounts to ensure all customer assets are accounted for properly and promptly.

However, the “ATI” report did not include the stock holdings in CCASS “02” entitlement account. As a result, the shares of a particular customer of Astrum Capital which were deposited in CCASS “02” entitlement account had never been segregated to CCASS “03” cash customer account until when they were transferred to CCASS “01” clearing account for settling the customer’s sell trade. Astrum Capital is required to take appropriate actions to ensure full compliance with the Code of Conduct which requires the licensed person to ensure that customer assets are accounted for properly and promptly. Where the licensed person is in possession or control of customer positions or assets, the licensed person should ensure that customer positions or assets are adequately safeguarded.

Save as disclosed above, our Directors, having made all relevant enquiries, are not aware of any other comments from the SFC regarding our internal control policies and procedures up to the Latest Practicable Date and consider that there is no material deficiencies in our internal control procedures.

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### INSURANCE

During the Track Record Period, we had medical insurance for employees and insurance covering loss of customer assets due to theft by employees or other fraudulent acts as required under the Securities and Futures (Insurance) Rules. As major aspects of our operations have been covered by insurance, we believe our Group has taken out sufficient insurance coverage over our assets and employees. During the Track Record Period, there were no material insurance claims.

### EMPLOYEES

As at the Latest Practicable Date, we had 21 employees. All of our employees are stationed in Hong Kong. The following table sets forth a breakdown of the number of our employees by business functions:

	<b>As at the Latest Practicable Date</b>
Management	3
Securities dealing and brokerage and settlement	7
Corporate finance advisory	3
Asset Management	2
Finance, IT, human resources and administration	<u>6</u>
	<u>21</u>

All of our employees (other than self-employed account executives) are employed under employment contracts which set out fully, among other things, the employees' responsibilities, remuneration and grounds for termination of employment. The remuneration packages of our employees (other than self-employed account executives) include salary and bonus. Generally, employee salaries are determined based on the employees' qualification, experience, position and seniority. We assess our employee remuneration on an annual basis to determine whether any bonus or salary adjustments are required to be made.

Overall, we believe that our remuneration package is competitive in the market. Our Group has maintained good working relationships with our employees and does not foresee any difficulties in the recruitment and retention of experienced staff. During the Track Record Period, there was no interruption to our operations as a result of labour disputes.

### SELF-EMPLOYED ACCOUNT EXECUTIVES

Our self-employed account executives are solely responsible for handling their respective AE Referred Accounts. In view of their job nature, they are not entitled to any fixed monthly salary or statutory employment benefits. Instead, they are entitled to commission at an agreed sharing ratio from the commission generated from their responsible AE Referred Accounts.

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Notwithstanding that self-employed account executives are not our employees, they are licensed representatives of Astrum Capital and their business activities are bound by the Code of Conduct and our internal control policies. As such, all staff dealing monitoring procedures are extended to self-employed account executives and we did not experience any difficulties on the monitoring of our self-employed account executives.

### Training policies

We are a licensed corporation under the SFO and the majority of our employees are licensed as Responsible Officers or Licensed Representatives. As such, we have to comply with the continuous professional training requirements. All Responsible Officers and Licensed Representatives are required to undertake sufficient number of hours of continuous professional training in order to maintain their SFC licenses to carry on regulated activities.

From time to time, we provide updates on changes or development in the financial industry including the revisions on rules and regulations to keep our relevant staff updated.

### PROPERTIES



As at the Latest Practicable Date, we did not own any property and we leased from an Independent Third Party the following property for our operations:

Address	Landlord	Use of the property	Term of the tenancy
Room 2704, 27/F., Tower 1 Admiralty Centre, 18 Harcourt Road, Hong Kong	Independent Third Party	Office	Three years from 25th January 2016 to 24th January, 2019, both days inclusive

### INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we were the registrant of one domain name, namely, <http://www.astrum-capital.com>.

As at the Latest Practicable Date, we were the registered owner of the following trademarks in Hong Kong:

Trademark	Class	Registration number	Validity period	Place of registration	Registered owner
	36*	303261122	8 January 2015 to 7 January 2025	Hong Kong	Astrum Capital
	36*	303261131	8 January 2015 to 7 January 2025	Hong Kong	Astrum Capital

\* Class 36 encompasses insurance, financial affairs, monetary affairs and real estate affairs.

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To the best of our Directors' knowledge, apart from Astrum Capital, there are three Hong Kong companies using "Astrum" as their company names. In addition, there is a Hong Kong company which was formerly known as Astrum Finance Limited. Immediately before their share disposals on 4 December 2015, Astrum Finance Limited was wholly owned by Mr. Ng and Mr. Pan, both of whom were also its directors and the principal business of Astrum Finance Limited was the provision of personal loans to individuals or corporations. In June 2015, Astrum Finance Limited changed its company name into another name without the word "Astrum". Since Mr. Pan and Mr. Ng had no intention to continue any further business of Astrum Finance Limited, Mr. Pan and Mr. Ng sold the entire share capital of Astrum Finance Limited to an Independent Third Party on 4 December 2015 and they resigned as the directors of Astrum Finance Limited on 8 December 2015.

Although we provide financing services to our customers, the nature of our financing services and the financial needs of our customers are different from those of Astrum Finance Limited. We provide securities and IPO financing to our customers who wish to purchase securities on a margin basis through their securities trading accounts maintained with us while Astrum Finance Limited provided personal loans for customers to cater for their personal financial needs. All securities and IPO financing services provided by us are pledged with securities whereas Astrum Finance Limited provided unsecured personal loans or secured personal loan pledged with property. Further, before the share disposals by Mr. Pan and Mr. Ng on 4 December 2015, Astrum Finance Limited was licensed to carry on business as a money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), which is enforced by the Commissioner of Police, whereas our Group's activities are regulated under the SFO governed by the SFC. Based on the above, in particular, (i) the nature of our financing services and the financial needs of our customers are different from those of Astrum Finance Limited; (ii) Astrum Finance Limited and our Group are regulated under different regulatory regimes in Hong Kong; and (iii) before the share disposals by Mr. Pan and Mr. Ng on 4 December 2015, Astrum Finance Limited had only conducted limited business activities, Astrum Finance Limited is not and will not be part of our Group and our Directors are of the view that there is clear business delineation between our Group and Astrum Finance Limited and there is no competition between our Group and our Controlling Shareholders.

Mr. Pan and Mr. Ng confirmed that before their share disposals on 4 December 2015, they were not aware of any litigation or legal proceedings against Astrum Finance Limited. Based on this information, the Legal Counsel is of the view that our reputation will not be tarnished by the history and/or the ongoing activities of Astrum Finance Limited.

As for the other three companies using "Astrum" as their company names, they are Independent Third Parties and we have no information as to their business nature but it is noted that none of these three companies are on the Public Register of Licensed Persons and Registered Institutions on the website of the SFC as at the Latest Practicable Date.

As advised by the Legal Counsel, of these three companies, save for one company which used "Astrum" as its company name in February 2005 but changed its name in June 2010 and then used "Astrum" again as its company name in May 2011, the other two companies were incorporated after 2007. Hence, Astrum Capital used "Astrum" as its company name before the incorporation of these two companies and the renaming of the said one company.

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As further advised by the Legal Counsel, unless these companies can establish that they have established goodwill in the name of “Astrum” while our Group cannot so establish and it is likely that the public will confuse our Group with them, otherwise it will be extremely difficult if not impossible for them to claim for passing off and to claim that they, as late comers, have goodwill to be passed off by our Group. In the premises, the Legal Counsel is of the view that the chance of our Group to be claimed for passing off by these companies is remote.

Further, we were the registered owner of our trademarks. The Legal Counsel advised that after successful registration of our trademarks, both our logo and our company name can be protected. Since we have already registered the trademarks with the name “Astrum Capital Management Limited” and “Astrum” in class 36 which encompasses insurance, financial affairs, monetary affairs and real estate affairs, in case where there are any other entities using the same name of “Astrum” in the same industry of our Group infringing our intellectual property rights, we may take legal action against such entity for infringement of the trademarks and/or passing off and seek appropriate redresses from the court including but not limited to damages and/or injunction. The Legal Counsel is of the view that registration of the trademarks is the best available measure for our Group to protect our trademarks and our goodwill, and to prevent other entities from tarnishing our reputation.

### **LITIGATION AND CLAIMS**

As at the Latest Practicable Date, our Group had not been involved in any litigations, arbitrations or claims of material importance; and no litigations, arbitrations or claims of material importance is known by our Directors to be pending or threatened by or against our Group, which would have a material adverse impact on the operating results or financial position of our Group.

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## CONNECTED TRANSACTIONS

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### CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules:

#### *A. Financing Services Agreements*

Prior to the Listing, our Group has provided margin financing and IPO financing services to the Connected Parties in the ordinary and usual course of business of our Group and on normal commercial terms. It is expected that after the Listing, our Group will continue to provide the aforesaid services to the Connected Parties. As such, the provision of the margin financing and IPO financing services to the Connected Parties will constitute continuing connected transactions of our Company pursuant to Chapter 20 of the GEM Listing Rules.

The Connected Parties with whom our Group has entered into continuing connected transactions are as follows:

<b>Connected Parties</b>	<b>Relationships with our Group</b>	<b>Aggregation of transactions</b>
Mr. Pan	an executive Director, our Controlling Shareholder; and a director of Astrum Capital	The Pan's Family
Mr. Kwan	an executive Director and a director of Astrum Capital	–
Mr. Cheung	an executive Director	–

Each of the Connected Parties as stated above had individually maintained a securities trading account with our Group and obtained brokerage services and/or financing services provided by our Group during the Track Record Period or is expected to obtain brokerage services and/or financing services provided by our Group after the Listing, and is either a director of our Group or their respective associates, and is therefore each a connected person under the definition of the GEM Listing Rules. As certain continuing connected transactions were entered into by our Group with the parties connected or otherwise associated with one another, the transactions entered into with such Connected Parties will be categorised as same class of transactions and will be aggregated into a series of connected transactions for the purpose of calculating the considerations as referred to in the above table under the column "Aggregation of transactions".

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## CONNECTED TRANSACTIONS

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*Historical figures:*

During the Track Record Period, the Connected Parties had maintained securities trading accounts with our Group and obtained financing services, including margin financing and IPO financing services, from our Group. The daily maximum amounts of IPO financing and margin financing advanced by our Group to the Connected Parties and the amounts of interest income received for the three years ended 31 December 2015 are set out as below:

Connected Parties	Financing Services	Year ended 31 December		
		2013 HK\$'000 (Approximately)	2014 HK\$'000 (Approximately)	2015 HK\$'000 (Approximately)
The Pan's Family	Daily maximum amounts of IPO financing ( <i>Note</i> )	48,817	20,345	22,277
	Daily maximum amounts of margin financing ( <i>Note</i> )	4,771	7,532	5,509
	Total interest income received	93	225	212
Mr. Kwan	Daily maximum amounts of IPO financing	–	1,273	1,804
	Daily maximum amounts of margin financing	–	10	23
	Total interest income received	–	1	2
Mr. Cheung	Daily maximum amounts of IPO financing	154	240	451
	Daily maximum amounts of margin financing	46	177	40
	Total interest income received	<1	<1	<1

*Note:* The daily maximum amounts of IPO financing and margin financing of the Pan's Family represent the total maximum amount of loans advanced to the securities trading accounts held by the Pan's Family for IPO financing and margin financing respectively on a daily basis for each of the three years ended 31 December 2013, 2014 and 2015 respectively.

*Pricing policy:*

The interest rates charged to the relevant Connected Parties in relation to margin financing and IPO financing services were no less favourable to our Group than the rates offered to other customers of our Group who are Independent Third Parties and in accordance with the pricing policy of our Group.

On 23 June 2016, Astrum Capital entered into Financing Services Agreements with each of the Connected Parties, pursuant to which our Group may, upon request, provide to each of them (where applicable, including their respective associates) margin financing and/or IPO financing services, from time to time on normal commercial terms at the interest rate no less favourable to our Group than the rates offered to other customers of our Group who



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## CONNECTED TRANSACTIONS

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are Independent Third Parties and in accordance with the pricing policy of our Group from time to time. Each of the Financing Services Agreements is for a term commencing from the Listing Date and ending on 31 December 2018.

*Annual caps:*

The proposed IPO Annual Cap(s), Margin Annual Cap(s) and Interest Annual Cap(s) for each of the three years ending 31 December 2018 are set out as below:

Connected Parties	Annual caps	For the year ending 31 December		
		2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
The Pan's Family	IPO Annual Cap (Note 1)	30,480	30,480	30,480
	Margin Annual Cap (Note 1)	5,938	5,938	5,938
	Interest Annual Cap	177	177	177
Mr. Kwan	IPO Annual Cap	1,539	1,539	1,539
	Margin Annual Cap (Note 2)	127	127	127
	Interest Annual Cap	2	2	2
Mr. Cheung	IPO Annual Cap	282	282	282
	Margin Annual Cap	88	88	88
	Interest Annual Cap	1	1	1

*Notes:*

- The IPO Annual Cap and Margin Annual Cap of the Pan's Family represent the total maximum amount of loans to be advanced to the securities trading accounts held by the Pan's Family for IPO financing and margin financing services respectively on a daily basis for each of the three years ending 31 December 2016, 2017 and 2018 respectively.
- For the period commencing from 1 January 2016 and up to the Latest Practicable Date, the daily maximum amount of margin financing of Mr. Kwan was approximately HK\$127,000. Therefore, the Margin Annual Cap of Mr. Kwan for the three years ending 31 December 2016, 2017 and 2018 was set as HK\$127,000.

The IPO Annual Caps and Margin Annual Caps represent the daily maximum amounts of IPO financing and margin financing to be advanced to each of the Connected Parties. The daily amounts of IPO financing and margin financing services required by a client are, to the best knowledge of the Directors, generally subject to (i) the investment style and financial status of the client; (ii) the number of IPOs that are concurrently under offer period on a particular day; and (iii) the interest rates charged by the financing services provider. In determining the proposed IPO Annual Caps and Margin Annual Caps, our Directors have taken into consideration of the following factors: (i) the average historical daily maximum amount of IPO financing and margin financing advanced to the relevant Connected Parties during the three years ended 31 December 2015, save and except for the Margin Annual Cap of Mr. Kwan; (ii) the expected share trading volume and IPO subscription amount of the

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## CONNECTED TRANSACTIONS

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relevant Connected Parties for the three years ending 31 December 2018; and (iii) the expected low interest environment of Hong Kong for the three years ending 31 December 2018.

In determining the proposed Interest Annual Caps, our Directors have taken into consideration of the following factors: (i) the relevant proposed IPO Annual Caps and Margin Annual Caps; (ii) the expected average interest rates for IPO financing and margin financing; and (iii) the expected average number of days of advance for IPO financing and margin financing services.

The IPO Annual Caps, Margin Annual Caps and Interest Annual Caps for each of the Connected Parties are not exceptionally high taking into account the respective average historical daily maximum amount of IPO financing and margin financing and the historical annual amount of interest as the Directors wish to (i) provide flexibility to our Group so as to cater for any potential increment of the Connected Parties' respective financing needs for their securities investments; and (ii) retain their securities trading and financing services within our Group as these are one of the principal revenue-generating business as of our Group. Although it is the policy of our Group that staff are generally required to conduct their personal account dealings through our Group, in the absence of sufficient annual caps, the Connected Parties may prefer to trade through outside account(s) which can provide them with such financing services, which is not in the interests of our Company and our Shareholders as a whole. In addition, approximately 90% of the net proceeds from the Share Offer will be used for enhancing our capital resources for financing services. Our Directors foresee that the financial flexibility of our Group would be enhanced and the IPO Annual Caps, Margin Annual Caps and Interest Annual Cap will not jeopardise our financing services provided to other clients. Therefore, our Directors consider that the IPO Annual Caps, Margin Annual Caps and Interest Annual Caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

### ***B. Investment Management Agreement***

On 18 March 2015, Astrum Capital entered into the Investment Management Agreement with Astrum China Fund, pursuant to which Astrum Capital agreed to act as an investment manager for Astrum China Fund during the period from 1 April 2015 to 31 December 2017 with an option to renew by mutual agreement of Astrum China Fund and Astrum Capital no less than 30 days before the expiration of 31 December 2017 and subject to compliance with the relevant GEM Listing Rules. The Investment Management Agreement was amended on 23 June 2016 by the Supplemental Investment Management Agreement entered into between Astrum Capital and Astrum China Fund to clarify the payment terms of the management fee, and to include the maximum aggregate annual management fee and performance fee under the Investment Management Agreement.

Pursuant to the Investment Management Agreement, Astrum Capital shall perform such duties as are customarily performed by an investment manager of an open-ended investment fund or as may be agreed from time to time between Astrum Capital and Astrum China Fund. Astrum Capital shall, subject to the overall supervision and control of the directors of Astrum China Fund, manage the assets and investments of Astrum China Fund on a discretionary basis in pursuit of the investment objective of Astrum China Fund and subject

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## CONNECTED TRANSACTIONS

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to the investment restrictions of Astrum China Fund. In consideration of the services provided to Astrum China Fund by Astrum Capital under the Investment Management Agreement, (i) Astrum China Fund shall pay Astrum Capital the management fee and performance fee which are on terms no less favourable to our Group than the terms offered by Independent Third Parties; and (ii) Astrum China Fund shall reimburse Astrum Capital for all out-of-pocket costs and expenses suffered or incurred by Astrum Capital (or by any delegate or agent appointed by it pursuant to the Investment Management Agreement) in the performance of its duties and obligations under the Investment Management Agreement.

Since all the management shares of Astrum China Fund are indirectly wholly-owned by Mr. Pan, being our executive Director and one of our Controlling Shareholders, Astrum China Fund is our connected person and the transactions contemplated under the Investment Management Agreement will constitute continuing connected transactions of our Company pursuant to Chapter 20 of the GEM Listing Rules. According to the articles of association of Astrum China Fund, the management shares of Astrum China Fund are voting non participating non redeemable share and shall confer upon the holder thereof rights in a winding up in accordance with the provisions of the articles of association but shall confer no other rights to participate in the profits or assets of Astrum China Fund.

For the year ended 31 December 2015, the aggregate of the management fee and performance fee paid by Astrum China Fund to Astrum Capital amounted to approximately HK\$2.7 million.

It is expected that the annual caps for the aggregate of performance fee and management fee will be approximately HK\$1.1 million, HK\$1.2 million and HK\$1.3 million respectively for each of the three years ending 31 December 2018. The annual caps for the aggregate of performance fee and management fee under the Investment Management Agreement for the three years ending 31 December 2018 was determined by reference to (i) the AUM of Astrum China Fund as at 31 December 2015 of approximately US\$6.2 million (equivalent to approximately HK\$48.2 million); (ii) the expected market sentiments of the securities market in Hong Kong in 2016; (iii) the basis of determination of the management fee and the performance fee as set out under the investment management agreement of Astrum China Fund; and (iv) the high water mark achieved in 2015.

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## CONNECTED TRANSACTIONS

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### C. *Brokerage Services Agreements*

*Historical figures:*

The aggregate amount of commission paid by each of the Connected Parties for the brokerage services provided by our Group for the three years ended 31 December 2015 are set out as below:

<b>Connected Parties</b>	<b>Year ended 31 December</b>		
	<b>2013</b> <i>HK\$'000</i> <i>(Approximately)</i>	<b>2014</b> <i>HK\$'000</i> <i>(Approximately)</i>	<b>2015</b> <i>HK\$'000</i> <i>(Approximately)</i>
The Pan's Family	159	261	232
Mr. Kwan	–	2	2
Mr. Cheung	2	2	3

During the Track Record Period, the commission rate charged to each of the Connected Parties ranged from 0.08% to 0.20% of the transaction value (subject to a minimum charge of HK\$50 or HK\$80), which was within the range of brokerage commission rate charged by our Group to other customers who were Independent Third Parties.

On 23 June 2016, our Group entered into brokerage services agreements with each of the Connected Parties, pursuant to which our Group may, upon request, provide to each of them (where applicable, including their associates) the brokerage services, from time to time on normal commercial terms at the rates no less favourable to our Group than the rates offered to other customers of our Group who are Independent Third Parties. Each of the brokerage services agreements is for a term commencing from the Listing Date and ending on 31 December 2018.

*Annual caps:*

Having taken into account (i) the historical commission paid by the Connected Parties for the three years ended 31 December 2015; (ii) the existing standard commission rate and the standard minimum charge; (iii) the expected transaction value for the three years ending 31 December 2018; and (iv) the expected economic conditions and market sentiments of securities market in Hong Kong for the three years ending 31 December 2018, our Directors expect that the annual caps for the aggregate amounts of commission payable by each of the Connected Parties for each of the three years ending 31 December 2018 are set out as below:

<b>Connected Parties</b>	<b>Year ending 31 December</b>		
	<b>2016</b> <i>HK\$'000</i>	<b>2017</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
The Pan's Family	400	400	400
Mr. Kwan	10	10	10
Mr. Cheung	10	10	10

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## CONNECTED TRANSACTIONS

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Please also refer to the section headed “Business – Key controls on our securities dealing and brokerage services – Staff dealing” in this prospectus for details of the measures taken in connection with dealing by staff, including the executive Directors, to avoid actual or potential conflict of interest and duty.

### ***D. Brokerage Services (Fund) Agreement***

On 23 June 2016, Astrum Capital entered into a brokerage services (fund) agreement with Astrum China Fund, pursuant to which Astrum Capital agreed to provide brokerage services for Astrum China Fund for the period from 1 January 2016 to 31 December 2018.

As Astrum China Fund is our connected person, the transactions under the brokerage services (fund) agreement will constitute continuing connected transactions of our Company pursuant to Chapter 20 of the GEM Listing Rules.

The brokerage fees agreed under the brokerage services (fund) agreement are on terms no less favorable to our Group than those offered to other Independent Third Parties.

For the year ended 31 December 2015, the aggregate amount of commission paid by Astrum China Fund for brokerage services provided by Astrum Capital amounted to approximately HK\$421,000.

Based on the actual amount of commission paid by Astrum China Fund of approximately HK\$421,000 for the nine months ended 31 December 2015 and the AUM of Astrum China Fund as at 31 December 2015, it is expected that the annual caps for the brokerage fee will be HK\$600,000, HK\$620,000 and HK\$650,000 respectively for each of the three years ending 31 December 2018.

## **LISTING RULES IMPLICATIONS**

### **Non-exempt continuing connected transactions**

#### ***Financing Services Agreement with the Pan’s Family***

Our Directors expect that the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for the Financing Services Agreement entered into with the Pan’s Family on an annual basis will be more than 25% and the annual cap will be more than HK\$10,000,000, hence the continuing connected transactions contemplated thereunder are subject to the annual review, reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

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## CONNECTED TRANSACTIONS

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### **Continuing connected transaction exempt from annual review, reporting, announcement, circular and independent shareholders' approval requirement**

#### ***Financing Services Agreements with Mr. Kwan and Mr. Cheung***

Our Directors expect that the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for each of the Financing Services Agreements entered into with each of Mr. Kwan and Mr. Cheung on an annual basis will be less than 5% and the annual cap will be less than HK\$3,000,000, hence the continuing connected transaction contemplated thereunder is exempt from the annual review, reporting, announcement, circular and independent shareholders' requirements under Chapter 20 of the GEM Listing Rules.

#### ***Investment Management Agreement***

Our Directors expect that the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for the Investment Management Agreement on an annual basis will be less than 5% and the annual cap will be less than HK\$3,000,000, hence the continuing connected transaction contemplated thereunder is exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

#### ***Brokerage Services Agreements***

Our Directors expect that the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for each of the brokerage services agreements on an annual basis will be less than 5% and the annual cap will be less than HK\$3,000,000, hence the continuing connected transaction contemplated thereunder is exempt from the annual review, reporting, announcement and independent shareholders' requirements under Chapter 20 of the GEM Listing Rules.

#### ***Brokerage Services (Fund) Agreement***

Our Directors expect that the applicable percentage ratios under Chapter 20 of the GEM Listing Rules for the brokerage services (fund) agreement on an annual basis will be less than 5% and the annual cap will be less than HK\$3,000,000, hence the continuing connected transaction contemplated thereunder is exempt from the annual review, reporting, announcement and independent shareholders' requirements under Chapter 20 of the GEM Listing Rules.

### **CONFIRMATION OF OUR DIRECTORS AND THE SPONSOR**

Our Directors (including our independent non-executive Directors) and the Sponsor are of the view that (i) each of the continuing connected transactions mentioned in the paragraph headed "Non-exempt continuing connected transactions" above has been entered into in the ordinary and usual course of our business, on normal commercial terms or better that are fair and reasonable and in the interest of our Shareholders as a whole; and (ii) the

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## **CONNECTED TRANSACTIONS**

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proposed annual caps for each of the continuing connected transactions mentioned in the paragraph headed “Non-exempt continuing connected transactions” above are fair and reasonable and in the interests of our Shareholders as a whole.

### **WAIVER FROM THE STOCK EXCHANGE**

We have applied to the Stock Exchange, and the Stock Exchange has granted a waiver to us from strict compliance with the announcement and (where applicable) independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules, relating to the continuing connected transactions mentioned in the paragraph headed “Non-exempt continuing connected transactions” above on the condition that the annual value of each of the transactions does not exceed the relevant cap as stated above.

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## DIRECTORS AND SENIOR MANAGEMENT

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### DIRECTORS

The Board consists of three executive Directors and three independent non-executive Directors. The following table sets forth information in respect of our Directors:

Name	Age	Date of appointment as Director	Date of joining our Group	Present position(s) in our Company	Principal responsibilities
Pan Chik (潘櫻)	48	13 January 2015	1 May 2007	Executive Director, chairman of the Board and chief executive officer	formulating corporate strategy, planning, business development as well as supervising the overall operations of our Group
Kwan Chun Yee Hidulf (關振義)	43	13 January 2015	1 July 2012	Executive Director	business planning and development and overseeing the operations of our Group
Cheung Hon Fai Bosco (張漢輝)	65	13 January 2015	1 April 2014	Executive Director	overseeing compliance and risk management of our Group
Chan Chun Hong (陳駿康)	42	23 June 2016	23 June 2016	Independent non-executive Director	supervising and providing independent advice to the Board
Lee Tak Cheung Vincent (李德祥)	53	23 June 2016	23 June 2016	Independent non-executive Director	supervising and providing independent advice to the Board
Lau Hon Kee (劉漢基)	45	23 June 2016	23 June 2016	Independent non-executive Director	supervising and providing independent advice to the Board



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## DIRECTORS AND SENIOR MANAGEMENT

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### Executive Directors and current position in our Group companies

**Mr. Pan Chik** (潘稷), aged 48, is the chairman of the Board, an executive Director and the chief executive officer of our Group. Mr. Pan was appointed as our executive Director on 13 January 2015 and is responsible for formulating corporate strategy, planning, business development as well as supervising the overall operations of our Group. He has approximately 20 years of experience in the financial services industry. During the period from May 1993 to April 2007, Mr. Pan worked in Lippo Securities Holdings Limited and last held the position of associate director – investment services. He was a director of Murtsa Capital Partners Limited (currently known as Special Fine Investment and Management Limited) from October 2009 to September 2013, which was engaged in providing advisory and management services to offshore funds. Mr. Pan obtained a bachelor's degree of arts in accounting, finance and economics from University of Essex in July 1991.

In May 2009, Mr. Pan acquired an indirect 100% shareholding interest in Astrum Capital. Immediately prior to the Reorganisation, he was interested in 36,000,000 shares in Astrum Capital, representing 80% of the issued share capital of Astrum Capital. Mr. Pan is a director of Astrum Capital. He is currently licensed with the SFC as a Responsible Officer of Astrum Capital for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

In August 2004, the SFC issued a letter of warning to Mr. Pan in relation to an incident in 2004 where Mr. Pan, being a licensed representative of a licensed corporation, failed to make proper enquiry with a client to ensure that the client had sufficient shares to cover his sell orders before executing the orders. In August 2015, the SFC conducted an investigation of Mr. Pan to ascertain whether Mr. Pan, who had been commented as a dishonest witness by the judge presiding a criminal trial in 2011 (further details of which are set out below), was a fit and proper person to remain licensed. In December 2015, the SFC completed the investigation and issued a compliance advice letter to Mr. Pan, informing him, among others things, that the SFC did not propose to take any further action against him about this matter based on the information then known to it. As confirmed by Astrum Capital and Mr. Pan, as at the Latest Practicable Date, save as disclosed above, each of them had not received any notice, enquiry or concern issued or raised by the SFC on Mr. Pan's suitability as a licensed person under the SFO.

Other than his directorship in our Company, Mr. Pan was a non-executive director of Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326) from November 2013 to July 2014, a non-executive director of Yin He Holdings Limited (formerly known as Zebra Strategic Holdings Limited) (stock code: 8260) from April 2012 to December 2013, an independent non-executive director of Chinese Energy Holdings Limited (formerly known as iMerchants Limited) (stock code: 8009) from March 2008 to November 2009 and Sing Pao Media Enterprises Limited (formerly known as SMI Publishing Group Limited) (stock code: 8010) from September 2009 to August 2011.

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## DIRECTORS AND SENIOR MANAGEMENT

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Save as disclosed above, Mr. Pan has not held any directorship in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

Mr. Pan was a defence witness in a criminal trial in 2011. During that criminal trial, it was revealed that each of the defendant and the defendant's father had opened a securities trading account in the securities company of which Mr. Pan was an account executive at the material time. According to the reasons for verdict of the case, the judge presiding the criminal trial commented that Mr. Pan was not an honest witness based on the contradictions amongst the content of a witness statement made by Mr. Pan to the SFC in 2002, the truth of which was confirmed by him during the trial of the case, and his original oral testimony in the witness box during examination-in-chief in 2013. According to the transcripts of the criminal case, during the examination-in-chief, Mr. Pan claimed that no one can operate the securities account of the defendant's father, not even the defendant, unless the person was authorised and that the defendant was never authorised to operate his father's securities account. Subsequently, after Mr. Pan was shown, during the cross-examination, the witness statement made by Mr. Pan to the SFC in 2002, in which Mr. Pan stated that the defendant's father had given verbal authorisation allowing the defendant to place trading orders on his behalf, he then confirmed that the content of the witness statement made by Mr. Pan to the SFC in 2002 was true. When Mr. Pan was asked the reason for stating, during the examination-in-chief, that the defendant was never authorised to operate his father's securities account, he explained that the matter happened over 10 years ago and his impression told him that the defendant was never authorised to operate his father's securities account. The judge also commented that Mr. Pan was not an independent witness because he invested approximately HK\$2 million of his own money with the defendant in a project without any documentary records.

Although Mr. Pan was lawfully sworn as a defence witness in a trial in court and gave evidence voluntarily, the Legal Counsel is of the view that he can see no independent evidence or proof of the falsity of the oral testimony in the witness box during examination-in-chief in 2013 and advised that there could not be any case of perjury against Mr. Pan solely based on the inconsistency amongst the oral testimony in the witness box during examination-in-chief in 2013 and the witness statement made by Mr. Pan to the SFC in 2002 and the comment made by the judge presiding the criminal case in the reasons for verdict of the criminal case after having taken into account the following factors:

- (a) For a perjury case, the prosecution must prove two distinct elements, namely (i) the state of mind of the witness that he knew that the statement was false or did not believe it to be true when he made the statement; and (ii) the falsity of the statement.

The fact that Mr. Pan overturned his oral testimony in the witness box during examination-in-chief in 2013 after being shown the witness statement made by Mr. Pan to the SFC in 2002 during the trial of the criminal case cannot be a conclusive evidence to prove Mr. Pan's state of mind that he, at the time when he made the oral testimony in the witness box during the examination-in-chief, knew that the oral testimony was false. More importantly, Mr. Pan's state of mind

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## DIRECTORS AND SENIOR MANAGEMENT

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cannot be taken as an evidence or proof of the falsity of the oral testimony. In the circumstances, if there is an intended perjury case, it is still necessary for the prosecution to prove the two elements of perjury.

- (b) The reasons for verdict of the criminal case itself is not a judicially decided matter (*res judicata*) against Mr. Pan since he was only a witness but not a party to the criminal case. The comment made by the judge in the reasons for verdict of the criminal case is only a judicial opinion or a view of the evidence and cannot be used as an evidence or proof of the falsity of Mr. Pan's oral testimony in the witness box during examination-in-chief.
- (c) The judge in the criminal case himself cannot be a witness to prove the alleged falsity of the oral testimony because he did not personally know the truthfulness or falsity of what Mr. Pan said and he had no knowledge about the operation of the account of the defendant's father, which is the subject matter of the inconsistency between Mr. Pan's oral testimony in the witness box during examination-in-chief of the criminal case and the witness statement made by Mr. Pan to the SFC in 2002.
- (d) As confirmed by Mr. Pan, save for the investigation conducted by the SFC in August 2015 and completed in December 2015 and a compliance advice letter issued to Mr. Pan, informing him, amongst others, that the SFC did not propose to take any further action against Mr. Pan about the matter based on the information then known to it, he had not been contacted by any authorities for further investigation in relation to the comment made by the judge in the reasons for verdict of the criminal case and there has been no legal action taken against Mr. Pan in this respect.

The Legal Counsel is of the view that the comment from the judge that Mr. Pan was not an honest witness alone should not render Mr. Pan unsuitable to act as a director of a listed issuer after having taken into account the following:

- (a) since the trial of the criminal case was of very high profile and each side was represented by senior counsel, giving evidence in this sort of case will naturally put a witness under tremendous pressure and hence, it is normal for a witness to feel nervous and tense. The Legal Counsel is of the view that Mr. Pan's poor response particularly under cross-examination might be due to this reason;
- (b) the witness statement made by Mr. Pan to the SFC in 2002 was given by Mr. Pan about 10 years ago. According to the transcripts of the criminal case, Mr. Pan explained that he made the oral testimony in the witness box during examination-in-chief in 2013 according to his impression;
- (c) Mr. Pan confirmed that the content of the witness statement made by Mr. Pan to the SFC in 2002 was true at once upon reading the witness statement;

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## DIRECTORS AND SENIOR MANAGEMENT

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- (d) as explained above, there could not be any case of perjury solely based on the inconsistency between the oral testimony of Mr. Pan in the witness box during examination-in-chief in 2013 and the witness statement made by Mr. Pan to the SFC in 2002 and the comment made by the judge in the reasons for verdict of the criminal case; and
- (e) most importantly, the comment made by the judge in the reasons for verdict was only based on the judge's observation of Mr. Pan during the trial of the case and the judge did not know Mr. Pan personally.

The Legal Counsel is also of the view that the comment from the judge that Mr. Pan was not an independent witness alone should not be regarded as a factor in considering whether Mr. Pan is suitable to act as a director of a listed issuer after having taken into account the following:

- (a) given that Mr. Pan had invested approximately HK\$2 million of his own money with the defendant in a project without any documentary records, when he was called by the defendant's legal team to act as a defence witness, it is almost inevitable that Mr. Pan would not be an independent witness. In addition, it is lawful for a non-independent witness to give evidence in a court in Hong Kong.
- (b) there is no legal requirement in Hong Kong that a factual witness must declare whether he is independent to the parties involved in a litigation case before he gives evidence in a court. As confirmed by Mr. Pan, he was not required to disclose the investment of his own money of approximately HK\$2 million with the defendant prior to giving evidence in the court. According to the transcripts of the criminal case, Mr. Pan disclosed the investment when he was so being asked. The Legal Counsel is of the view that he cannot see Mr. Pan deliberately concealed any information in relation to his independence and the fact that he was not an independent witness should not in any case undermine his integrity.

Hence, the Legal Counsel is of the view that the comments from the judge that Mr. Pan was not an honest witness and was not an independent witness alone should not render Mr. Pan unsuitable to act as a director of a listed issuer.

Further, in August 2015, the SFC conducted an investigation of Mr. Pan to ascertain whether Mr. Pan, who had been commented as a dishonest witness by the judge presiding the criminal trial in 2011, was a fit and proper person to remain licensed. In December 2015, the SFC completed the investigation and issued a compliance advice letter to Mr. Pan, informing him, among other things, that the SFC did not propose to take any further action against him about this matter based on the information then known to it.

Taking into account the above, our Directors are of the view that the comment from the judge should not render Mr. Pan unsuitable to act as a Director under Chapter 5 of the GEM Listing Rules.

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## DIRECTORS AND SENIOR MANAGEMENT

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In order to assess whether Mr. Pan is suitable to act as a Director under Chapter 5 of the GEM Listing Rules, the Sponsor has:

- (i) obtained and reviewed the documents relevant to this incident, in particular, the reasons for verdict and the transcripts of the criminal case, and the witness statement made by Mr. Pan to the SFC in 2002 to understand the fact of this incident, and noted that (a) Mr. Pan was only a witness of the criminal case who gave evidence voluntarily, but not in a position as a defendant; and (b) there were inconsistencies between the witness statement made by Mr. Pan to the SFC in 2002 and the oral testimony of Mr. Pan in the witness box during examination-in-chief and the judge ruled that the oral testimony was false;
- (ii) been informed by Mr. Pan, on his initiative, the reasons for the inconsistencies between the witness statement made by Mr. Pan to the SFC in 2002 and the oral testimony of Mr. Pan in the witness box during examination-in-chief in 2013. The Sponsor was given to understand that the oral testimony was made by Mr. Pan in 2013 for a matter that happened over 10 years ago which, according to his impression at that time, was true. However, after Mr. Pan has read the witness statement made to the SFC in 2002 again in the court, he was refreshed and confirmed the content in the witness statement was true;
- (iii) obtained legal advice from the Legal Counsel and he opined that (a) solely based on the inconsistency between the witness statement made by Mr. Pan to the SFC in 2002 and the oral testimony of Mr. Pan in the witness box during examination-in-chief in 2013 and the comment made by the judge in the reasons for verdict, there could not be any case of perjury against Mr. Pan; and (b) the comment from the judge that Mr. Pan was not an honest witness alone or was not an independent witness alone should not render him unsuitable to act as a director of a listed issuer;
- (iv) reviewed the compliance advice letter issued by the SFC to Mr. Pan in December 2015 that the SFC did not propose to take any further action against him about this matter on the information now known to it;
- (v) engaged third party agent to conduct background search, litigation search and bankruptcy search against Mr. Pan, and nothing has brought to the attention of the Sponsor that would render Mr. Pan not having the character and integrity to act “honestly” and in good faith in the interests of our Company as a whole under GEM Listing Rules 5.01 and 5.02;
- (vi) conducted interviews with the major customers and bankers of Astrum Capital, during which no adverse comments or opinion as to the character, integrity and honesty of Mr. Pan was received from them; and

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## DIRECTORS AND SENIOR MANAGEMENT

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(vii) noted that Mr. Pan has been a director of a number of companies listed on the Stock Exchange during the period before and after the criminal case as disclosed above, and was not aware of any news or announcements that raised concern on Mr. Pan's character and integrity to act "honestly" and in good faith in the interests of these listed companies under GEM Listing Rules 5.01 and 5.02.

Based on the above, the Sponsor concurs with our Directors' view that the judge's specific findings, in particular, "*Mr. Pan is not an honest witness*" and "*Mr. Pan is not an independent witness*", will not affect Mr. Pan's integrity to act as a director of listed companies under Chapter 5 of the GEM Listing Rules

**Mr. Kwan Chun Yee Hidulf** (關振義), aged 43, was appointed as an executive Director on 13 January 2015. He joined our Group as the head of corporate finance department of Astrum Capital in July 2012 and was subsequently appointed as a director of Astrum Capital in October 2012. Mr. Kwan's principal responsibilities are business planning and development and overseeing the operations of our Group. He has approximately 18 years of experience in the financial services industry. Prior to joining our Group, Mr. Kwan was the Responsible Officer of Asia Investment Management Limited, Goldin Financial Limited and South West Capital Limited at the material time for the period from March 2009 to June 2012. Mr. Kwan is the managing director of Astrum Capital and is currently licensed with the SFC as a Responsible Officer of Astrum Capital for Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. He obtained his bachelor's degree in business administration conferred by Lingnan University in Hong Kong in November 1999.

Mr. Kwan has not held any directorship in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

**Mr. Cheung Hon Fai Bosco** (張漢輝), aged 65, was appointed as an executive Director on 13 January 2015 and is responsible for overseeing compliance and risk management of our Group. He has approximately 40 years of experience in the financial services industry and his experience covers areas such as trading and settlement operation, compliance and risk management. From June 1983 to July 1990, he was employed by Anderson Man (Investment Services) Limited initially as operations manager and last held the position of director. From November 1991 to December 2004, Mr. Cheung was employed by Lippo Securities Holdings Limited and last held the position of director. From March 2005 to October 2013, he was employed by Astrum Capital and last held the position of director. From March 2010 to March 2014, Mr. Cheung was also a Responsible Officer for Murtsa Capital Partners Limited (currently known as Special Fine Investment and Management Limited). Mr. Cheung re-joined Astrum Capital in April 2014 and is currently one of its Responsible Officers. Mr. Cheung is currently licensed with the SFC as a Responsible Officer of Astrum Capital for Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities. Mr. Cheung obtained a bachelor's degree in business (economics and finance) from Royal Melbourne Institute of Technology University (RMIT) in August 2009 through part-time studies via Hong Kong Management Association.



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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Cheung was a director of each of Lippo Securities Management (HK) Limited (力寶證券管理(香港)有限公司) and Shanghai Finance Limited (滬融有限公司), both of which were incorporated in Hong Kong, prior to each of their dissolutions. Due to cessation of business, each of Lippo Securities Management (HK) Limited and Shanghai Finance Limited was struck off and dissolved pursuant to section 291 of the Predecessor Companies Ordinance on 25 April 2003 and 10 January 2003 respectively. Mr. Cheung confirmed that each of Lippo Securities Management (HK) Limited and Shanghai Finance Limited was solvent at the time of it being struck off and its dissolution has not resulted in any liability or obligation imposed against him.

Mr. Cheung has not held any directorship in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

### Independent non-executive Directors

**Mr. Chan Chun Hong** (陳駿康), aged 42, was appointed as an independent non-executive Director on 23 June 2016. He joined Grant Sherman Appraisal Limited in March 2005 and currently holds the position of director of transaction services and is responsible for the appraisal of business enterprises, intangible assets and derivatives instruments. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants, a CFA Charterholder and a fellow member of the Hong Kong Institute of Directors. Mr. Chan holds a bachelor's degree in business administration conferred by Hong Kong University of Science and Technology in November 1996.

Since September 2015, Mr. Chan has been an independent non-executive director of FDB Holdings Limited (stock code: 8248), a company which shares are listed on GEM. Save as disclosed above, Mr. Chan has not held any directorship in any other publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

**Mr. Lee Tak Cheung Vincent** (李德祥), aged 53, was appointed as an independent non-executive Director on 23 June 2016. Mr. Lee obtained a bachelor of law degree from The University of Hong Kong in November 1985. Mr. Lee has been practicing as a solicitor in Hong Kong since 1988. Mr. Lee has been a partner of the law firm, Tang and Lee from 1991 up to end of March 2014 when he retired as a partner but has remained as a consultant to the said law firm up to January 2015. Since February 2015, Mr. Lee has been a consultant of the law firm, Chow, Griffiths and Chan. Mr. Lee has been advising customers on conveyancing and corporate matters. Mr. Lee is now also a Notary Public and a China-Appointed Attesting Officer in Hong Kong.

Mr. Lee was a director of each of Modern Century Insurance Agency Limited (現代世紀保險代理有限公司), Noble Hero Company Limited (貴雄有限公司) and Kenhood International Limited (簡而豪國際有限公司), all of which were incorporated in Hong Kong, prior to each of their dissolutions. Due to cessation of business, each of Modern Century Insurance Agency Limited and Noble Hero Company Limited was struck off and dissolved pursuant to section 291 of the Predecessor Companies Ordinance on 21 February 2003 and 22 December 2006 respectively while Kenhood International Limited was struck off and dissolved

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## DIRECTORS AND SENIOR MANAGEMENT

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pursuant to section 290A of the Predecessor Companies Ordinance on 28 May 1999. Mr. Lee confirmed that each of Modern Century Insurance Agency Limited, Noble Hero Company Limited and Kenehood International Limited was solvent at the time of it being struck off and its dissolution has not resulted in any liability or obligation imposed against him.

Mr. Lee has not held any directorship in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

**Mr. Lau Hon Kee (劉漢基)**, aged 45, was appointed as an independent non-executive Director on 23 June 2016. He is the financial controller and the company secretary of Shandong Luoxin Pharmaceutical Group Stock Co., Ltd. (stock code: 8058), a company which shares are listed on GEM and one of the joint company secretaries of Zhejiang Tengy Environmental Technology Co., Ltd (stock code: 1527). Mr. Lau has approximately 20 years of experience in the financial reporting and accounting fields. For the period from November 2008 to December 2011, Mr. Lau was an independent non-executive director of Strong Petrochemical Holdings Limited (stock code: 852), a company which shares are listed on the Main Board. Since May 2016, Mr. Lau has been an independent non-executive director of Dafeng Port Heshun Technology Company Limited (stock code: 8310), a company which shares are listed on GEM. Mr. Lau is a fellow of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of CPA Australia. Mr. Lau holds a bachelor's degree in commerce conferred by Australian National University in April 1994 and a master's degree in professional accounting conferred by Hong Kong Polytechnic University in October 2009.

Save as disclosed above, Mr. Lau has not held any directorship in any other publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

Save as disclosed above, each of our Directors confirms that (i) each of them has not held any directorships of a public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date; (ii) each of them does not have any relationship with any other Directors, senior management or substantial or Controlling Shareholders of our Company; (iii) each of them does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there are no other matters concerning all our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange; and (v) there are no other matters which need to be disclosed pursuant to Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules.



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## DIRECTORS AND SENIOR MANAGEMENT

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### SENIOR MANAGEMENT

Our senior management comprises our executive Directors, our company secretary and the following persons:

Name	Age	Date of joining our Group	Position
Wong Susan Chui San (黃翠珊)	42	19 January 2015	chief financial officer and company secretary
Truong To Linh (張素玲)	66	22 June 2009	head of operations department
Fung Tat Hung Ricky (馮達雄)	46	1 March 2005	head of dealing department

**Ms. Truong To Linh** (張素玲), aged 66, our head of operations department, joined our Group on 22 June 2009. Ms. Truong worked for Lippo Securities Holdings Limited from July 1983 to August 2007 and last held the title of operations manager. Ms. Truong joined our Group in June 2009 and is currently our head of operations department.

Ms. Truong has not held any directorship in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

**Mr. Fung Tat Hung Ricky** (馮達雄), aged 46, our head of dealing department, joined our Group on 1 March 2005. Mr. Fung obtained a diploma in business Management from The Hong Kong Polytechnic University in September 1995. In October 2003, Mr. Fung obtained a master degree in engineering management from University of Technology, Sydney via distance learning. Mr. Fung has approximately 20 years of experiences in financial market. Mr. Fung is responsible for managing day to day trading operation.

Mr. Fung has not held any directorship in any publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

### COMPANY SECRETARY

**Ms. Wong Susan Chui San** (黃翠珊), aged 42, our chief financial officer and company secretary, joined our Group on 19 January 2015. Ms. Wong obtained a bachelor of economic degree from The University of Sydney in May 1996. Ms. Wong is the company secretary of Grand Investment International Limited (stock code: 1160), which is listed on the Main Board. Ms. Wong was the company secretary of Yin He Holdings Limited (formerly known as Zebra Strategic Holdings Limited) (stock code: 8260), which is listed on GEM, from April 2012 to August 2015. Ms. Wong has been a certified practising accountant of the Australian Society of Certified Practising Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 1999 and May 2000, respectively. She is also a member of The Society of Chinese Accountants and Auditors, a

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## DIRECTORS AND SENIOR MANAGEMENT

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fellow and a certified tax adviser of the Taxation Institute of Hong Kong. Ms. Wong has more than 19-year experience in auditing, accounting and taxation. She is also the Director of W. Wong CPA Limited, the founder of Messrs. C.S. Wong & Co and the director of Pan-China (H.K.) CPA Limited.

Ms. Wong is an independent non-executive director of Ban Loong Holdings Limited (formerly known as ABC Communications (Holdings) Limited) (stock code: 30), which is listed on the Main Board. Save as disclosed above, Ms. Wong has not held any directorship in any other publicly listed companies whether in Hong Kong or overseas, during the three years immediately preceding the date of this prospectus.

Although Ms. Wong is holding positions at W. Wong CPA Limited, Messrs. C.S. Wong & Co and Pan-China (H.K.) CPA Limited, she is a senior personnel in these companies. As a director of Pan-China (H.K.) CPA Limited, Ms. Wong plays a strategic management role and is not required to work on a full time basis. At W. Wong CPA Limited and Messrs. C.S. Wong & Co, Ms. Wong is principally responsible for reviewing the subordinates' work done and provision of professional advice. Therefore, she is able to devote sufficient time and resources on other positions held by her, including in our Company as a company secretary. Having considered Ms. Wong's past and present experiences acting as company secretary of several companies listed on the Stock Exchange, our Directors are of the view that Ms. Wong will have sufficient time and resources to discharge her duty as the company secretary of our Company.

### COMPLIANCE OFFICER

Mr. Cheung is the compliance officer of our Group.

### REMUNERATION

Our executive Directors, our independent non-executive Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group. We also reimburse our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to us or executing their functions in relation to our operation. We regularly review and determine the remuneration and compensation packages of our Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After Listing, our remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their experience, responsibilities, workload, the time devoted to our Group and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme. Please refer to section headed "C. Further information about Substantial Shareholders, Directors and experts" in Appendix IV to this prospectus for details of remuneration for our executive Directors and independent non-executive Directors.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD COMMITTEES

#### Audit Committee

We established an audit committee on 23 June 2016 with written terms of reference in compliance with the GEM Listing Rules. The duties of the audit committee include reviewing, in draft form, our annual report and accounts, half-year report and quarterly report and providing advice and comments to the Board. In this regard, members of the audit committee will liaise with the Board, our senior management, our reporting accountants and auditors. The audit committee will also consider any significant or usual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by our accounting staff, compliance officers or auditors. Members of the audit committee are also responsible for reviewing our Company's financial reporting process and internal control system.

The audit committee comprises three independent non-executive Directors, namely Mr. Chan, Mr. Lee and Mr. Lau. Mr. Lau is the chairman of the audit committee.

#### Remuneration Committee

We established a remuneration committee on 23 June 2016 which, at present, comprises Mr. Pan, Mr. Kwan, Mr. Chan, Mr. Lee and Mr. Lau, with Mr. Chan being the chairman of the committee. Written terms of reference in compliance with paragraph B.1 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules have been adopted. Amongst other things, the primary duties of the remuneration committee are to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors.

#### Nomination Committee

We established a nomination committee on 23 June 2016 with written terms of reference. The nomination committee comprises two executive Directors and three independent non-executive Directors namely Mr. Pan, Mr. Kwan, Mr. Chan, Mr. Lee and Mr. Lau. Mr. Pan has been appointed as the chairman of the nomination committee. Written terms of reference in compliance with paragraph A.5 of the Code on Corporate Governance Practices as set out in Appendix 15 to GEM Listing Rules have been adopted. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Messis Capital to be our compliance adviser, who will have access to all relevant records and information relating to us that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, we must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this prospectus; and/or
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The terms of appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is the earlier.

### CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedure so as to achieve effective accountability. We will comply with the Code on Corporate Governance Practices as set out in Appendix 15 to GEM Listing Rules and the associated GEM Listing Rules, save that Mr. Pan has been managing our Group's business and supervising the overall operations of our Group since May 2007. Our Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Pan is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. Accordingly, our Company has not segregated the roles of our chairman and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

Except for Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules, our Company's corporate governance practices have complied with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following the completion of the Share Offer, Autumn Ocean will control more than 30% of the issued share capital of our Company. For the purpose of the GEM Listing Rules, Mr. Pan and Autumn Ocean are our Controlling Shareholders. Autumn Ocean is an investment holding company wholly owned by Mr. Pan, and as at the Latest Practicable Date, it had not commenced any substantive business activities. Each of Mr. Pan and Autumn Ocean confirms that, other than members of our Group, he/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

### INDEPENDENCE OF OUR GROUP

Having considered the following factors, our Directors believe that our Group is capable of carrying on our Group's business independently from our Controlling Shareholders and their close associates after the Share Offer:

#### **Management and administrative independence**

The Board consists of 6 Directors, of whom 3 are executive Directors and the remaining 3 are independent non-executive Directors. Mr. Pan, Mr. Kwan and Mr. Cheung are our executive Directors. Save for Mr. Pan, none of our Directors or senior management serves any executive or management role in Autumn Ocean.

Each of our Directors is aware of his fiduciary duties as a Director 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 and 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 the Board in respect of such transactions and shall not be counted in the quorum. In addition, the senior management team of our Group is independent from our Controlling Shareholders. The 3 independent non-executive Directors will also bring independent judgment to the decision-making process of the Board.

Our Group has a senior management team independent from our Controlling Shareholders to carry out supervisory responsibilities in the business of our Group. The responsibilities of the senior management team of our Group include dealing with operational and financial matters, making general capital expenditure decisions and the daily implementation of the business strategy of our Group. Our Directors are satisfied that our senior management team will be able to carry out daily management and operations of our Group independently. Further details of our senior management are set out in the section headed "Directors and Senior Management" in this prospectus.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### **Financial independence**

Our Company has an independent financial system and makes financial decisions according to our Group's own business needs.

### ***Personal guarantee provided by Mr. Pan***

During the Track Record Period, our Group's bank overdraft facility and revolving loan facility were secured by personal guarantee executed by Mr. Pan, one of our Controlling Shareholders and an executive Director, for unlimited amount and HK\$9,000,000, respectively. Consent has been obtained for the release of the above personal guarantees executed by Mr. Pan upon the Listing.

### ***Subordinated loan provided by Mr. Pan***

During the Track Record Period, Mr. Pan has agreed to offer an irrevocable revolving credit facility of HK\$5,000,000 under which Mr. Pan, when called upon to do so, make unsecured loans to Astrum Capital in accordance with and subject to the terms of the Loan Agreement entered into among Mr. Pan, Astrum Capital and SFC dated 9 November 2009 with an expiry date of 7 November 2015. Pursuant to the Loan Agreement, the SFC has agreed to treat the loan granted under the revolving credit facility as an approved subordinated loan for the purposes of compliance by Astrum Capital with the FRR. From the date of the Loan Agreement to the date of termination of the Loan Agreement on 28 April 2015, save for a loan of HK\$1,000,000 drawn in November 2009 and fully repaid in November 2012, Astrum Capital had not drawn any loan pursuant to the Loan Agreement. On 28 April 2015, we received an approval from the SFC for the termination of the revolving credit facility and the revolving credit facility was released with effect from the same day. Our Company intends to provide a facility of similar nature to Astrum Capital after Listing subject to the approval of the SFC.

Obtaining subordinated loans is not a mandatory requirement under the FRR. Our Directors confirmed that, during the Track Record Period, (i) the Group did not rely on the revolving credit facility provided by Mr. Pan for its operation; and (ii) there was no circumstance that Astrum Capital failed to meet the minimum liquid capital requirement under the FRR. The FRR allows the use of a standby subordinated loan facility to assist a licensed corporation to comply with the FRR where its required liquid capital deficit has arisen from certain specified business transactions. As such, the subordinated loan facility to be provided by the Company, if approved by the SFC, would only serve a stand-by purpose and strengthen Astrum Capital's financial resources and improve its flexibility to meet the applicable minimum liquid capital requirement under the FRR.

Based on the above, our Directors believe that our Group will have sufficient capital to meet our financial needs without having to rely on our Controlling Shareholders. Our Directors further believe that by leveraging on our Company's listing status after the Listing, our Group would be able to obtain third party financing upon reasonable terms to meet our business needs. Accordingly, our Directors consider that our Group's ability to operate as a going concern is not dependent on the continued support provided by our Controlling Shareholders and we will be financially independent from our Controlling Shareholders.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### **Operational independence**

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group did not share our operational resources, such as customers, marketing, sales and general administration resources with our Controlling Shareholders and/or his/its close associates during the Track Record Period. Our Group has also established a set of internal controls to facilitate the effective operation of its business. Save as disclosed in the section headed “Connected Transactions” in this prospectus, our Group’s customers are all independent from our Controlling Shareholders after the Listing. Our Group does or will not unduly rely on our Controlling Shareholders or his/its close associates and has independent access to our customers. Our Directors are of the view that our Group is able to operate independently from our Controlling Shareholders after the Listing.

### **Independence of major customers**

Our Directors confirm that save for JC Group Holdings Limited (stock code: 8326), of which Mr. Pan was then a substantial shareholder and a non-executive director, none of our Controlling Shareholders, our Directors and their respective close associates have any relationship with the top five customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period. Mr. Pan ceased to be a substantial shareholder and a non-executive director of JC Group Holdings Limited since July 2014. Our Directors are of the view that our Group does not unduly rely on our Controlling Shareholders and/or their respective close associates.

Having considered the above, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates.

### **EXCLUDED BUSINESS**

During the Track Record Period, Mr. Pan and Mr. Ng were the directors of Astrum Finance Limited (which has changed its company name into another name without the word “Astrum” in June 2015), a limited liability company incorporated in Hong Kong on 2 April 2013 with the then issued share capital of 100,000 shares. Mr. Pan was the sole shareholder of Astrum Finance Limited until he transferred 85,000 shares in Astrum Finance Limited to Mr. Ng on 16 October 2013. Since then and immediately before the share disposals by Mr. Ng and Mr. Pan on 4 December 2015, Astrum Finance Limited was owned as to 85% and 15% by Mr. Ng and Mr. Pan, respectively and the principal business of Astrum Finance Limited was the provision of personal loans to individuals or corporations. Since the grant of the money lenders license on 5 September 2013 to 4 December 2015, Astrum Finance Limited had provided personal loans with aggregate principal amount of HK\$4.1 million, all of which have been settled. Astrum Finance Limited recorded audited profit of approximately HK\$0.3 million and audited profit of HK\$0.2 million for the period from 2 April 2013 (date of incorporation) to 31 March 2014 and the year ended 31 March 2015, respectively. Since Mr. Pan and Mr. Ng had no intention to continue any further business of Astrum Finance Limited, Mr. Pan and Mr. Ng sold the entire share capital of Astrum



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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

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Finance Limited to an Independent Third Party on 4 December 2015 and they resigned as the directors of Astrum Finance Limited on 8 December 2015. After the disposal, each of Mr. Pan and Mr. Ng has no interest in Astrum Finance Limited.

Although we provide financing services to our customers, the nature of our financing services and the financial needs of our customers are different from those of Astrum Finance Limited. We provide securities and IPO financing to our customers who wish to purchase securities on a margin basis through their securities trading account maintained with us while Astrum Finance Limited provided personal loans for customers to cater their personal financial needs. All securities and IPO financing provided by us are pledged with securities whereas Astrum Finance Limited provided unsecured personal loans or secured personal loan pledged with property. Further, before the share disposals by Mr. Ng and Mr. Pan on 4 December 2015, Astrum Finance Limited was licensed to carry on business as a money lender under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), which is enforced by the Commissioner of Police, whereas our Group's activities are regulated under the SFO governed by the SFC.

Based on the above, in particular, (i) the nature of our financing services and the financial needs of our customers are different from those of Astrum Finance Limited; (ii) Astrum Finance Limited and our Group are regulated under different regulatory regimes in Hong Kong; and (iii) before the share disposals by Mr. Pan and Mr. Ng on 4 December 2015, Astrum Finance Limited had only conducted limited business activities since its incorporation, Astrum Finance Limited is not and will not be part of our Group and our Directors are of the view that there is clear business delineation between our Group and Astrum Finance Limited and there is no competition between our Group and our Controlling Shareholders.

### **RULE 11.04 OF THE GEM LISTING RULES**

Our Controlling Shareholders, our Substantial Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

### **NON-COMPETITION UNDERTAKINGS**

Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty entered into the Deed of Non-competition. Pursuant to the Deed of Non-competition, each of Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty has irrevocably and unconditionally undertaken to our Company (for itself and for the benefit of our subsidiaries) that, save and except as disclosed in this prospectus, so far as the Deed of Non-competition continues to remain effective, he/it shall not, and shall procure that his/its close associates (other than any member of our Group) not to develop, acquire, invest or be interested, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group within Hong Kong and such other parts of the world where any member of our Group may operate from time to time, save for the holding of not more than 5% shareholding interests (individually or with his/its close associates) in any company listed on a recognised stock exchange and at any time the



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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relevant listed company shall have at least one shareholder (individually or with his/its close associates, if applicable) whose shareholding interests in the relevant listed company is higher than that of Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty (individually or with his/its close associates).

Each of Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty further undertakes that if he/it or his/its close associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/it shall procure that his/its close associates to promptly notify our Group in writing and our Group shall have a right of first refusal to take up such opportunity. Our Group shall, within 30 days after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty whether our Group will exercise the right of first refusal.

Our Group shall only exercise the right of first refusal upon the approval of all independent non-executive Directors who do not have any interest in such opportunity. Mr. Pan, Autumn Ocean, Mr. Ng and/or Ample Honesty and the other conflicting Directors (if any) in the relevant competition shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Division granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreements having been fulfilled (or where applicable, waived) and not having been terminated in accordance with its terms. If any such condition is not fulfilled (or where applicable waived) on or before the date specified in the Underwriting Agreements or in any event on or before the date falling 30 days after the date of this prospectus, the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

The Deed of Non-competition shall terminate on the date on which

- (a) in relation to Mr. Pan and Autumn Ocean, he/it together with his/its close associates, whether individually or taken together, ceases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company provided that the Deed of Non-competition shall continue to be in full force and effect as against the others;

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## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

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- (b) in relation to Mr. Ng and Ample Honesty, it/he, together with its/his close associates, whether individually or taken together, ceases to be interested in 5% or more of issued share capital of the Company, provided that the Deed of Non-competition shall continue to be in full force and effect as against the others; or
- (c) our Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

### **UNDERTAKING REGARDING DISPOSAL OF SHARES**

Each of our Controlling Shareholders has undertaken to the Stock Exchange, our Company, the Sponsor, the Bookrunner and the Underwriters that, save as provided in Rule 13.18 of the GEM Listing Rules, he/it shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

- (a) in the First Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities; and
- (b) in the Second Lock-up 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, he/it would cease to be a Controlling Shareholder.

For further details of the above undertaking, please also refer to the paragraphs headed “Undertakings pursuant to the Public Offer Underwriting Agreement” and “Undertakings to the Stock Exchange” in the section headed “Underwriting” in this prospectus.

### **CORPORATE GOVERNANCE MEASURES**

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) the Articles provide that a Director shall not vote (nor shall he/she be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he/she or any of his/her close associates has/have a material interest, and if he/she shall do so his/her vote shall not be counted (nor shall he/she be counted in the quorum for that resolution), but this prohibition shall not apply to the exceptions as stated in the Articles where such exceptions are consistent with those provided in Appendix 3 to the GEM Listing Rules;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (b) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty;
- (c) Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (d) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty in the annual reports of our Company;
- (e) Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty will make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (f) our independent non-executive Directors will be responsible for deciding whether or not to allow any of Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty and/or his/its close associates to involve or participate in any business in competition with or likely to be in competition with the existing business activity of any member of our Group within Hong Kong and such other parts of the world where any member of our Group may operate from time to time and if so, any condition to be imposed; and
- (g) our independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

Further, any transaction that is proposed between our Group and/or Mr. Pan, Autumn Ocean, Mr. Ng and Ample Honesty and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out in this section, our Directors believe that the interest of our Shareholders will be protected.

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## SUBSTANTIAL SHAREHOLDERS

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Mr. Pan, Autumn Ocean, Ms. Liu Ming Lai Lorna, Mr. Ng, Ample Honesty and Ms. Leung Yuet Kwan Belinda will, immediately following completion of the Share Offer (without taking into account any Shares which may be issued upon the exercise of any option that may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will 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 Group.

Name	Capacity/Nature of interest	Number of Shares held/interested in	Percentage of shareholding immediately following completion of the Share Offer
Mr. Pan ( <i>Note 1</i> )	Interest in controlled corporation	528,000,000	66%
Autumn Ocean ( <i>Note 1</i> )	Beneficial owner	528,000,000	66%
Ms. Liu Ming Lai Lorna ( <i>Note 2</i> )	Interest of spouse	528,000,000	66%
Mr. Ng ( <i>Note 3</i> )	Interest in controlled corporation	72,000,000	9%
Ample Honesty ( <i>Note 3</i> )	Beneficial owner	72,000,000	9%
Ms. Leung Yuet Kwan Belinda ( <i>Note 4</i> )	Interest of spouse	72,000,000	9%

*Notes:*

1. These 528,000,000 Shares are held by Autumn Ocean which is wholly owned by Mr. Pan and hence, Mr. Pan is deemed, or taken to be, interested in all the Shares held by Autumn Ocean for the purposes of the SFO.
2. Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all Shares in which Mr. Pan is interested in for the purposes of the SFO.
3. These 72,000,000 Shares are held by Ample Honesty which is wholly owned by Mr. Ng and hence, Mr. Ng is deemed, or taken to be, interested in all the Shares held by Ample Honesty for the purposes of the SFO.
4. Ms. Leung Yuet Kwan Belinda is the spouse of Mr. Ng. She is deemed, or taken to be, interested in all Shares in which Mr. Ng is interested in for the purposes of the SFO.

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## **SUBSTANTIAL SHAREHOLDERS**

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Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Share Offer (without taking into account any Shares which may be issued upon the exercise of any option that may be granted under the Share Option Scheme), have interests or short positions in the 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 who will 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 our Company or any other member of our Group.

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## SHARE CAPITAL

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### SHARE CAPITAL

Without taking into account any Shares which may be issued upon exercise of any option that may be granted under the Share Option Scheme, our share capital immediately following the Share Offer will be as follows:

	<i>HK\$</i>
<i>Authorised share capital</i>	
<u>2,000,000,000</u> Shares	<u>20,000,000</u>
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:</i>	
660,000,000 Shares in issue at the date of this prospectus	6,600,000
<u>140,000,000</u> New Shares to be issued pursuant to the Share Offer	<u>1,400,000</u>
<u>800,000,000</u>	<u>8,000,000</u>

### MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

### RANKING

The New Shares will rank *pari passu* in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of Listing.

### GENERAL MANDATE TO ISSUE SHARES

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, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer; and

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## SHARE CAPITAL

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- (b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed “General mandate to repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please refer to the section headed “A. Further information about our Company – Written resolutions of our Shareholders passed on 23 June 2016” in Appendix IV to this prospectus.

### **GENERAL MANDATE TO REPURCHASE SHARES**

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, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Share Offer (excluding Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “Further information about our Company – Repurchase of our Shares by our Company” in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

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## SHARE CAPITAL

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- (c) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please refer to the section headed “A. Further information about our Company – Repurchase of our Shares by our Company” in Appendix IV to this prospectus.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, we will hold general meetings as prescribed for under our Articles, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

### **SHARE OPTION SCHEME**

We have conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed “Share Option Scheme” as set out in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.



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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our audited combined financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Group's combined financial statements have been prepared in accordance with the HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section "Risk factors" in this prospectus.*

### OVERVIEW

We are a financial services provider in Hong Kong. Our revenue is primarily derived from the provision of (i) securities dealing and brokerage services; (ii) placing and underwriting services; (iii) corporate finance advisory services; (iv) financing services including securities and IPO financing; and (v) asset management services.

Our placing and underwriting commission, which was principally derived from participating in different kinds of fund raising exercises for companies listed on the Stock Exchange by acting as the joint-bookrunner, lead manager, co-lead manager, underwriter, sub-underwriter, sub-agent, placing agent or sub-placing agent, was our largest source of revenue. Our commission derived from our placing and underwriting services contributed to approximately 57.2%, 72.8% and 68.9% of our total revenue for the three years ended 31 December 2015, respectively.

Our commission from provision of securities dealing and brokerage services was recognised when our customers execute trading orders through us. It accounted for approximately 25.2%, 16.2% and 21.6% of our total revenue for the three years ended 31 December 2015, respectively.

Our corporate finance advisory services fee was mainly derived from our services on (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial adviser; and (ii) giving opinion or recommendations to the independent board committee and independent shareholders of our customers in the capacity of independent financial adviser. Our corporate finance advisory services fee accounted for approximately 12.0%, 6.6% and 3.6% of our total revenue for the three years ended 31 December 2015, respectively.

In addition to our securities dealing and brokerage services, we also provide securities and IPO financing services to our customers, and charge interests on the outstanding principal amount due from our customers for purchase of securities and the loans advanced

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## FINANCIAL INFORMATION

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to our customers for IPO subscriptions. For the three years ended 31 December 2015, our interest income derived from securities and IPO financing accounted for approximately 5.6%, 4.4% and 3.0% of our total revenue, respectively.

Since 1 April 2015, we have been acting as the investment manager of Astrum China Fund. Pursuant to the Investment Management Agreement with Astrum China Fund, we are entitled to charge (i) monthly management fee at one twelfth (1/12) of two (2) per cent of the net asset value of Astrum China Fund; and (ii) performance fee at 20% of the positive increment in the net asset value of Astrum China Fund over its high water mark at the relevant performance period. Our asset management fee derived from Astrum China Fund accounted for nil, nil and approximately 2.9% of our total revenue for the three years ended 31 December 2015, respectively.

### **BASIS OF PRESENTATION**

Our Company was incorporated in the Cayman Islands on 13 January 2015 as an exempted company with limited liability. Subsequent to the Reorganisation, our Company became the holding company of the companies now comprising our Group, details of which are set out in the section headed “A. Further information about our Company – Corporate Reorganisation” in Appendix IV to this prospectus. Financial information of our Group has been prepared as if our Company had been the holding company of our Group throughout the Track Record Period in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Preparation of the financial information of our Group was in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA on the basis set out in note 2 to the Accountants’ Report contained in Appendix I to this prospectus.

### **CRITICAL ACCOUNTING POLICIES**

Our Group’s financial information have been prepared in accordance with the HKFRSs. Significant accounting policies adopted by our Group are set forth in detail in Appendix I to this prospectus. Some of the accounting policies involve subjective judgements, estimates, and assumptions made by our management, all of which are inherently subject to uncertainties. The estimates and the associated assumptions are based on historical data and our experience and factors that we believe to be relevant and reasonable under the circumstances.

The following paragraphs summarise the critical accounting policies and estimates applied in the preparation of our Group’s combined financial statements.

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### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business. Our 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 our Group's activities, as described below:

- Commission from securities dealing and brokerage services are recognised on the transaction date when the relevant contracts are executed.
- Placing and underwriting commission are recognised in accordance with the terms of the underlying agreements or deal mandates when the relevant significant acts have been completed (i.e. when shares are allotted).
- Corporate finance advisory services fee, management fee income and administrative income are recognised when the services are rendered.
- Fund management and performance fee are recognised in accordance with the terms and conditions of the relevant agreements.
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to our Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Financial assets

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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## FINANCIAL INFORMATION

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### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other assets, trade receivables, deposits and other receivables, amount due from a related company, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment of financial assets could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include our Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the

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## FINANCIAL INFORMATION

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allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

As at 31 December 2013, 2014 and 2015, the aggregate carrying amount of trade receivables were approximately HK\$29.1 million, HK\$51.9 million and HK\$80.1 million, respectively. No allowance for impaired debts has been provided due to the quality of the securities held by each client in the trading account maintained with us, current creditworthiness and past collection history of each client.

### **Cash and cash equivalents**

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of our Group's cash management.

For details of the significant accounting policies and estimates relating to our Group's financial information, please refer to notes 3 and 4 to the Accountants' Report as set out in Appendix I to this prospectus.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Due to the business nature of our Group, our financial performance highly relates to the number and size of transactions we secure in each of our business segments from time to time. As our business mainly focuses on capital market in Hong Kong, our Directors believe that the major factors affecting our Group's results of operations include:

- (a) the performance of Hong Kong securities market and economic conditions;
- (b) the intensity of competition in the financial services industry;
- (c) the changes in the laws and regulations governing the financial services industry in Hong Kong; and
- (d) the changes in the interest rates.

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## FINANCIAL INFORMATION

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### **Performance of Hong Kong securities market and economic conditions**

Our revenue are generated mainly from the provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services including securities and IPO financing and asset management services in Hong Kong. Our Directors believe that our financial performance highly relates to the overall performance of the Hong Kong securities market, which may be affected by many unpredictable factors, including local and international economic and political conditions, and changes in the macroeconomic conditions.

The trading turnover of the Hong Kong securities market fluctuated during the past few years. There was a downturn of trading turnover in 2008 and 2009 due to the global financial tsunami which took place in the second half of 2008. The trading turnover in 2012 reached the bottom and amounted to approximately HK\$13,301 billion as a result of the uncertainties arised from the European debt crisis. IPO market also experienced the similar trend that the total fund raised from IPO dropped significantly in 2008 (only approximately HK\$66 billion) and 2012 (only approximately HK\$90 billion).

Majority of our revenue was derived from placing and underwriting commission and commission from securities dealing and brokerage services during the Track Record Period. Our revenue is therefore highly dependent on the activeness of the securities market in Hong Kong. With the unstable and unpredictable market conditions, our financial performance may be volatile. According to our Group's unaudited accounts for the four months ended 30 April 2016 and 2015, our revenue was approximately HK\$27.1 million for the four months ended 30 April 2016 as compared to approximately HK\$11.4 million for the same period in 2015, representing an increase of approximately 137.7%. Our Group's unaudited accounts for the four months ended 30 April 2016 and 2015 have been reviewed by our Group's reporting accountants, HLB Hodgson Impey Cheng Limited, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Notwithstanding our Group recorded an increase in unaudited revenue for the four months ended 30 April 2016 as compared to the same period in 2015, in view of the out-performed market sentiments of securities market in Hong Kong in 2015 as compared with previous years, under a conservative and prudent approach, our Directors expect that the net profit of our Group for the year ending 31 December 2016 will probably decrease significantly as compared with the year ended 31 December 2015.

### **The intensity of competition in the financial services industry**

Our results of operations are, to some extent, susceptible to the intensity of competition in the financial services industry in Hong Kong. The more intense the competition is, the less likely our Group is able to maintain our market share in the industry.

There is a large number of market participants in the securities dealing and brokerage industry in Hong Kong which makes the industry highly competitive. As at 31 May 2016, there were 566 Stock Exchange Participants including 529 trading participants and 37 non-trading participants on the Stock Exchange. New participants may enter into the

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industry so long as they obtain the requisite licences and permits. Apart from large multi-national financial institutions, our Group also faces competition from local medium and small-sized financial services firms which offer similar range of services.

For corporate finance advisory services sector, there were 281 licensed corporations and 33 registered institutions carrying out Type 6 (advising on corporate finance) regulated activity as at the end of March 2016, which may lead to competitive pricing for services.

Such intense competition may affect our market share in the financial services industry in Hong Kong and our results of operations.

### **Changes in the laws and regulations governing the financial services industry in Hong Kong**

Our operating subsidiary, Astrum Capital, and our Responsible Officers and Licensed Representatives are required to obtain relevant licenses under the SFO. As a licensed corporation, we are also required at all times to maintain liquid capital which is not less than the required liquid capital as stipulated under the FRR. Any increase in the minimum liquidity level will affect the amount of liquid capital required for our business which determines the volume and size of transactions that we can carry out. These may in turn affect our revenue.

Our business is also bounded by a number of laws and regulations, including the Listing Rules, the GEM Listing Rules, the Takeovers Code and Companies Ordinance. Any changes on these laws and regulations may affect our target customers' abilities to implement corporate exercises including IPOs and secondary market equity fund-raising and in turn may affect our revenue.

### **Changes in the interest rates**

The fluctuation of interest rates affects our businesses and therefore the results of operations in different ways. An increase in interest rates may generally lead to an increase in our interest income arising from securities and IPO financing as well as an increase in our finance cost on bank borrowings. It would adversely affect our businesses and our Group's financial results if our interest rate spread for the securities and IPO financing businesses is reduced. Moreover, an increase in interest rates may have an adverse impact on the financial markets, especially the securities market, and the market sentiment, which may indirectly affect our Group's results of operations adversely.

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### RESULTS OF OPERATIONS OF OUR GROUP

#### Combined Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our combined statements of profit or loss and other comprehensive income and other financial information for the three years ended 31 December 2015, as extracted from the Accountants' Report of our Group in Appendix I to this prospectus.

	Year ended 31 December		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	15,250	40,434	91,799
Other income	626	890	1,863
Administrative and other operating expenses	(12,969)	(19,474)	(46,406)
Finance costs	<u>(90)</u>	<u>(158)</u>	<u>(211)</u>
Profit before tax	2,817	21,692	47,045
Income tax expense	<u>–</u>	<u>(1,500)</u>	<u>(8,708)</u>
Profit and total comprehensive income for the year attributable to owners of our Company	<u><u>2,817</u></u>	<u><u>20,192</u></u>	<u><u>38,337</u></u>



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### PRINCIPAL COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

Our revenue was derived from five principal sources, namely (i) commission from securities dealing and brokerage services; (ii) placing and underwriting commission; (iii) corporate finance advisory services fee; (iv) interest income from securities and IPO financing services; and (v) asset management fee. The following table sets forth a breakdown of our revenue by business segments during the Track Record Period:

	Year ended 31 December					
	2013		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Commission from securities dealing and brokerage services	3,839	25.2	6,557	16.2	19,873	21.6
Placing and underwriting commission	8,729	57.2	29,424	72.8	63,267	68.9
Corporate finance advisory services fee	1,828	12.0	2,681	6.6	3,265	3.6
Interest income from securities and IPO financing services	854	5.6	1,772	4.4	2,736	3.0
Asset management fee	—	—	—	—	2,658	2.9
	<u>15,250</u>	<u>100.0</u>	<u>40,434</u>	<u>100.0</u>	<u>91,799</u>	<u>100.0</u>

Our commission from securities dealing and brokerage services was derived from our trading services principally for securities in Hong Kong which include stocks, derivatives and debt instruments. We generally charge commission in the range from 0.08% to 0.25% of the transaction values. For the three years ended 31 December 2015, commission from securities dealing and brokerage services accounted for approximately 25.2%, 16.2% and 21.6% of our total revenue, respectively.

Our placing and underwriting commission was derived from participating in different kinds of fund raising exercises for companies listed on the Stock Exchange by acting as the joint-bookrunner, lead manager, co-lead manager, underwriter, sub-underwriter, sub-agent, placing agent or sub-placing agent. During the Track Record Period, the placing and underwriting commission charged by us ranged from 0.25% to 5.0%. Our revenue from placing and underwriting services was the largest source of income accounted for approximately 57.2%, 72.8% and 68.9% of our total revenue for the three years ended 31 December 2015, respectively.

Our corporate finance advisory services fee was mainly derived from our services on (i) advising on transactions or compliance matters under the Listing Rules, the GEM Listing Rules or the Takeovers Code in the capacity of financial adviser; and (ii) giving opinion or recommendations to the independent board committee and independent shareholders of our

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customers in the capacity of independent financial adviser. Our revenue from our corporate finance advisory services accounted for approximately 12.0%, 6.6% and 3.6% of our total revenue for the three years ended 31 December 2015, respectively.

In addition, our interest income was derived from (i) interest charged on the outstanding principal balances due from our customers as a result of purchase of securities; and (ii) interest charged on the loans advanced to our customers for IPO subscriptions. During the Track Record Period, the interest rates charged by our Group on the outstanding principal amount due from our customers for purchasing of securities ranged from 5.5% to 11.0% per annum and the loans advanced to our customers for IPO subscriptions ranged from 1.0% to 2.0% per annum. For the three years ended 31 December 2015, the interest income from securities and IPO financing services accounted for approximately 5.6%, 4.4% and 3.0% of our total revenue, respectively.

Since 1 April 2015, we have been acting as the investment manager of Astrum China Fund. Pursuant to the Investment Management Agreement with Astrum China Fund, we are entitled to charge (i) monthly management fee at one twelfth (1/12) of two (2) per cent of the net asset value of the Astrum China Fund; and (ii) performance fee at 20% of the positive increment in the net asset value of Astrum China Fund over its high water mark at the relevant performance period. Our asset management fee derived from Astrum China Fund accounted for nil, nil and approximately 2.9% of our total revenue for the three years ended 31 December 2015, respectively.

### **Other income**

Other income mainly included (i) administrative income; (ii) handling fee income such as CCASS charges and scrip fees received from our customers in relation to the securities dealing and brokerage services; (iii) management fee charged on managing the discretionary accounts; and (iv) interest income from Authorised Institutions.

### **Administrative and other operating expenses**

Our administrative and other operating expenses comprised of salaries, allowance and other benefits, commission expenses, professional fees, office rent, rates and utilities, information and communications expenses, advertising, depreciation, loss on disposal of property, plant and equipment, and other miscellaneous expenses.

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The following is a breakdown of our administrative and other operating expenses during the Track Record Period:

	2013		Year ended 31 December 2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Salaries, allowance and other benefits	6,338	48.9	7,517	38.6	14,380	31.0
Commission expenses	1,846	14.2	6,642	34.1	14,467	31.2
Professional fees	146	1.1	1,520	7.8	6,796	14.6
Office rent, rates and utilities	1,135	8.8	1,150	5.9	1,588	3.4
Information and communications expenses	1,105	8.5	1,013	5.2	1,332	2.9
Advertising	6	0.0	14	0.1	4,550	9.8
Depreciation	202	1.6	111	0.6	315	0.7
Loss on disposal of property, plant and equipment	416	3.2	–	–	18	0.0
Miscellaneous	<u>1,775</u>	<u>13.7</u>	<u>1,507</u>	<u>7.7</u>	<u>2,960</u>	<u>6.4</u>
	<u><u>12,969</u></u>	<u><u>100.0</u></u>	<u><u>19,474</u></u>	<u><u>100.0</u></u>	<u><u>46,406</u></u>	<u><u>100.0</u></u>

Our salaries, allowance and other benefits mainly comprised of (i) staff salaries, mandatory provident fund contributions and medical expenses; (ii) commission paid to the accounts executives who managed the AE Referred Accounts; and (iii) directors emoluments. It accounted for approximately 48.9%, 38.6% and 31.0% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively.

During the course of the provision of placing and underwriting services, we may engage other parties as the sub-placing agents or sub-underwriters for the fund raising exercises. Commission was paid for their services based on the value of securities allocated to them or the amount of sub-underwriting commitments undertaken by them. Our commission expenses accounted for approximately 14.2%, 34.1% and 31.2% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively.

Professional fees mainly represented annual audit fees, and expenses charged mainly for the provision of legal and advisory services in relation to our placing and underwriting services and our corporate finance advisory services. For the years ended 31 December 2014 and 2015, the professional fees also included listing expenses of approximately HK\$0.8 million and HK\$6.2 million, respectively. For the three years ended 31 December 2015, our professional fees accounted for approximately 1.1%, 7.8% and 14.6% of our total administrative and other operating expenses, respectively.

Office rent, rates and utilities mainly represented the leasing of our office premises and the relevant utilities expenses such as electricity. The office rent, rates and utilities accounted for approximately 8.8%, 5.9% and 3.4% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively.

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Information and communications expenses mainly represented fees paid for the rental of securities trading system, market information fee, telephone expenses and system support and maintenance fees. It accounted for approximately 8.5%, 5.2% and 2.9% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively.

Advertising accounted for approximately 0.0%, 0.1% and 9.8% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively. For the year ended 31 December 2015, we spent approximately HK\$4.6 million to advertise our business on a financial magazine distributed in China, Hong Kong, Taiwan and Macau.

Depreciation expenses represented depreciation charges on our property, plant and equipment which included (i) leasehold improvements; (ii) furniture and fixtures; (iii) computer and equipment; and (iv) motor vehicle. It accounted for approximately 1.6%, 0.6% and 0.7% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively.

Loss on disposal of property, plant and equipment represented the disposal of our computer and equipment during the year ended 31 December 2013, and the disposal of our leasehold improvements during the year ended 31 December 2015 due to the relocation of our office. It accounted for approximately 3.2% and 0.0% of our total administrative and other operating expenses for the relevant years, respectively.

Our miscellaneous expenses mainly comprised of handling fees, CCASS charges, scrip fees, agency fee, entertainment, business registration, license and registration fee, travelling, office consumables, repairs and maintenance and office design fee. It accounted for approximately 13.7%, 7.7% and 6.4% of our total administrative and other operating expenses for the three years ended 31 December 2015, respectively.

### **Finance costs**

Finance costs represented interests paid for the utilisation of banking facilities from Authorised Institutions for provision of securities and IPO financing.

### **Income tax expense**

Since our operation is based in Hong Kong, we are only liable to Hong Kong profits tax which is charged at a tax rate of 16.5%. For the year ended 31 December 2013, no income tax expense was incurred as our Group had available tax losses brought forward from previous years to offset the assessable profit derived by us in Hong Kong. For the year ended 31 December 2014, our Hong Kong profits tax expenses amounted to approximately HK\$1.5 million and was charged after utilising all remaining tax losses brought forward from previous years. For the year ended 31 December 2015, our Hong Kong profits tax expenses amounted to approximately HK\$8.7 million.

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Astrum Capital recorded profits for each of the years ended 31 December 2007, 2011, 2013, 2014 and 2015, and was in a loss position for each of the other years since our incorporation in 2005. As a result, we had accumulated losses as at the end of each of the years from our incorporation up to and including 31 December 2013. We had accumulated losses of approximately HK\$16.2 million as at 1 January 2013, being the beginning of the Track Record Period. From 2009 to 2012, we mainly provided securities dealing and brokerage services and financing services and were only engaged in 10 placing and underwriting exercises during these 4 years. With a progressive development in different business segments, we managed to turn around and recorded retained profits of approximately HK\$17.7 million as at 31 December 2015 after the distribution of dividends of approximately HK\$27.4 million during the year ended 31 December 2015. Such improvement was mainly attributable to the launch of our corporate finance business in September 2012, when Mr. Kwan, who has approximately 18 years of experience in the financial services industry, joined our Group as the head of the corporate finance department in the same year. With the expertise of our corporate finance team, we (i) extended our service to corporate finance advisory and recorded advisory fee of approximately HK\$1.8 million, HK\$2.7 million and HK\$3.3 million for the three years ended 31 December 2015 respectively; and (ii) strengthened the execution of our placing and underwriting services in 2013, 2014 and 2015, resulting in the recognition of placing and underwriting commission of approximately HK\$8.7 million for 16 engagements, HK\$29.4 million for 23 engagements and HK\$63.3 million for 29 engagements for the three years ended 31 December 2015, respectively. The expansion of our placing and underwriting services is also attributable to the expansion of our client base due to the increase in the number of our securities trading accounts from 242 as at 1 January 2013 to 417 as at 31 December 2014, and further to 494 as at 31 December 2015. Our Directors believe that the increase in our securities trading accounts may be due to (i) the new clients brought in by the new joining account executives; (ii) the increase in market awareness of our Group given the fact that, our name and role in placing and underwriting transactions and corporate finance transactions were disclosed in our customers' publications such as circulars and announcements; and (iii) investors may be interested in the securities that we acted as a placing agent/underwriter and hence open a securities trading account with us in order to subscribe for those securities. With the expansion in our placing and underwriting services, our commission from securities dealing and brokerage services also benefited as we charged brokerage from places. Furthermore, in March 2015, Astrum Capital entered into the Investment Management Agreement with Astrum China Fund to act as the investment manager. Astrum China Fund was subsequently launched on 1 April 2015. For the year ended 31 December 2015, we recorded management fee and performance fee for Astrum China Fund of approximately HK\$0.7 million and HK\$1.9 million, respectively. Our Directors believe that the complementary nature of our services distinguishes us from our competitors under the competitive operating environment, and allows us to capture business opportunities in different business segments and thus we can generate a diversified stream of income for the three years ended 31 December 2015.

Notwithstanding our poor financial performance prior to the Track Record Period, our loss making position had been turnaround as evidenced by our profit making business model in 2013, 2014 and 2015. Our Directors believe that our Group will continue our diversified spectrum of operations and maintain good relationship with our customers under substantially the same management. As supported by our recent business engagements in

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placing and underwriting services which represent the largest source of revenue of our Group during the Track Record Period, we expect that our business will be sustainable after Listing.

### PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Year ended 31 December 2015 as compared to 31 December 2014

##### *Revenue*

Our total revenue for the year ended 31 December 2015 was approximately HK\$91.8 million as compared to approximately HK\$40.4 million for the year ended 31 December 2014, representing an increase of approximately 127.0%. The increase in our total revenue was mainly attributable to (i) the increase in the securities trading transaction amount of our customers; (ii) the increase in the number of placing and underwriting engagements secured and completed by us; (iii) the increase in the average service fee of financial advisory projects undertaken by us; and (iv) the new revenue source from management fee and performance fee derived from asset management of Astrum China Fund.

Commission from securities dealing and brokerage services increased from approximately HK\$6.6 million for the year ended 31 December 2014 to approximately HK\$19.9 million for the year ended 31 December 2015, representing an increase of approximately 203.1%. The increase was mainly attributable to (i) the increase in the securities trading transaction amount of our customers along with the overall increase in total annual trading turnover in 2015 as compared with 2014, notwithstanding that there was a downturn in Hong Kong securities market in the second half of 2015; (ii) the addition of 14 new active customers who, for each customer, brought over HK\$100,000 commission during the year ended 31 December 2015 and in aggregate, contributed commission of approximately HK\$4.2 million, representing approximately 21.1% of the Group's total commission from securities dealing and brokerage services for the year ended 31 December 2015. The aforesaid 14 new active customers comprise (i) Astrum China Fund, which Astrum Capital was appointed as its investment manager pursuant to the Investment Management Agreement; and (ii) 13 Independent Third Parties, who are independent from and not connected with our Company, our connected persons and our employees. Subsequent to the Track Record Period and up to the Latest Practicable Date, our commission income of securities dealing and brokerage services generated from these 14 new active customers amounted to approximately HK\$1.4 million.

Our revenue derived from placing and underwriting services increased from approximately HK\$29.4 million for the year ended 31 December 2014 to approximately HK\$63.3 million for the year ended 31 December 2015, representing an increase of approximately 115.0%. Such increase was mainly due to (i) the increase in the number of placing and underwriting transactions from 23 for the year ended 31 December 2014 to 29 for the year ended 31 December 2015; and (ii) the increase in the average fund raising size of the top five placing and underwriting transactions undertaken by our Group from approximately HK\$134.2 million for the year ended 31 December 2014 to approximately HK\$819.6 million for the year ended 31 December 2015.

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Our corporate finance advisory services fee increased from approximately HK\$2.7 million for the year ended 31 December 2014 to approximately HK\$3.3 million for the year ended 31 December 2015, representing an increase of approximately 21.8%. The increase was mainly due to the increase in the average service fee of financial advisory projects undertaken by us.

Our interest income from securities and IPO financing services increased from approximately HK\$1.8 million for the year ended 31 December 2014 to approximately HK\$2.7 million for the year ended 31 December 2015, representing an increase of approximately 54.4%. Such increase was in line with the increase in commission from securities dealing and brokerage services during the year ended 31 December 2015 as the securities trading transaction amount of our customers increased.

Our management fee and performance fee derived from asset management of Astrum China Fund, which were new revenue sources of our Group for the year ended 31 December 2015, amounted to approximately HK\$0.7 million and HK\$1.9 million, respectively.

### *Other income*

Other income increased from approximately HK\$0.9 million for the year ended 31 December 2014 to approximately HK\$1.9 million for the year ended 31 December 2015, representing an increase of approximately HK\$1.0 million. Such increase was mainly due to (i) the increase in the securities trading transaction amount of our customers which in turn led to the increase in our handling fee income such as the CCASS charges and scrip fees received from our customers; and (ii) the increase in administrative income.

### *Administrative and other operating expenses*

Administrative and other operating expenses increased from approximately HK\$19.5 million for the year ended 31 December 2014 to approximately HK\$46.4 million for the year ended 31 December 2015, representing an increase of approximately 138.3%. The increase in our administrative and other operating expenses was mainly due to (i) the increase in salaries, allowance and other benefits; (ii) the increase in commission expenses; (iii) the increase in professional fees; (iv) the increase in advertising expenses; and (v) the increase in miscellaneous expenses.

The increase in salaries, allowance and other benefits from approximately HK\$7.5 million for the year ended 31 December 2014 to approximately HK\$14.4 million for the year ended 31 December 2015 was primarily attributable to (i) the increase in bonus of approximately HK\$2.6 million; (ii) the increment of basic salaries paid to our employees; (iii) addition of four employees which incurred additional salaries of approximately HK\$1.1 million; (iv) the increase in commission paid to the accounts executives of approximately HK\$1.0 million who managed the AE Referred Accounts as a result of the increase in transaction volume of the AE Referred Accounts along with the overall increase in total annual trading turnover in 2015 as compared with 2014, notwithstanding that there was a downturn in Hong Kong securities market in the second half of 2015; and (v) the additional salaries paid to Mr. Ngai of approximately HK\$1.5 million, whose remuneration was in proportion to the performance fee received by Astrum Capital from Astrum China Fund.



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The commission expenses increased from approximately HK\$6.6 million for the year ended 31 December 2014 to approximately HK\$14.5 million for the year ended 31 December 2015, representing an increase of approximately HK\$7.9 million. The increase was mainly due to the increase in sub-underwriting fee paid by us to sub-underwriters of approximately HK\$9.0 million as a result of the increase in underwriting and sub-underwriting exercises from 6 in 2014 to 11 in 2015 and offset by the decrease in placing fee paid by us to sub-placing agents of approximately HK\$1.1 million.

The increase in our professional fees for the year end 31 December 2015 was primarily attributable to the increase in the professional parties fees in preparation for the listing charged to profit or loss of approximately HK\$5.5 million.

The advertising expenses for the year ended 31 December 2015 of approximately HK\$4.6 million was mainly due to the advertisement of our business on a financial magazine distributed in China, Hong Kong, Taiwan and Macau.

The increase in our miscellaneous expenses for the year end 31 December 2015 of approximately HK\$1.5 million was mainly due to (i) the increase in printing cost for printing of our clients agreements; (ii) the increase in CCASS charges as a result of the increase in the securities trading transaction amount of our customers; and (iii) the office relocation expenses and office design fee as a result of relocation of our office.

### *Finance costs*

The increase in the finance costs from approximately HK\$158,000 for the year ended 31 December 2014 to approximately HK\$211,000 for the year ended 31 December 2015 was mainly due to the increase in IPO financing which in turn led to the increase in utilisation of IPO loan borrowed by us from an Authorised Institution.

### *Income tax expense*

For the year ended 31 December 2014, income tax expense of approximately HK\$1.5 million was charged after utilising all remaining tax losses brought forward from previous years. For the year ended 31 December 2015, income tax expense amounted to approximately HK\$8.7 million.

### *Profit for the year*

As a result of the foregoing, our profit for the year ended 31 December 2015 increased by approximately HK\$18.1 million, or approximately 89.9% from approximately HK\$20.2 million for the year ended 31 December 2014 to approximately HK\$38.3 million for the year ended 31 December 2015.



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### Year ended 31 December 2014 as compared to 31 December 2013

#### *Revenue*

Our total revenue for the year ended 31 December 2014 was approximately HK\$40.4 million as compared to approximately HK\$15.3 million for the year ended 31 December 2013, representing an increase of approximately 165.1%. The increase in our total revenue was mainly attributable to (i) the increase in the securities trading transaction amount of our customers; (ii) the increase in the number of placing and underwriting engagements we secured and completed; and (iii) the increase in the number of financial advisory projects undertaken by us in 2014.

Commission from securities dealing and brokerage services increased from approximately HK\$3.8 million for the year ended 31 December 2013 to approximately HK\$6.6 million for the year ended 31 December 2014, representing an increase of approximately 70.8%. Such increase was mainly attributable to the general recovery of the securities market and the increase in the securities trading transaction amount of our customers in 2014. The number of securities trading accounts opened with us increased from 334 as at 31 December 2013 to 417 as at 31 December 2014. The number of active accounts also increased from 150 to 181 as at the same relevant dates.

Our revenue derived from placing and underwriting services increased from approximately HK\$8.7 million for the year ended 31 December 2013 to approximately HK\$29.4 million for the year ended 31 December 2014, representing an increase of approximately 237.1%. Such increase was mainly due to (i) the increase in the number of placing and underwriting transactions from 16 in 2013 to 23 in 2014; and (ii) the increase in the average fund raising size of the top five placing and underwriting transactions undertaken by our Group from approximately HK\$67.6 million in 2013 to approximately HK\$134.2 million in 2014.

Our corporate finance advisory services fee increased from approximately HK\$1.8 million for the year ended 31 December 2013 to approximately HK\$2.7 million for the year ended 31 December 2014, representing an increase of approximately 46.7%. Such increase was mainly due to the increase in the number of corporate finance transactions in which we are engaged from 13 in 2013 to 19 in 2014.

Our interest income from securities and IPO financing increased from approximately HK\$0.9 million for the year ended 31 December 2013 to approximately HK\$1.8 million for the year ended 31 December 2014, representing an increase of approximately 107.5%. Such increase was in line with the increase in commission from securities dealing and brokerage services in 2014 as the securities trading transaction amount of our customers increased.

#### *Other income*

Other income increased from approximately HK\$0.6 million for the year ended 31 December 2013 to approximately HK\$0.9 million for the year ended 31 December 2014, representing an increase of approximately HK\$0.3 million. Such increase was mainly due to

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the increase in the securities trading transaction amount of our customers which in turn led to the increase in the handling fees, CCASS charges and scrip fees received from our customers.

### *Administrative and other operating expenses*

Administrative and other operating expenses increased from approximately HK\$13.0 million for the year ended 31 December 2013 to approximately HK\$19.5 million for the year ended 31 December 2014, representing an increase of approximately 50.2%. The increase in administrative and other operating expenses was mainly due to (i) the increase in salaries, allowance and other benefits; (ii) the increase in commission expenses; and (iii) the increase in legal, advisory and professional fees.

The increase in salaries, allowance and other benefits was primarily attributable to the increase in bonus of approximately HK\$0.5 million and increase in salary in 2014.

The commission expenses increased by approximately 259.8% from approximately HK\$1.8 million for the year ended 31 December 2013 to approximately HK\$6.6 million for the year ended 31 December 2014, which was in line with the increment of commission generated from placing and underwriting services. For the year ended 31 December 2014, the total commission expenses for our top three customers in placing and underwriting services amounted to approximately HK\$4.8 million, accounting for approximately 72.5% of our total commission expenses.

The increase in professional fees was primarily attributable to the professional parties fees in preparation for the listing charged to profit or loss in 2014 of approximately HK\$0.8 million and the increase in the legal and advisory expenses of approximately HK\$0.6 million in relation to two placing transactions in 2014.

### *Finance costs*

The increase in the finance costs from approximately HK\$90,000 for the year ended 31 December 2013 to approximately HK\$158,000 for the year ended 31 December 2014 was mainly due to the increase in IPO financing in 2014 which in turn led to the increase in utilisation of IPO loan borrowed by us from an Authorised Institution.

### *Income tax expense*

For the year ended 31 December 2013, no income tax was made as our Group had available tax losses brought forward from previous years to offset the assessable profit derived by us in Hong Kong. For the year ended 31 December 2014, income tax expense of approximately HK\$1.5 million was charged after utilising all remaining tax losses brought forward from previous years.

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### *Profit for the year*

As a result of the foregoing, our profit for the year from continuing operations increased by approximately HK\$17.4 million, or approximately 616.8% from approximately HK\$2.8 million for the year ended 31 December 2013 to approximately HK\$20.2 million for the year ended 31 December 2014.

### LIQUIDITY AND CAPITAL RESOURCES

Our working capital and other capital requirements were principally satisfied by cash generated from our Group's operations.

The following table summarises the movement of our cash for the year indicated:

	<b>Year ended 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash and cash equivalents at the beginning of year</b>	<u>8,182</u>	<u>18,824</u>	<u>24,958</u>
Net cash (used in)/generated from operating activities	(1,858)	6,157	16,207
Net cash used in investing activities	(500)	(24)	(2,941)
Net cash generated from/(used in) financing activities	<u>13,000</u>	<u>1</u>	<u>(27,440)</u>
Net increase/(decrease) in cash and cash equivalents	<u>10,642</u>	<u>6,134</u>	<u>(14,174)</u>
<b>Cash and cash equivalents at the end of year</b>	<u><u>18,824</u></u>	<u><u>24,958</u></u>	<u><u>10,784</u></u>

### Cash flows from operating activities

Our operating cash inflows were primarily derived from the provision of financial services, whereas our operating cash outflows mainly comprised of payment for staff salaries, commission expenses, system support and maintenance, as well as other working capital needs. Our net cash used in or generated from operating activities primarily reflected our profit before tax, as adjusted for non-operating items, such as depreciation of property, plant and equipment, interest expense and income, and loss on disposal of property, plant and equipment, and the effects of changes in working capital such as increase or decrease in other assets, trade receivables, deposits, prepayments and other receivables, trust accounts, trade payables, and other payables and accruals.

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Cash flows from operating activities were mainly affected by the timing of settlement of trades from customers during our ordinary course of business, which also accounted for the difference in the net cash generated from operating activities among the years during the Track Record Period.

For the year ended 31 December 2013, we had net cash used in operating activities of approximately HK\$1.9 million, primarily as a result of (i) profit before tax of approximately HK\$2.8 million, positively adjusted by depreciation of approximately HK\$0.2 million and loss on disposal of property, plant and equipment of approximately HK\$0.4 million; (ii) increase in trade receivables of approximately HK\$17.8 million; (iii) increase in trust accounts of approximately HK\$23.5 million; and (iv) increase in trade payables of approximately HK\$35.7 million.

For the year ended 31 December 2014, we had net cash generated from operating activities of approximately HK\$6.2 million and primarily as a result of (i) profit before tax of approximately HK\$21.7 million, positively adjusted by depreciation of approximately HK\$0.1 million; (ii) increase in trade receivables of approximately HK\$22.8 million as a result of increase in amounts due from margin clients and clearing house arising from securities dealing and brokerage services; and (iii) decrease in trade payables of approximately HK\$15.1 million and decrease in trust accounts of approximately HK\$22.5 million, both as a result of decrease in the amount of money deposited by clients.

For the year ended 31 December 2015, we had net cash generated from operating activities of approximately HK\$16.2 million and primarily as a result of (i) profit before tax of approximately HK\$47.0 million, positively adjusted by depreciation of approximately HK\$0.3 million; (ii) increase in other assets of approximately HK\$0.8 million as a result of increase of guarantee fund and mainland security deposit paid to HKSCC; and (iii) increase in trade payables of approximately HK\$153.3 million and increase in trust accounts of approximately HK\$150.3 million, both as a result of increase in the amount of money deposited by clients.

### **Cash flows from investing activities**

Our cash used in investing activities were primarily applied to the purchase of property, plant and equipment during the Track Record Period.

For the two years ended 31 December 2014, we recorded net cash used in investing activities of approximately HK\$0.5 million for the addition of computer and equipment and approximately HK\$24,000 for the addition of leasehold improvements in our office, respectively.

For the year ended 31 December 2015, we recorded net cash used in investing activities of approximately HK\$2.9 million for the addition of (i) leasehold improvements of approximately HK\$1.8 million; (ii) furniture and fixtures of approximately HK\$0.1 million; (iii) computer and equipment of approximately HK\$0.4 million; and (iv) motor vehicle of approximately HK\$0.6 million.

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### **Cash flows from financing activities**

Our cash inflows from financing activities mainly included proceeds from the issue of shares and bank borrowings, while our cash outflows from financing activities primarily represented repayment of bank borrowings and payment of dividends.

For the year ended 31 December 2013, we had net cash generated from financing activities of approximately HK\$13.0 million, which was attributable to the proceeds from the issue of 13 million ordinary shares of Astrum Capital during the year ended 31 December 2013 at par value of HK\$1 each.

For the year ended 31 December 2014, we had minimal net cash generated from financing activities of approximately HK\$1,000, which was mainly attributable to the proceeds from bank borrowing of approximately HK\$3.0 million and was offset by the repayment of such bank borrowing during the same year and the proceeds from the issue of 100 ordinary shares of Major Harvest during the year ended 31 December 2014 at par value of US\$1 each.

For the year ended 31 December 2015, we had net cash used in financing activities of approximately HK\$27.4 million, which was attributable to the proceeds from bank borrowings of approximately HK\$6.0 million and was offset by the repayment of such bank borrowings during the same year and the payment of dividends by Astrum Capital of approximately HK\$27.4 million to its then equity owners in 2015.

### **WORKING CAPITAL**

Our Directors are of the opinion that, taking into consideration our internal resources, the estimated net proceeds from the Share Offer and the banking facilities, we have sufficient working capital and financial resources to meet our present requirements for at least 12 months from the date of this prospectus.

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### STATEMENT OF NET CURRENT ASSETS

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>	As at 30 April 2016 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Current assets</b>				
Trade receivables	29,061	51,904	80,113	112,517
Deposits, prepayments and other receivables	290	406	1,329	1,963
Amount due from a related company	–	–	20	–
Bank balances and cash				
– General accounts and cash	18,824	24,958	10,784	14,284
– Trust accounts	46,972	24,513	174,795	142,587
	<u>95,147</u>	<u>101,781</u>	<u>267,041</u>	<u>271,351</u>
<b>Current liabilities</b>				
Trade payables	63,973	48,867	202,158	193,745
Other payables and accruals	420	405	1,309	543
Current tax liabilities	–	1,500	4,981	6,681
	<u>64,393</u>	<u>50,772</u>	<u>208,448</u>	<u>200,969</u>
<b>Net current assets</b>	<u><u>30,754</u></u>	<u><u>51,009</u></u>	<u><u>58,593</u></u>	<u><u>70,382</u></u>

The key components of our current assets included trade receivables, deposits, prepayments and other receivables, amount due from a related company and bank balances and cash including general accounts and cash, and trust accounts. The amount due from a related company as at 31 December 2015 of approximately HK\$20,000 had been repaid and settled subsequently. The key components of our current liabilities included trade payables, other payables and accruals and current tax liabilities.

As at 31 December 2014, we had net current assets of approximately HK\$51.0 million, representing an increase of approximately HK\$20.3 million from approximately HK\$30.8 million as at 31 December 2013. The increase in our net current assets was principally due to (i) the increase in trade receivables from margin clients and clearing house of approximately HK\$32.6 million; (ii) the increase in our bank balances at general accounts and cash of approximately HK\$6.1 million; and (iii) the decrease in trade payables of approximately HK\$15.1 million.

As at 31 December 2015, we had net current assets of approximately HK\$58.6 million, representing an increase of approximately HK\$7.6 million from approximately HK\$51.0 million as at 31 December 2014. The increase in our net current assets was principally due

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to (i) the increase in trade receivables from cash and margin clients of approximately HK\$27.9 million; and (ii) the increase in bank balances in trust accounts of approximately HK\$150.3 million. Such increase was partially offset by (i) the decrease in bank balances in general accounts and cash of approximately HK\$14.2 million; (ii) increase in trade payables of approximately HK\$153.3 million; and (iii) the increase in current tax liabilities of approximately HK\$3.5 million.

As at 30 April 2016, we had net current asset of approximately HK\$70.4 million, representing an increase of approximately HK\$11.8 million from approximately HK\$58.6 million as at 31 December 2015. The increase in our net current assets was principally due to (i) the increase in trade receivables of approximately HK\$32.4 million; (ii) the increase in bank balances in general accounts and cash of approximately HK\$3.5 million; and (iii) the decrease in trade payables of approximately HK\$8.4 million. Such increase was partially offset by (i) the decrease in bank balances in trust accounts of approximately HK\$32.2 million; and (ii) the increase in current tax liabilities of approximately HK\$1.7 million.

### ANALYSIS OF VARIOUS ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

#### Trade receivables

Trade receivables mainly included (i) receivables from cash clients, margin clients and clearing house which were arising from the securities dealing and brokerage services; and (ii) receivables from customers of our corporate finance advisory services. The following table sets forth a breakdown of trade receivables arising from the ordinary course of business as at 31 December 2013, 2014 and 2015:

	<b>As at 31 December 2013 <i>HK\$'000</i></b>	<b>As at 31 December 2014 <i>HK\$'000</i></b>	<b>As at 31 December 2015 <i>HK\$'000</i></b>
Securities dealing and brokerage services:			
Clients – cash	14,584	4,619	22,791
Clients – margin	9,096	26,296	36,032
Clearing house	<u>5,321</u>	<u>20,731</u>	<u>20,920</u>
	29,001	51,646	79,743
Corporate finance advisory services:	60	258	300
Asset management services:	<u>–</u>	<u>–</u>	<u>70</u>
 Total trade receivables	 <u><u>29,061</u></u>	 <u><u>51,904</u></u>	 <u><u>80,113</u></u>

Trade receivables from cash clients as at the year end date represented the amount of securities purchased by our customers but not yet settled. The trade receivables from cash clients were to be settled two days after the trade date. The decrease in trade receivables

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from the cash clients as at 31 December 2014 was mainly due to the amount of the purchased securities pending for settlement as at 31 December 2014 was lower than that as at 31 December 2013. The increase in trade receivables from the cash clients as at 31 December 2015 was mainly due to the amount of purchased securities pending for settlement as at 31 December 2015 was higher than that as at 31 December 2014.

Trade receivables from margin clients represented the amounts of securities purchased by our customers on margin basis by pledging the securities collateral to our Group. The margin loans were repayable on demand. The increase in the trade receivables from our margin clients as at 31 December 2014 was mainly due to the amount of securities that the margin clients purchased on credit and remained outstanding as at 31 December 2014 was higher than that as at 31 December 2013. The increase in trade receivables from our margin clients as at 31 December 2015 was mainly due to the amount of securities that the margin clients purchased on credit and remained outstanding as at 31 December 2015 was higher than that as at 31 December 2014.

Trade receivables from clearing house mainly represented the net amount of sold and purchased securities of our customers and pending for settlement. The outstanding balances were to be settled two days after the trade date. The increase in trade receivables from CCASS as at 31 December 2014 was mainly due to the net amount to be received from CCASS as at 31 December 2014 was higher than that as at 31 December 2013. The slight increase in trade receivables from CCASS as at 31 December 2015 was mainly due to the net amount to be received from CCASS as at 31 December 2015 was slightly higher than that as at 31 December 2014.

Trade receivables from corporate finance advisory services included service fees billed but not yet settled and the credit terms offered by us were 7 days or due upon issuance of invoices.

Trade receivables arising from our asset management services represented the amount due from Astrum China Fund of approximately HK\$70,000, which was neither past due nor impaired as at 31 December 2015. The credit term of trade receivables arising from our asset management services is 30 days.

As at 30 April 2016, approximately HK\$76.8 million out of the trade receivables arising from our ordinary course of business of approximately HK\$80.1 million as at 31 December 2015 has been settled.



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### Trade payables

Trade payables included payables arising from securities dealing and brokerage services. The following table sets forth a breakdown of trade payables arising from the ordinary course of business as at 31 December 2013, 2014 and 2015:

	<b>As at 31 December 2013 HK\$'000</b>	<b>As at 31 December 2014 HK\$'000</b>	<b>As at 31 December 2015 HK\$'000</b>
Securities dealing and brokerage services:			
Clients – cash	55,503	43,870	176,823
Clients – margin	8,399	4,997	25,335
Clearing house	<u>71</u>	<u>–</u>	<u>–</u>
<b>Total trade payables</b>	<b><u>63,973</u></b>	<b><u>48,867</u></b>	<b><u>202,158</u></b>

Trade payables to cash clients and margin clients represented the bank balances and cash under our trust accounts as a result of receipt of cash from clients and the amounts of securities sold by clients but not yet settled. However, we did not have an enforceable right to offset these payables with the deposits placed in the trust accounts. As at 31 December 2014, the decrease in trade payables was mainly due to the decrease in bank balances and cash held on behalf of clients in trust accounts of approximately HK\$22.5 million as at 31 December 2014 offset by the increase in the amount of securities sold by our cash clients but not yet settled of approximately HK\$10.5 million as at 31 December 2014. As at 31 December 2015, the increase in trade payables was mainly due to (i) the increase in bank balances and cash held on behalf of clients in trust accounts of approximately HK\$150.3 million; and (ii) the increase in the amount of securities sold by our cash clients but not yet settled of approximately HK\$5.7 million. Trade payables to our cash and margin clients were repayable on demand subsequent to settlement date.

Trade payables outstanding to the clearing house represented net fees payable to CCASS for the amounts of securities transactions executed by clients but not yet settled. The outstanding balances were to be settled two days after trade date.

### INDEBTEDNESS

At 31 December 2013, 2014 and 2015 and 30 April 2016, our Group has available unutilised bank overdrafts and revolving loan facilities with an aggregated amount of approximately HK\$8.0 million, HK\$17.0 million, HK\$17.0 million and HK\$17.0 million, respectively. The bank overdraft facility and revolving loan facility were secured by securities collateral deposited by our Group's margin clients and by personal guarantee executed by Mr. Pan for unlimited amount and HK\$9.0 million respectively.

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Consents have been obtained that the personal guarantees given by Mr. Pan would be replaced by our Company's guarantee upon the listing of our Company's shares on the Stock Exchange.

As at 31 December 2013 and 2014, our Group had a revolving subordinated loan facility entered with Mr. Pan and has been approved by the SFC. Pursuant to the revolving subordinated loan agreement, Mr. Pan agreed to grant revolving credit facilities to the extent of HK\$5.0 million to Astrum Capital, a subsidiary of our Company, which was unsecured and bore interest at 3% per annum. On 28 April 2015, we received an approval from the SFC for the termination of the revolving subordinated loan agreement, which was released with effect from the same day. Our Company intends to provide a facility of similar nature to Astrum Capital after Listing subject to the approval of the SFC.

Obtaining subordinated loans is not a mandatory requirement under the FRR. The Directors confirmed that, during the Track Record Period, (i) our Group did not rely on the Facility provided by Mr. Pan for its operation; and (ii) there was no circumstance that Astrum Capital failed to meet the minimum liquid capital requirement under the FRR. The FRR allows the use of a standby subordinated loan facility to assist a licensed corporation to comply with the FRR where its required liquid capital deficit has arisen from certain specified business transactions. As such, the subordinated loan facility to be provided by the Company, if approved by the SFC, would only serve a stand-by purpose and strengthen Astrum Capital's financial resources and improve its flexibility to meet the applicable minimum liquid capital requirement under the FRR.

As at 31 December 2013, 2014 and 2015 and 30 April 2016, our Group did not have any outstanding debts.

Our Directors confirm that there were no breach of any covenants relating to our banking facilities during the Track Record Period and up to Latest Practicable Date.

### Operating lease commitments as lessee

At the end of each of the Track Record Period, our Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Within one year	950	792	340
In the second to fifth years inclusive	792	—	—
	<u>1,742</u>	<u>792</u>	<u>340</u>

Operating lease relates to office premises with lease term of six months to three years and the rentals are fixed throughout the lease term.

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### Other commitments

As at 31 December 2013, our Group had no underwriting or sub-underwriting commitment.

As at 31 December 2014, our Group was under an underwriting engagement and a sub-underwriting engagement with two independent third parties in relation to the open offer and the rights issue of shares listed in Hong Kong and had a total gross commitment of approximately HK\$141.7 million. In respect of the open offer underwriting engagement, as at 31 December 2014, our Group was under engagements with two sub-underwriters who accepted our sub-underwriting participation with an aggregate commitment of approximately HK\$113.6 million. Such underwriting commitments were subsequently released in January 2015.

As at 31 December 2015, our Group was under 1 engagement as underwriter with an independent third party in relation to issue of new shares of listed companies by way of rights issue in Hong Kong and had a total gross commitment of approximately HK\$200.0 million. As at 31 December 2015, our Group was also under 7 engagements with other parties as our sub-underwriters with an aggregate gross commitment of approximately HK\$141.8 million. Such underwriting commitment was subsequently released in March 2016.

As at 30 April 2016, our Group was under 3 engagements as sub-underwriter with 3 independent third parties in relation to issue of new shares of listed companies by way of rights issue in Hong Kong and had a total gross commitment of approximately HK\$39.1 million. As at 30 April 2016, our Group was also under 2 engagements with other parties as our sub-underwriters with an aggregate gross commitment of approximately HK\$8.1 million. Such underwriting commitments were subsequently released in May 2016.

As at the Latest Practicable Date, our Group was under 1 engagement as placing agent with an independent third party in relation to the placing of new shares listed in Hong Kong and had a total gross commitment of approximately HK\$40.0 million. As at the Latest Practicable Date, our Group was also under 2 engagements with other parties as sub-placing agents with an aggregate gross commitment of approximately HK\$40.0 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have at the close of business on 30 April 2016, any loan capital issued and outstanding or agreed to be issued, bank loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, capital commitments, guarantees or other material contingent liabilities.

Our Directors confirm that, up to the Latest Practicable Date, there have been no material change in indebtedness, capital commitment and contingent liabilities of our Group since 30 April 2016, being latest practicable date for ascertaining our Group's indebtedness prior to the printing of this prospectus. Our Directors further confirm that as at the Latest Practicable Date, save for those conducted in the ordinary and usual course of our business, our Group did not have any plans to raise any material debt financing shortly after Listing.

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### OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

Save as disclosed in section “Financial Information – Indebtedness”, as at the Latest Practicable Date, we did not have any off-balance sheet arrangements or commitments.

### KEY FINANCIAL RATIOS

	<b>As at/year ended 31 December 2013</b>	<b>As at/year ended 31 December 2014</b>	<b>As at/year ended 31 December 2015</b>
Net profit margin (Note 1)	18.5%	49.9%	41.8%
Current ratio (Note 2)	1.5	2.0	1.3
Gearing ratio (Note 3)	–	–	–
Net debt to equity ratio (Note 4)	Net cash position	Net cash position	Net cash position
Interest coverage (Note 5)	32.3 times	138.3 times	224.0 times
Return on assets (Note 6)	2.9%	19.7%	14.1%
Return on equity (Note 7)	8.9%	39.0%	61.2%
Trade receivables turnover days (Note 8)	482.6	365.4	262.5
Trade payables turnover days (Note 9)	Not applicable	Not applicable	Not applicable

*Notes:*

1. Net profit margin is calculated by the total comprehensive income for the year divided by the turnover for the respective year and multiplied by 100%.
2. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of each reporting period.
3. Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business divided by the total equity as at the end of each reporting period.
4. Net debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the end of each reporting period.
5. Interest coverage is calculated by the profit before interest and tax divided by the interest for the respective year.
6. Return on assets is calculated by the total comprehensive income for the year divided by the total assets as at the end of each reporting period and multiplied by 100%.
7. Return on equity is calculated by the total comprehensive income for the year divided by the total equity as at the respective year end and multiplied by 100%.
8. Trade receivable turnover days is calculated by dividing the average of the opening and closing balances of the trade receivables by the revenue for the year and multiplied by 365 days for the year.
9. Trade payable turnover days is calculated by dividing the average of the opening and closing balances of the trade payables by the cost of sale for the year and multiplied by 365 days for the year. Due to our business nature, we did not incur any cost of sale during the Track Record Period. As such, analysis of trade payable turnover days is not applicable to our Group.

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### **Net profit margin**

Net profit margin for the two years ended 31 December 2014 were approximately 18.5% and 49.9%, respectively. The increase was mainly due to the significant increase in our overall revenue derived from each of our main business segments while the increase in the administrative and other operating expenses was relatively mild. In 2014, we recorded an increase in revenue of approximately 165.1% and an increase in administrative and other operating expenses of approximately 50.2%.

Net profit margin was approximately 41.8% for the year ended 31 December 2015. The decrease was mainly due to the increase in income tax expense from approximately HK\$1.5 million for the year ended 31 December 2014 to approximately HK\$8.7 million for the year ended 31 December 2015 as the Group had available tax losses brought forward from previous years to offset part of the assessable profits generated for the year ended 31 December 2014.

### **Current ratio**

Current ratio was approximately 1.5 as at 31 December 2013 and approximately 2.0 as at 31 December 2014. Such improvement was mainly due to (i) the increase in trade receivables as at 31 December 2014 which resulted in an increase in current assets from approximately HK\$95.1 million as at 31 December 2013 to approximately HK\$101.8 million as at 31 December 2014; and (ii) the decrease in trade payables as at 31 December 2014 which resulted in an decrease in current liabilities from approximately HK\$64.4 million as at 31 December 2013 to approximately HK\$50.8 million as at 31 December 2014.

Current ratio was approximately 1.3 as at 31 December 2015. As at 31 December 2015, the current assets and current liabilities amounted to approximately HK\$267.0 million and approximately HK\$208.4 million, respectively, representing an increase of approximately HK\$165.3 million and approximately HK\$157.7 million as compared to the respective figures as at 31 December 2014. The increase in current assets and current liabilities was mainly due to the significant increase in money deposited by clients as at 31 December 2015, which led to an increase in both of bank balances and cash in trust accounts and trade payables. The decrease in current ratio from approximately 2.0 as at 31 December 2014 to approximately 1.3 as at 31 December 2015 was mainly due to the significant increase in trade payables of approximately 313.7%.

### **Gearing ratio**

Gearing ratio was zero as we did not have any debts as at 31 December 2013, 2014 and 2015.

### **Net debt to equity ratio**

Net debt to equity ratio is not calculated since we were in net cash position as at 31 December 2013, 2014 and 2015.

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### **Interest coverage**

Interest coverage was approximately 32.3 times as at 31 December 2013 and approximately 138.3 times as at 31 December 2014. Such improvement was mainly due to the significant increase in profit before interest and tax of approximately HK\$18.9 million in 2014 which finance costs of approximately HK\$90,000 and HK\$158,000 for the two years ended 31 December 2014 respectively were minimal.

Interest coverage was approximately 224.0 times as at 31 December 2015. Such increase was mainly due to the significant increase in profit before interest and tax from approximately HK\$21.9 million for the year ended 31 December 2014 to approximately HK\$47.3 million for the year ended 31 December 2015.

### **Return on assets**

Return on assets was approximately 2.9% for the year ended 31 December 2013 and approximately 19.7% for the year ended 31 December 2014. Such increase was mainly due to the significant increase in profit for the year ended 31 December 2014 of approximately HK\$17.4 million.

Return on assets was approximately 14.1% for the year ended 31 December 2015. Such decrease was mainly due to the significant increase in bank balances and cash in trust accounts from approximately HK\$24.5 million as at 31 December 2014 to approximately HK\$174.8 million as at 31 December 2015.

### **Return on equity**

Return on equity was approximately 8.9% for the year ended 31 December 2013 and approximately 39.0% for the year ended 31 December 2014. Such increase was mainly due to the growth rate of the profit and total comprehensive income for the year attributable to owners of our Company was greater than the growth rate of total equity for the year ended 31 December 2014.

Return on equity was approximately 61.2% for the year ended 31 December 2015. Such increase was mainly due to the increase in profit from approximately HK\$20.2 million for the year ended 31 December 2014 to approximately HK\$38.3 million for the year ended 31 December 2015 was greater than the increase in total equity as a result of the payment of dividends to the then shareholders of Astrum Capital of approximately HK\$27.4 million during the year ended 31 December 2015.

### **Trade receivable turnover days**

Trade receivables mainly represent the amount of securities purchased by our customers and the net fees receivable from CCASS for the amount of securities transactions executed by or on behalf of the customers. As the securities transactions executed on our customers' accounts are continuous in nature, the analysis on the trade receivables turnover days is not suitable to evaluate the liquidity of our Group.

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For illustrative purpose, trade receivables turnover days was approximately 482.6 days for the year ended 31 December 2013 and approximately 365.4 days for the year ended 31 December 2014. Such decrease was mainly due to (i) the increase in our revenue from approximately HK\$15.3 million for the year ended 31 December 2013 to approximately HK\$40.4 million for the year ended 31 December 2014; and (ii) the aggregate of the amount of (a) securities purchased by our cash clients but not yet settled; and (b) securities purchased by our margin clients on margin basis as at 31 December 2014 was greater than that as at 31 December 2013.

The trade receivables turnover days further decreased to approximately 262.5 days for the year ended 31 December 2015. Such decrease was mainly due to (i) the further increase in our revenue from approximately HK\$40.4 million for the year ended 31 December 2014 to approximately HK\$91.8 million for the year ended 31 December 2015; and (ii) the aggregate of the amount of (a) securities purchased by our cash clients but not yet settled; and (b) securities purchased by our margin clients on margin basis as at 31 December 2015 was greater than that as at 31 December 2014.

### Trade payable turnover days

Trade payable turnover days is calculated by dividing the average of the opening and closing balances of the trade payables by the cost of sale for the year and multiplied by 365 days for the year. Due to our business nature, we did not incur any cost of sale during the Track Record Period. As such, the denominator under the calculation formula of trade payable turnover days for each of the year during the Track Record Period was zero and an analysis of trade payable turnover days is not applicable to our Group.

### RELATED PARTIES TRANSACTIONS

During the Track Record Period, our Group had entered into certain related party transactions. Set out below is a summary of the nature and the transaction amount with related parties during the Track Record Period:

<b>Nature of transaction</b>	<b>Details</b>
Commission income	Income derived from the provision of securities dealing and brokerage services to our Directors and their close associates, shareholders and senior management
Underwriting commission	Income derived from underwriting of initial public offering engagements in which Mr. Pan was a substantial shareholder and director of the company during the period
Interest income	Income derived from the provision of securities dealing and IPO financing services to our Directors and its close associates, shareholders and senior management

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Nature of transaction	Details
Management fee	Management fee received from a wholly-owned company of a close family member of Mr. Pan in relation to the discretionary managed accounts
Commission expense	Commission expense paid to a wholly-owned company of a close family member of Mr. Pan in relation to the provision of sub-underwriting service for a rights issue exercise
Agency expense	Agency expense paid to a company which was then wholly owned by a company owned by Mr. Pan
Repairs and maintenance expenses	Repairs and maintenance expenses paid for maintenance of the computer systems in our day-to-day operations in which Mr. Pan was a substantial shareholder and director of the holding company during the period
Asset management fee	Asset management fee received from Astrum China Fund which the management shares are indirectly wholly-owned by Mr. Pan

Related party	Nature of transaction	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
JC Group Holdings Limited	Underwriting commission	975	–	–
Zebra Strategic Holdings Limited	Underwriting commission	590	–	–
Zebra Strategic Outsource Solution Limited	Repairs and maintenance expenses	72	–	–
Murtsa Investment Managers Limited	Agency expense	678	–	–
Mr. Pan	Commission income	24	17	38
	Interest income	26	8	21
Close family members of Mr. Pan	Commission income	27	51	125
	Interest income	34	153	159



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Related party	Nature of transaction	Year ended	Year ended	Year ended
		31 December 2013	31 December 2014	31 December 2015
		HK\$'000	HK\$'000	HK\$'000
Returns Best Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Commission income	19	12	8
	Interest income	6	31	15
	Management fee	3	17	3
Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Commission income	89	181	61
	Interest income	27	33	17
	Commission expense	–	252	–
Astrum China Fund	Asset management fee	–	–	2,658
	Commission income	–	–	421
Mr. Cheung	Commission income	2	2	3
Mr. Kwan	Commission income	–	2	2
	Interest income	–	1	2
Mr. Ng	Commission income	2	–	1
	Interest income	3	–	2
Mr. Fung	Commission income	9	8	10
	Interest income	2	2	3
Ms. Truong	Commission income	13	8	8
	Interest income	1	1	1
		1	1	1

During the Track Record Period, our Group obtained banking facilities with personal guarantees from Mr. Pan and a revolving subordinated loan facility provided by Mr. Pan. Please refer to “Financial Information – Indebtedness” for details.

For further details of the related party transactions, please refer to Note 27 headed “Related party disclosures” in the Accountants’ Report as set out in Appendix I to this prospectus. Our Directors confirm that the above related party transactions were conducted on normal commercial terms and on arm’s length basis.

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### FINANCIAL AND CAPITAL RISK MANAGEMENT

#### Financial risk management

Our business activities exposed us to a variety of financial risks including interest rate risk, credit risk and liquidity risk. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

##### *Interest rate risk*

We are exposed to cash flow interest rate risk in relation to variable-rate trade receivables and bank balances. However, we consider the risk is insignificant to us.

Changes in market interest rates may affect our financing business which is typically prime-based, and we mitigate this risk by revising the interest rate charged by us to our customers, as and when appropriate. As we have no other significant interest-bearing assets and liabilities, our income and operating cash flows are substantially independent of changes in market interest rates. We currently do not have a policy on hedges of interest rate risk. However, we monitor interest-rate exposure and will consider the hedging significant interest-rate exposures should the need arise.

In virtue of the exposure on cash flow and fair value interest rate risk being minimal, the respective quantitative disclosures have not been prepared.

##### *Credit risk*

We are exposed to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties.

In order to minimise the credit risk, we have delegated a team responsible for determination of trading limits, trading approvals and other monitoring procedures to ensure that follow-up action is taken to recover outstanding balances. In addition, we review the recoverable amount of each individual receivable periodically to ensure that adequate impairment losses are made for irrecoverable amounts. Margin calls are made when the outstanding balances due from clients exceed their respective limits with consideration of the quality, liquidity and price volatility of individual stock, and the transaction history and credibility of the customer. Failure to meet margin calls may result in the prohibition of further purchase of securities or liquidation of the client's positions on a case-by-case basis. In this regard, we consider that the credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, we do not have any other significant concentration of credit risk.

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### *Liquidity risk*

The ultimate responsibility for liquidity risk management rests with our Directors, which has built an appropriate liquidity risk management framework to meet our short, medium and long-term funding and liquidity management requirements. We manages liquidity risk by maintaining adequate reserves and banking facilities.

### **Capital risk management**

Our objective in managing capital is to safeguard the ability to continue as a going concern, so that our Group can continue to provide returns for Shareholders and benefits for other stakeholders. Our overall strategy remains unchanged throughout the Track Record Period.

Our capital structure consists of net debt (which includes borrowings, net of bank balances and cash) and equity attributable to owners of the Company (which includes issued share capital and accumulated losses/retained profits). At the end of each of the Track Record Period, we did not have any borrowings and therefore, had net debt-to-equity ratio of nil.

Our risk management reviews the capital structure on a regular basis. As part of our review, the management considers the cost of capital and the risk associated with capital and will balance the overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

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### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets prepared in accordance with paragraph 7.31 of the GEM Listing Rules are set out below to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to the equity owners of the Company as of 31 December 2015 as if the Share Offer had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, they may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as of 31 December 2015 or of any future dates. The unaudited pro forma adjusted combined net tangible assets are prepared based on the audited combined net tangible assets of the Group attributable to the equity owners of the Company as of 31 December 2015 as set out in the Accountants' Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	<b>Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2015</b> <i>HK\$'000</i> <i>(Note 1)</i>	<b>Add: Estimated net proceeds from the Share Offer of New Shares</b> <i>HK\$'000</i> <i>(Note 2)</i>	<b>Unaudited pro forma adjusted combined net tangible assets</b> <i>HK\$'000</i>	<b>Unaudited pro forma adjusted combined net tangible assets per Share</b> <i>HK\$</i> <i>(Note 3)</i>
Based on the Offer Price of HK\$0.40 per Share	62,234	48,845	111,079	0.14
Based on the Offer Price of HK\$0.60 per Share	62,234	75,725	137,959	0.17

*Notes:*

1. The audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2015 are based on audited combined net assets of the Group attributable to owners of the Company as at 31 December 2015 of approximately HK\$62,684,000 with adjustment for intangible asset of HK\$450,000 as at 31 December 2015 as shown in the financial information section of the Accountants' Report set out in Appendix I to this prospectus.
  
2. The estimated net proceeds from the Share Offer of New Shares are based on the lowest and highest Offer Price of HK\$0.40 and HK\$0.60 per Share respectively, after deduction of relevant estimated underwriting fees and other related fees and expenses to be borne by the Group (excluding approximately HK\$6,985,000 listing-related expenses which have been accounted for prior to 31 December 2015).

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## **FINANCIAL INFORMATION**

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3. The unaudited pro forma adjusted combined net tangible assets per Share is determined after the adjustments as described in Notes 1 and 2 above and on the basis that 800,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus.
4. The unaudited pro forma financial information presented above does not take account of any trading results or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 31 December 2015).

### **LISTING EXPENSES**

Assuming the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the listing expenses are estimated to be approximately HK\$21.0 million. Our Selling Shareholder will bear the listing expenses of approximately HK\$6.3 million and the listing expenses to be borne by us are expected to be approximately HK\$14.7 million. Of such amount to be borne by us, approximately HK\$4.8 million is directly attributable to the issue of the Offer Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK\$9.9 million, which cannot be so deducted, will be charged to profit or loss. Of the approximately HK\$9.9 million that will be charged to profit or loss, nil, approximately HK\$0.8 million and HK\$6.2 million have been charged for the three years ended 31 December 2015, respectively, and approximately HK\$2.9 million is expected to be incurred for the year ending 31 December 2016. Expenses in relation to the Listing are non-recurring in nature.

### **DIVIDEND**

For the three years ended 31 December 2015, dividends of nil, nil and approximately HK\$27.4 million were declared and paid by Astrum Capital to its then equity shareholders. The declared dividends were paid from our distributable profit. The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to the approval of our Shareholders, the Companies Law, the Articles of Association as well as any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

### **DISTRIBUTABLE RESERVES**

As at 31 December 2015, our Company had no reserves available for distribution to our Shareholders.

### **DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES**

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which, had they been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

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## FINANCIAL INFORMATION

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### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that, save as the non-recurring listing expense as disclosed above, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2015, and there is no event since 31 December 2015 which would materially affect the information shown in our combined financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

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## FUTURE PLANS AND USE OF PROCEEDS

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### BUSINESS OBJECTIVES AND STRATEGIES

Our Directors believe that the Listing of our Shares on GEM will facilitate the implementation of our business strategies. As set out in the section headed “Business – Business strategies”, we plan to (i) further develop our core business by expanding our securities and IPO financing services; (ii) expand our asset management business; and (iii) extend our securities dealing and brokerage services to eligible stocks listed on the Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect.

### IMPLEMENTATION PLANS

Our Group’s implementation plans are set forth below for the period from the Latest Practicable Date up to 31 December 2018. Investors should note that the implementation plan is drawn up based on the current economic status and the assumptions as set out in the section headed “Future plans and use of proceeds – Bases and assumptions”. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section “Risk factors” of 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.

The net proceeds from the Share Offer based on the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.40 to HK\$0.60 per Offer Share, after deducting the related expenses, are estimated to be approximately HK\$55.3 million. Our Group intends to apply such net proceeds from the Share Offer as follows:

Enhancing our capital resources for financing service	approximately 90% of the net proceeds or approximately HK\$49.8 million will be used for enhancing our capital resources for financing services, including securities and IPO financing. Given the historical increasing trend of our financing business and the recent expected growth in demand from our customers, our Directors intend to implement our expansion plan for the financing services shortly after the Share Offer and we believe that the net proceeds from the Share Offer of approximately HK\$49.8 million can be utilised in full during the year ending 31 December 2016. Moreover, having considered the market demand as detailed in paragraph (i) above and that the placing and underwriting services will continue to be our core business segment, our Directors believe that the net proceeds from the Share Offer can continue be applied to our financing services on a revolving basis.
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## FUTURE PLANS AND USE OF PROCEEDS

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Our securities and IPO financing business is limited by our capital resources and our level of bank borrowings from time to time subject to the capital requirements under the FRR. We intend to further develop our financing business and expand our customer base who trade securities with us on a margin basis with an aim to increase our interest income. By applying the net proceeds from the Share Offer to the financing services, we will have more capital resources for financing the securities trading of our customers and therefore our interest income is expected to be increased. It is our general pricing policy to offer interest rates of Hong Kong Dollar Best Lending Rate quoted by the Hongkong and Shanghai Banking Corporation plus 3% for our margin financing services. Such Hong Kong Dollar Best Lending Rate remained at 5% since November 2008 up to the Latest Practicable Date. During the Track Record Period, interest rates charged by us ranged from 5.5% to 11.0% per annum with an average of approximately 7.8% per annum. Barring any unforeseeable material fluctuations in market interest rates in near future, our Directors expect that we can charge our customers at our usual interest rate of 8% per annum. On this basis, our Directors believe that the net proceeds from the Share Offer can generate additional interest income of approximately HK\$4.0 million per annum in maximum going forward. Coupled with the expansion in the financing services, our securities dealing and brokerage business will be more active as customers are required to trade through their accounts with our Group when utilising the securities dealing and IPO financing services.

General working capital	approximately 10% of the net proceeds or approximately HK\$5.5 million will be used for our working capital requirement and general corporate purposes.
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Our Directors consider that the net proceeds from the Share Offer is crucial for the future business development of our Group and the intended use of the net proceeds is justifiable and commercially viable for the following reasons:

- Securities and IPO financing services is one of our Group's core business. However, interest income from securities and IPO financing services only accounted for approximately 5.6%, 4.4% and 3.0% of the total revenue of our Group during each the three years ended 31 December 2015, respectively. Our Group recorded a relatively low portion of revenue contribution from this business segment as the lending capability of the Group is limited by the capital resources of the Group and subject to the capital requirement under the FRR. As at 31 December 2015, our Group's bank balances and cash in general accounts amounted to approximately HK\$10.8 million, representing only approximately



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## FUTURE PLANS AND USE OF PROCEEDS

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4.0% of our Group's total assets. Our Directors consider that additional capital resources from the Share Offer is therefore crucial for the on-going expansion of our Group's securities and IPO financing services;

- Our Directors consider that our Group is experiencing an increasing demand from its customers on the securities and IPO financing services. During the Track Record Period, the Group recorded an increase in revenue from securities and IPO financing services from approximately HK\$0.9 million in 2013, HK\$1.8 million in 2014 and further to HK\$2.7 million in 2015. Our Directors therefore consider that additional capital resources from the Share Offer is necessary and essential for the growing demand for our Group's securities and IPO financing services and is in the interests for our Group's future development;
- Our Directors consider that securities and IPO financing services is one of the key growth drivers for our Group's business as a whole. By strengthening in our Group's lending capability through obtaining additional capital resources from the Share Offer, our Directors expect that our Group's securities dealing and brokerage business will also be benefited as more securities dealings from customers are expected when they utilise our Group's securities and IPO financing services; and
- During the Track Record Period, our Group mainly financed its securities and IPO financing business through (i) internal resources of the Group; and (ii) external borrowings from Authorised Institutions. As at 31 December 2013, 2014 and 2015, our Group had available bank overdrafts and revolving loan facilities with an aggregate amount of HK\$8 million, HK\$17 million and HK\$17 million, respectively. Our Group may utilise the bank overdrafts and revolving loan facilities when internal resources of our Group is insufficient. During the Track Record Period, the maximum daily outstanding balance of bank overdrafts and revolving loan owing to the Authorised Institutions amounted to approximately HK\$4.8 million, HK\$10.9 million and HK\$4.8 million, respectively. Our Group recorded finance cost of approximately HK\$90,000, HK\$158,000 and HK\$211,000 for each of the three years ended 31 December 2015, respectively. Our Directors consider that additional capital resources from the Share Offer will enable our Group to increase its profitability with less finance cost burden. Moreover, our Group would be able to offer stable and competitive rates on the securities and IPO financing services as our Group will be less affected by potential fluctuations in interest rates.

### BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the implementation plan up to 31 December 2018:

- (a) there will be no material changes in the existing political, legal, fiscal or economic conditions in Hong Kong, and any other places in which any member of our Group carries on or will carry on business;

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## FUTURE PLANS AND USE OF PROCEEDS

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- (b) there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- (c) the Share Offer will be completed in accordance with and as described in the section headed “Structure and conditions of the Share Offer” to this prospectus;
- (d) our Group is able to maintain on-going relationship with our customers;
- (e) our Group will be able to retain key staff in the management and the main operational departments;
- (f) our Group will not be materially affected by any risk factors set out in the section headed “Risk factors” in this prospectus; and
- (g) our Group will be able to continue our operation in substantially the same manner as our Group had been operated during the Track Record Period and our Group will also be able to carry out our development plans without disruptions which may adversely affect our operations or business objectives in any way.

### USE OF PROCEEDS

The net proceeds from the Share Offer based on the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.40 to HK\$0.60 per Offer Share, after deducting the related expenses, are estimated to be approximately HK\$55.3 million. Our Directors presently intend to apply the net proceeds as follows:

	From the Latest Practicable Date to 31 December 2016 <i>HK\$' million</i>	For the six months ending 30 June 2017 <i>HK\$' million</i>	For the six months ending 31 December 2017 <i>HK\$' million</i>	For the six months ending 30 June 2018 <i>HK\$' million</i>	For the six months ending 31 December 2018 <i>HK\$' million</i>	Total <i>HK\$' million</i>
Expanding financing service	49.8	–	–	–	–	49.8
General working capital	1.1	1.1	1.1	1.1	1.1	5.5
	<u>50.9</u>	<u>1.1</u>	<u>1.1</u>	<u>1.1</u>	<u>1.1</u>	<u>55.3</u>

If the final Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK\$13.4 million, respectively. The net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest point of the indicative Offer Price range.

The net proceeds of the Sale Shares, being an aggregate of 60,000,000 Shares, based on the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.40 and HK\$0.60 per Offer Share, would be approximately HK\$23.7

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## **FUTURE PLANS AND USE OF PROCEEDS**

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million representing 30% of the total net proceeds from the Share Offer. The net proceeds of the Sale Shares will be attributable to our Selling Shareholder only and will not belong to our Company.

Our Directors consider that the net proceeds from the Share Offer will be sufficient to finance our Group's business plans up to the year ending 31 December 2018.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds be placed on interest bearing deposits with Authorised Institutions.

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## UNDERWRITING

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### UNDERWRITERS

#### Public Offer Underwriters

Ping An Securities Limited  
Opus Capital Limited  
CSL Securities Limited  
Nuada Limited  
Frontpage Capital Limited  
Pacific Foundation Securities Limited  
Ample Orient Capital Limited

#### Placing Underwriters

Ping An Securities Limited  
Opus Capital Limited  
CSL Securities Limited  
Nuada Limited  
Frontpage Capital Limited  
Pacific Foundation Securities Limited  
Ample Orient Capital Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Public Offer

##### *Public Offer Underwriting Agreement*

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Public Offer Underwriting Agreement is conditional upon and subject to, amongst others, the Offer Price having been agreed between the Lead Manager (for itself and on behalf of the Public Offer Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder).

Subject to, among other conditions, the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers to subscribe for the Public Offer Shares which are not taken up under the Public Offer.

#### Grounds for termination

The Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall have the right upon giving a written notice to our Company to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Thursday, 14 July 2016):

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## UNDERWRITING

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- (A) if it has come to the notice of the Bookrunner:
- (i) any matter or event showing any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material aspect when given or repeated or there has been a breach of any of such representations, warranties and undertakings or any other provision of the Public Offer Underwriting Agreement by any party to the Public Offer Underwriting Agreement other than the Public Offer Underwriters which, in any such cases, is considered, in the absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters), to be material in the context of the Public Offer; or
  - (ii) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters) in the context of the Public Offer; or
  - (iii) any statement contained in this prospectus considered to be material by the Bookrunner in its absolute opinion which is discovered to be or becomes untrue, incorrect or misleading in any respect is considered in the absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters) to be material; or
  - (iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, the executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Public Offer Underwriting Agreement; or
  - (v) any breach by any party to the Public Offer Underwriting Agreement other than the Public Offer Underwriters of any provision of the Public Offer Underwriting Agreement which is considered in the absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters) to be material; or
  - (vi) any adverse change or a prospective adverse change in the business, results of operation, financial or trading position, or prospects of our Group as a whole the effect of which is, in the absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters), so material and adverse as to make it impracticable or inadvisable to proceed with the Share Offer; or
  - (vii) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, or if granted, the approval is subsequently withdrawn, qualified or withheld; or
  - (viii) any person (other than the Bookrunner and the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus or to the issue of this prospectus; or

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## UNDERWRITING

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- (B) if there develops, occurs, exists or comes into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer 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 material 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, the BVI, the PRC or any other jurisdiction relevant to any member of our Group (the “**Relevant Jurisdictions**”); or
  - (ii) any change (whether or not permanent) in local, national or international stock market conditions; or
  - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange or other major stock exchanges in the United States, the United Kingdom or the PRC due to exceptional financial circumstances or otherwise; or
  - (iv) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in any of the Relevant Jurisdictions; or
  - (v) any change or development or event involving a prospective change in our Group’s assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or
  - (vi) any change or development (whether or not permanent), or any event or series of events resulting in any change in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting any of the Relevant Jurisdictions; or
  - (vii) a general moratorium on commercial banking business activities in any of the Relevant Jurisdictions declared by the relevant authorities; or
  - (viii) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out; or

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## UNDERWRITING

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- (ix) any litigation or claim of any third party being threatened or instigated against any member of our Group, our executive Directors and/or our Controlling Shareholders; or
- (x) any change or development involving a prospective change, or materialisation of, any of the risks set out in the section “Risk Factors” in this prospectus; or
- (xi) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (xii) any imposition of economic or other sanctions, in whatever form, directly or indirectly, by or to any of the Relevant Jurisdictions; or
- (xiii) a petition is presented for the winding up or liquidation of any member of our Group, or any member of our Group make any compromise or arrangement with our Company’s or its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which such member of our Group is liable prior to its stated maturity, or any loss or damage sustained any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xv) any judicial, regulatory or governmental authority or political body or organisation in any of the Relevant Jurisdictions commencing any investigation, action, claim or proceedings, or announcing an intention to investigate or take any action, against any Director; or
- (xvi) any Director being charged with an indictable offence or prohibited by the operation of law or otherwise disqualified from taking part in the management of a company; or
- (xvii) the chairman or chief executive officer of our Company vacating his office; or
- (xviii) any prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the Share Offer and the terms set out in the Public Offer Underwriting Agreement and this prospectus; or

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## UNDERWRITING

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- (xix) other than with the approval of the Bookrunner (for itself and on behalf of the Public Offer Underwriters), the issue or the requirement to issue by our Company of any supplement or amendment to this prospectus (or to any documents used in connection with the Share Offer) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xx) any event which gives rise or would give rise to any liability on the part of our Company and/or the Controlling Shareholders pursuant to the indemnity provisions contained in the Public Offer Underwriting Agreement; or
- (xxi) a breach of any of the representations, warranties and undertakings contained in the Public Offer Underwriting Agreement or of any of the other obligations imposed upon or undertakings given by our Company under the Public Offer Underwriting Agreement,

which, individually or in the aggregate, in the sole and absolute opinion of the Bookrunner (for itself and on behalf of the Public Offer Underwriters):

- (a) is or will or is likely to be materially adverse to the business, financial condition or prospects of our Company and/or our Group taken as a whole; or
- (b) has or will have or is likely to have a material adverse effect on the success of the Share Offer; or
- (c) makes or will make or is likely to make it inappropriate, inadvisable or inexpedient to proceed with the Share Offer.

### **Undertakings pursuant to the Public Offer Underwriting Agreement**

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has undertaken to and covenanted with our Company, the Sponsor, the Bookrunner and the Public Offer Underwriters that, during the relevant periods specified in Rule 13.16A(1) of the GEM Listing Rules, if and when he/it pledges or charges any direct or indirect interest in any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner (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/it must immediately inform our Company, the Sponsor and the Bookrunner (for itself and on behalf of the Public Offer Underwriters) 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, having pledged or charged any interest in the Relevant Securities, if and when he/it becomes aware that any pledgee or chargee thereof has disposed of or intends to dispose of such interest in the Relevant Securities, he/it must immediately inform our Company, the



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## UNDERWRITING

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Sponsor and the Bookrunner (for itself and on behalf of the Public Offer Underwriters) in writing of such disposal or such intention of disposal and the number of the Relevant Securities affected.

Our Company has irrevocably and unconditionally undertaken to and covenanted with the Sponsor, the Bookrunner and the Public Offer Underwriters, and each of our Controlling Shareholders and the executive Directors has irrevocably and unconditionally undertaken to and covenanted with the Sponsor, the Bookrunner and the Public Offer Underwriters to procure that, save with the prior written consent of the Bookrunner (for itself and on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and save for Shares issued pursuant to the Share Offer or the exercise of any options that may be granted under the Share Option Scheme, and in compliance with the GEM Listing Rules and the applicable laws from time to time, our Company or any of its subsidiaries will not:

- (a) allot or issue or agree to allot or issue any shares or any other securities 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 convert into, or exchange for, any shares or any other securities of our Company or any of its subsidiaries during the period commencing on the date by reference to which disclosure of the shareholding of each of our Controlling Shareholders is made in this prospectus and ending on the date which is 6 months from the Listing Date (the “**First Lock-up 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 or securities during the period of 30 months commencing on the date immediately following the date on which the First Lock-up Period expires (the “**Second Lock-up Period**”) to the extent that it would result in our Controlling Shareholders ceasing to be the controlling shareholder (which has the meaning ascribed to it under 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;
- (c) during the First Lock-up Period purchase any Shares or any other securities of our Company; and
- (d) offer to or agree to do any of the foregoing or announce any intention to do so.

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## UNDERWRITING

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### **Placing**

#### *Placing Underwriting Agreement*

In connection with the Placing, our Controlling Shareholders (including the Selling Shareholder), executive Directors and our Company have entered into the Placing Underwriting Agreement with the Lead Manager and the Placing Underwriters, on the terms and conditions that are substantially similar to the Public Offer 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 failing which they shall subscribe for, 180,000,000 Placing Shares (comprising 120,000,000 new Shares and 60,000,000 Sale Shares) initially being offered pursuant to the Placing. The Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. Pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders have made similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings pursuant to the Public Offer Underwriting Agreement” above.

### **Undertakings to the Stock Exchange**

Each of our Controlling Shareholders has undertaken to and covenanted with the Stock Exchange, our Company, the Sponsor, the Bookrunner and the Underwriters that save as provided in Rule 13.18 of the GEM Listing Rules, he/it shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

- (a) in the First Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities; and
- (b) in the Second Lock-up 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, he/it would cease to be a Controlling Shareholder.

The restrictions in (a) shall not apply to any Shares which our Controlling Shareholders or any of his/its close associates may acquire or become interested in following the Listing Date.

Notwithstanding the above, nothing shall prevent the disposal of any interest of our Controlling Shareholders in the Relevant Securities (i) pursuant to a pledge or charge in favour of an Authorised Institution as security for a bona fide commercial loan, (ii) pursuant to a power of sale under the pledge or charge (granted pursuant to sub-paragraph (i)), (iii) on the death of our Controlling Shareholder or (iv) in any other exceptional circumstances to which the Stock Exchange has given its prior approval.

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## UNDERWRITING

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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.

### **Commission and expenses**

The Underwriters will receive a commission of 4.0% on the aggregate Offer Price of all the Offer Shares, out of which will, as the case may be, be applied to any sub-underwriting commissions and selling concession. Assuming the Offer Price of HK\$0.50 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the underwriting commission will be approximately HK\$4.0 million. The underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Share Offer are estimated to be approximately HK\$21.0 million, of which HK\$14.7 million will be borne by us and the remaining HK\$6.3 million will be borne by the Selling Shareholder.

### **Underwriters' interests in our Company**

Save for its interests and obligations under the Underwriting Agreements and save as disclosed in this prospectus, none of the Underwriters or any of its close associates is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of our Group.

### **Compliance Adviser's agreement**

Under the Compliance Adviser's Agreement, our Company appoints Messis Capital and Messis Capital agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is earlier.

### **Sponsor's interest in our Company**

Messis Capital, being the Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save for the advisory and documentation fees to be paid to Messis Capital as the Sponsor to the Listing, its obligations under the Underwriting Agreements and the Compliance Adviser's Agreement, its acting as compliance adviser and any interests in securities that may be subscribed by it pursuant to the Share Offer, neither Messis Capital nor any of its associates has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

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## UNDERWRITING

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No director or employee of Messis Capital who is involved in providing advice to our Company has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer).

No director or employee of Messis Capital has a directorship in our Company or any other company in our Group.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- (i) the Public Offer of 20,000,000 Shares (subject to re-allocation as mentioned below) in Hong Kong as described below in the paragraph headed “The Public Offer” in this section; and
- (ii) the Placing of 180,000,000 Shares (comprising 120,000,000 new Shares and 60,000,000 Sale Shares initially offered by our Company and the Selling Shareholder, respectively) (subject to re-allocation as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S as described below in the paragraph headed “The Placing” in this section.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may only receive shares under the Public Offer or the Placing. The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the paragraph headed “The Public Offer – Reallocation” in this section.

### THE PUBLIC OFFER

#### Number of Shares initially offered

We are initially offering 20,000,000 Shares at the Offer Price, representing 10% of the Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to reallocation of Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Share Offer, and without taking into account Shares which may be upon exercise of options as may be granted under the Share Option Scheme. The Public Offer is open to members of the public in Hong Kong as well as to institutional or professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” in this section.

#### Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Public Offer Shares available under the Public Offer (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes:

- Pool A: The Public Offer Share in Pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with a total subscription price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.
- Pool B: The Public Offer Share in Pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with a total subscription price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of Pool B.

For the purpose of this sub-section only, the “subscription price” for Public Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Public Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 10,000,000 Public Offer Shares (being 50% of the 20,000,000 Public Offer Shares initially comprised in the Public Offer) will be rejected.

### **Reallocation**

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Lead Manager shall apply a clawback mechanism following the closing of the application lists on the following basis:

- If the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Public Offer, then 40,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 60,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Share Offer;

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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- If the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Public Offer, then 60,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 80,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Share Offer; and
- If the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available for subscription under the Public Offer, then 80,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 100,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Share Offer.

In each case, based on the additional Offer Shares reallocated to the Public Offer, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Lead Manager deem appropriate. In addition, the Lead Manager may in their sole and absolute discretion reallocate Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer is not fully subscribed, the Lead Manager will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares in such amount as the Lead Manager deem appropriate.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

### THE PLACING

#### Number of Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 180,000,000 Shares (comprising 120,000,000 new Shares and 60,000,000 Sale Shares), representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issue share capital immediately after the completion of the Share Offer, but without taking into account Shares which may be upon exercise of options granted under the Share Option Scheme.

#### Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company and the Selling Shareholder by the Placing Underwriters or through selling agents appointed by them. Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such Offer

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in the paragraph headed “Pricing and Allocation” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Lead Manager may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Lead Manager so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

### PRICING AND ALLOCATION

#### Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the Share Offer will be fixed on the Price Determination Date, by agreement between Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), which is expected to be on or around Thursday, 7 July 2016 or such later date as may be agreed between the parties, but in any event not later than Monday, 11 July 2016.

**If, for any reason, the Lead Manager (for itself and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company (for itself and on behalf of our Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse.**

**Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.**



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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### Offer Price range

The Offer Price will be not more than HK\$0.60 per Share and is expected to be not less than HK\$0.40 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. 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 stated in this prospectus.

### Price payable on application

Applicants for Public Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$0.60 for each Public Offer Share (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund) amounting to a total of HK\$3,030.23 for one board lot of 5,000 shares. If, for any reason, our Company (for ourselves and on behalf of the Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or around Thursday, 7 July 2016 or such later date as may be agreed between the parties, but in any event not later than Monday, 11 July 2016, the Share Offer will not proceed and will lapse.

### Announcement of Offer Price and basis of allocations

Our Company expects to announce the final Offer Price and the level of indication of interests in the Share Offer on Wednesday, 13 July 2016 on our Company's website at [www.astrum-capital.com](http://www.astrum-capital.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). **If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange a notice of the change and if applicable the revised date.**

### UNDERWRITING

The Share Offer is fully underwritten by the Underwriters under the terms of the Underwriting Agreements and is subject to our Company (for ourselves and on behalf of the Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters), agreeing on the Offer Price. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed "Underwriting" in this prospectus.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### CONDITIONS OF THE SHARE OFFER

The Share Offer is conditional upon, among other things:

**(a) Listing**

The Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including any Shares which may fall to be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme or the general mandate to issue Shares referred to in Appendix IV to this prospectus;

**(b) Price Determination Agreement**

The Price Determination Agreement having been executed by our Company (for itself and on behalf of our Selling Shareholder) and the Lead Manager (for itself and on behalf of the Underwriters) and becoming effective on the Price Determination Date; and

**(c) Underwriting Agreements**

The obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sponsor and the Bookrunner (for itself and on behalf of the Underwriters) and the Underwriting Agreements not being terminated in accordance with its terms or otherwise prior to 8:00 a.m. (Hong Kong time) on the Listing Date). Details of the Underwriting Agreements, the conditions and grounds for termination, are set out in the section “Underwriting” in this prospectus, in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day from the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by our Company at the Stock Exchange’s website at *www.hkexnews.hk* and our Company’s website at *www.astrum-capital.com* on the next Business Day following such lapse.

### COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Thursday, 14 July 2016. Shares will be traded in board lots of 5,000 Shares each. The GEM stock code for the Shares is 8333.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of and permission to deal in the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or, under contingent situation, any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interest.

Details of the Share Offer will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares. To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; 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 Bookrunner and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you 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 and the Bookrunner may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participated in the Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. from Thursday, 30 June 2016 until 12:00 noon on Wednesday, 6 July 2016 from:

- (i) any of the following offices of the Public Offer Underwriters:

Ping An Securities Limited	Unit 02, 2/F, China Merchants Building, 152-155 Connaught Road Central, Hong Kong
Opus Capital Limited	18/F, Fung House, 19-20 Connaught Road Central, Central, Hong Kong
CSL Securities Limited	Room 1406-1412, 14/F, Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong
Nuada Limited	Unit 1805-08, 18/F, OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong
Frontpage Capital Limited	Unit 1201-1202, Tung Chiu Commercial Centre, 193 Lockhart Road, Wan Chai, Hong Kong
Pacific Foundation Securities Limited	11/F, New World Tower II, 16-18 Queen's Road Central, Hong Kong

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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Ample Orient Capital Limited                      Unit 902, Far East Consortium Building, 121  
Des Voeux Road Central, Hong Kong

(ii) any of the following branches of the receiving bank:

### **Industrial and Commercial Bank of China (Asia) Limited**

<b>District</b>	<b>Branch Name</b>	<b>Address</b>
Hong Kong Island	Admiralty Branch	Shop 1013-1014, 1/F, United Centre, 95 Queensway, Admiralty, Hong Kong
	Quarry Bay Branch	Shop SLG1, Sub-Lower Ground Floor, Westlands Gardens, Nos. 2-12, Westlands Road, Quarry Bay
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Ngau Tau Kok Branch	Shop Nos. G211-214, G/F, Phase II, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road, Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 30 June 2016 until 12:00 noon on Wednesday, 6 July 2016 from the Depository Counter of HKSCC at 1st Floor, 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 "ICBC (Asia) Nominee Limited – Astrum 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:

- Thursday, 30 June 2016 – 9:00 a.m. to 5:00 p.m.
- Saturday, 2 July 2016 – 9:00 a.m. to 1:00 p.m.
- Monday, 4 July 2016 – 9:00 a.m. to 5:00 p.m.
- Tuesday, 5 July 2016 – 9:00 a.m. to 5:00 p.m.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- Wednesday, 6 July 2016 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 6 July 2016, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected. By submitting an Application Form, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Bookrunner (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 Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Selling Shareholder, the Sponsor, the Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, the Sponsor, our Hong Kong Branch Share Registrar, receiving bank, the Bookrunner, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- (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 Sponsor, the Bookrunner and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company (for ourselves and on behalf of the Selling Shareholder) and/or its agents to send any share certificate(s) 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 are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Selling Shareholder, the Sponsor, the Bookrunner and the Underwriters, any of their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC by you or by any one as your agent or by any other person; and



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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(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 to HKSCC or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

### **Additional Instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS**

### **General**

General CCASS Participants may give electronic application instructions to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 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 Center  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Bookrunner and our Hong Kong Branch Share Registrar.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Public Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
  - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that our Company, the Selling Shareholder, our Directors, the Bookrunner and the Underwriters, any of their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
  - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Selling Shareholder, the Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Selling Shareholder, our Hong Kong Branch Share Registrar, receiving bank, the Bookrunner, the Underwriters and/or their 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 Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Public Offer Shares;
- agree with 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 (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

### **Effect of Giving Electronic Application Instructions to HKSCC via CCASS**

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have 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 the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### **Minimum Purchase Amount and Permitted Numbers**

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### **Time for Inputting Electronic Application Instructions**

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Thursday, 30 June 2016 – 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Saturday, 2 July 2016 – 8:00 a.m. to 1:00 p.m.<sup>(1)</sup>
- Monday, 4 July 2016 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Tuesday, 5 July 2016 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Wednesday, 6 July 2016 – 8:00 a.m.<sup>(1)</sup> to 12:00 noon

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m., Thursday, 30 June 2016 until 12:00 noon, Wednesday, 6 July 2016 (24 hours daily, except on the last application day). The latest time for inputting your electronic application instructions will be 12:00 noon, Wednesday, 6 July 2016, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, 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

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### **Personal Data**

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Selling Shareholder, our Hong Kong Branch Share Registrar, the receiving banks, the Bookrunner, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

### **6. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Such facility is 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, the Selling Shareholder, our Directors, the Sponsor, the Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS 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 Wednesday, 6 July 2016.

### **7. HOW MANY APPLICATIONS CAN YOU MAKE**

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code, for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If you do not include this information, the application will be treated as being made for your benefit.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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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, 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).

### 8. HOW MUCH ARE THE PUBLIC 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 Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 5,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC). For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer – Pricing and Allocation”.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 9. 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 Wednesday, 6 July 2016.

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 Wednesday, 6 July 2016 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”, an announcement will be made in such event.

### 10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 13 July 2016 on our Company’s website at [www.astrum-capital.com](http://www.astrum-capital.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at [www.astrum-capital.com](http://www.astrum-capital.com) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Wednesday, 13 July 2016;
- results of allocations will also be available from the website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) a 24-hour basis from 8:00 a.m. on Wednesday, 13 July 2016 to 12:00 midnight on Tuesday, 19 July 2016. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its Application Form to search for his/her/its own allocation result;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 13 July 2016 to Monday, 18 July 2016 (excluding Saturday and Sunday);



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 13 July 2016 to Friday, 15 July 2016 at the designated receiving bank branches and sub-branches.

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 Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer” in this prospectus. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### **11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES**

You should note the following situations in which the Public Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC, 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 (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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**(ii) If our Company or our agents exercise their discretion to reject your application:**

Our Company, the Bookrunner and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of 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) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Bookrunner believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

## 12. 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\$0.60 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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headed “Structure and conditions of the Share Offer – The Public 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 Wednesday, 13 July 2016.

### 13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 13 July 2016. 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).

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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Share certificates will only become valid at 8:00 a.m. on Thursday, 14 July 2016 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 Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 July 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 13 July 2016, by ordinary post and at your own risk.

#### ***(ii) If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 13 July 2016, by ordinary post and at your own risk. If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant’s stock account as stated in your Application Form on Wednesday, 13 July 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 July 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

***(iii) If you apply via Electronic Application Instructions to HKSCC***

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 13 July 2016, 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 Public Offer in the manner specified in "Publication of Results" above on Wednesday, 13 July 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 July 2016 or such other date as determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 13 July 2016. Immediately following the credit of the Public 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 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 per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 13 July 2016.

### 14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

30 June 2016

The Directors  
Astrum Financial Holdings Limited  
Messis Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Astrum Financial Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the years ended 31 December 2013, 2014 and 2015 (the “Track Record Period”), for inclusion in the prospectus of the Company dated 30 June 2016 (the “Prospectus”) in connection with the proposed listing of the Company’s shares on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 13 January 2015. Through a corporate reorganisation as more fully explained in the paragraph headed “Corporate Reorganisation” in Appendix IV “Statutory and General Information” to the Prospectus (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 23 June 2016.

As at the date of this report, the Company has the following wholly-owned subsidiaries:

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Major Harvest Investments Limited ("Major Harvest")	Limited liability company incorporated on 3 December 2014, the British Virgin Islands (the "BVI")	US\$200	100% (direct)	Investment holding
Astrum Capital Management Limited ("Astrum Capital")	Limited liability company incorporated on 12 January 2005, Hong Kong	HK\$45,000,000	100% (indirect)	Provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services and asset management services

All companies now comprising the Group have adopted 31 December as their financial year end date.

No audited statutory financial statements have been prepared for the Company since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement and the Company has not carried on any business other than those transactions relating to the Reorganisation.

No audited statutory financial statements have been prepared for Major Harvest since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

The statutory financial statements of Astrum Capital for the years ended 31 December 2013, 2014 and 2015 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and were audited by us.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period (the "Underlying Financial Statements") in accordance with HKFRSs issued by the HKICPA.

We have undertaken an independent audit on the Underlying Financial Statements for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.



The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis set out in Note 1 of Section A below, and no adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 1 to Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 December 2013, 2014 and 2015 and of the Company as at 31 December 2015, and of the combined financial performance and combined cash flows of the Group for the Track Record Period.

## A. FINANCIAL INFORMATION

## Combined Statements of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Revenue	5	15,250	40,434	91,799
Other income	6	626	890	1,863
Administrative and other operating expenses		(12,969)	(19,474)	(46,406)
Finance costs	7	(90)	(158)	(211)
Profit before tax	8	2,817	21,692	47,045
Income tax expense	9	–	(1,500)	(8,708)
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<u>2,817</u>	<u>20,192</u>	<u>38,337</u>
<b>Earnings per share</b>		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	12	<u>0.43</u>	<u>3.06</u>	<u>5.81</u>

Details of dividends are disclosed in Note 11 to the Financial Information.

## Combined Statements of Financial Position

	<i>Notes</i>	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
<b>Non-current assets</b>				
Property, plant and equipment	13	185	98	2,706
Intangible asset	14	450	450	450
Other assets	15	205	230	1,004
		<u>840</u>	<u>778</u>	<u>4,160</u>
<b>Current assets</b>				
Trade receivables	16	29,061	51,904	80,113
Deposits, prepayments and other receivables	17	290	406	1,329
Amount due from a related company	18	–	–	20
Bank balances and cash				
– General accounts and cash	19	18,824	24,958	10,784
– Trust accounts	19	46,972	24,513	174,795
		<u>95,147</u>	<u>101,781</u>	<u>267,041</u>
<b>Total assets</b>		<u>95,987</u>	<u>102,559</u>	<u>271,201</u>
<b>Current liabilities</b>				
Trade payables	20	63,973	48,867	202,158
Other payables and accruals		420	405	1,309
Current tax liabilities		–	1,500	4,981
		<u>64,393</u>	<u>50,772</u>	<u>208,448</u>
<b>Net current assets</b>		<u>30,754</u>	<u>51,009</u>	<u>58,593</u>
<b>Total assets less current liabilities</b>		<u>31,594</u>	<u>51,787</u>	<u>62,753</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	21	–	–	69
<b>Net assets</b>		<u>31,594</u>	<u>51,787</u>	<u>62,684</u>
<b>Capital and reserves</b>				
Share capital	22	45,000	45,001	2
Reserves	23	(13,406)	6,786	62,682
<b>Total equity</b>		<u>31,594</u>	<u>51,787</u>	<u>62,684</u>

## Statement of Financial Position

		<b>As at 31 December 2015</b>
	<i>Notes</i>	<i>HK\$'000</i>
<b>Current assets</b>		
Prepayments		31
Bank balances		<u>7</u>
		<u>38</u>
<b>Current liabilities</b>		
Amount due to Astrum Capital	30	<u>6,569</u>
<b>Net current liabilities</b>		<u>(6,531)</u>
<b>Net liabilities</b>		<u><u>(6,531)</u></u>
<b>Capital and reserve</b>		
Equity attributable to owners of the Company		
Share capital	22	–
Reserve	23	<u>(6,531)</u>
<b>Total equity</b>		<u><u>(6,531)</u></u>

## Combined Statements of Changes in Equity

	Share capital <i>HK\$'000</i> <i>(Note 22)</i>	Special reserve <i>HK\$'000</i> <i>(Note 23)</i>	(Accumulated losses)/ retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Balance at 1 January 2013</b>	32,000	–	(16,223)	15,777
Profit and total comprehensive income for the year	–	–	2,817	2,817
Issue of shares of a subsidiary	<u>13,000</u>	<u>–</u>	<u>–</u>	<u>13,000</u>
<b>Balance at 31 December 2013</b>	45,000	–	(13,406)	31,594
Profit and total comprehensive income for the year	–	–	20,192	20,192
Issue of shares of a subsidiary	<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>
<b>Balance at 31 December 2014</b>	45,001	–	6,786	51,787
Profit and total comprehensive income for the year	–	–	38,337	38,337
Reorganisation <i>(Note 23)</i>	(44,999)	44,999	–	–
Dividends recognised as distribution during the year <i>(Note 11)</i>	<u>–</u>	<u>–</u>	<u>(27,440)</u>	<u>(27,440)</u>
<b>Balance at 31 December 2015</b>	<u><u>2</u></u>	<u><u>44,999</u></u>	<u><u>17,683</u></u>	<u><u>62,684</u></u>

## Combined Statements of Cash Flows

	<i>Notes</i>	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
<b>Cash flows from operating activities</b>				
Profit before tax		2,817	21,692	47,045
Adjustments for:				
– Depreciation of property, plant and equipment		202	111	315
– Interest expense		90	158	211
– Interest income		(1)	(2)	(6)
– Loss on disposal of property, plant and equipment		416	–	18
		<u>416</u>	<u>–</u>	<u>18</u>
Operating cash flows before movements in working capital		3,524	21,959	47,583
Increase in other assets		–	(25)	(774)
Increase in trade receivables		(17,797)	(22,843)	(28,209)
Decrease/(increase) in deposits, prepayments and other receivables		200	(116)	(923)
Increase in amount due from a related company		–	–	(20)
Decrease in amounts due from fellow subsidiaries		526	–	–
(Increase)/decrease in trust accounts		(23,539)	22,459	(150,282)
Increase/(decrease) in trade payables		35,732	(15,106)	153,291
(Decrease)/increase in other payables and accruals		(415)	(15)	904
		<u>(415)</u>	<u>(15)</u>	<u>904</u>
Cash (used in)/generated from operations		(1,769)	6,313	21,570
Income tax paid		–	–	(5,158)
Interest received		1	2	6
Interest paid		(90)	(158)	(211)
		<u>(1,769)</u>	<u>6,313</u>	<u>21,570</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>(1,858)</u>	<u>6,157</u>	<u>16,207</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	13	(500)	(24)	(2,941)
		<u>(500)</u>	<u>(24)</u>	<u>(2,941)</u>
<b>Net cash used in investing activities</b>		<u>(500)</u>	<u>(24)</u>	<u>(2,941)</u>

		Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
<b>Cash flows from financing activities</b>				
Dividends paid	<i>11</i>	–	–	(27,440)
Proceeds from issue of shares	<i>22</i>	13,000	1	–
Proceeds from bank borrowings		–	3,000	6,000
Repayment of bank borrowings		–	(3,000)	(6,000)
		<u>13,000</u>	<u>1</u>	<u>(27,440)</u>
<b>Net cash generated from/(used in) financing activities</b>		<u>13,000</u>	<u>1</u>	<u>(27,440)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		10,642	6,134	(14,174)
<b>Cash and cash equivalents at the beginning of year</b>		<u>8,182</u>	<u>18,824</u>	<u>24,958</u>
<b>Cash and cash equivalents at the end of year</b>	<i>19</i>	<u><u>18,824</u></u>	<u><u>24,958</u></u>	<u><u>10,784</u></u>

## NOTES TO THE FINANCIAL INFORMATION

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 January 2015 as an exempted company with limited liability. Its parent and ultimate holding company is Autumn Ocean Limited, a company incorporated in the BVI and wholly-owned by Mr. Pan Chik ("Mr. Pan"), the controlling shareholder of the Company.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Prospectus. The Company is an investment holding company. The Group is principally engaged in the provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services and asset management services.

Throughout the Track Record Period, the group entities were under the control of Mr. Pan. Through the Reorganisation as more fully explained in the paragraph headed "Corporate Reorganisation" in Appendix IV "Statutory and General Information" to the Prospectus, the Company became the holding company of the companies now comprising the Group on 23 June 2016. Accordingly, for the purpose of the preparation of the Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Track Record Period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Pan prior to and after the Reorganisation.

The Financial Information has been prepared as if the Company had been the holding company of the Group throughout the Track Record Period in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

The Financial Information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently adopted Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations issued by the HKICPA which are effective for the Group's annual accounting period beginning on 1 January 2015 throughout the Track Record Period.

At the date of this report, the HKICPA has issued the following new standards and amendments that are not yet effective. The Group has not early adopted these standards and amendments.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>



Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>1</sup>
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2016
- <sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>5</sup> Effective for annual periods beginning on or after a date to be determined

### HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these Financial Information. The directors of the Company anticipate that the application of HKFRS 16 in the future will have an impact on the Group's financial statements; however, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new standards and amendments will have no material impact on the Financial Information of the Group.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The preparation of the 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 Financial Information are disclosed in Note 4 below.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### **Basis of consolidation**

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### **Merger accounting for business combination involving entities under common control**

The Financial Information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business. 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, as described below.

Commission from securities dealing and brokerage services are recognised on the transaction date when the relevant contracts are executed.

Placing and underwriting commission are recognised in accordance with the terms of the underlying agreements or deal mandates when the relevant significant acts have been completed (i.e. when shares are allotted).

Corporate finance advisory services fee, management fee income and administrative income are recognised when the services are rendered.

Fund management and performance fee are recognised in accordance with the terms and conditions of the relevant agreements.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The Group as lessee***

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**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 added to 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Retirement benefit costs**

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the combined statements of profit or loss and other comprehensive income because 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 each of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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 associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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.

Current and deferred tax are recognised in profit or loss.

**Property, plant and equipment**

Property, plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset is recognised in profit or loss.

**Intangible assets*****Trading rights***

Trading rights, being the eligibility rights to trade on or through the Stock Exchange, with indefinite useful lives are stated at cost (or deemed cost) less any accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

***Derecognition of intangible assets***

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**Impairment on tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

***Financial assets***

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other assets, trade receivables, deposits and other receivables, amount due from a related company, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment of financial assets could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*Financial liabilities and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

*Financial liabilities*

Financial liabilities (including trade payables, other payables and accruals) are subsequently measured at amortised cost, using the effective interest method.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

*Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control of the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;



- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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;
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### **Cash and cash equivalents**

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### **4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the futures, and other key sources of estimation uncertainty at the end of each of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Estimated impairment of intangible asset**

The policy for impairment of intangible asset of the Group is based on an evaluation of their recoverable amount with reference to the expected future cash flows based on management's estimation. A considerable amount of judgement is required in estimating the expected future cash flows from the Group's brokerage business. If the recoverable amounts are less than the carrying amount of the intangible asset, impairment may be required. At 31 December 2013, 2014 and 2015, the carrying amount of intangible asset was approximately HK\$450,000.

#### **Allowance for trade receivables**

The Group makes impairment loss for doubtful debts based on an assessment of the recoverability of trade receivables. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates

based on the credit history of the clients and the current market conditions. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed. At 31 December 2013, 2014 and 2015, the aggregate carrying amount of trade receivables were approximately HK\$29,061,000, HK\$51,904,000 and HK\$80,113,000 respectively. No allowance for impaired debts has been provided due to the quality of the securities held by each client in the trading account maintained with the Group, current creditworthiness and past collection history of each client.

#### Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandon. Details of the useful lives of property, plant and equipment are disclosed in Note 13.

#### 5. REVENUE AND SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of securities dealing and brokerage services, placing and underwriting services, corporate finance advisory services, financing services and asset management services. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

##### Revenue from major services

The Group's revenue from its major services were as follows:

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Commission from securities dealing and brokerage services	3,839	6,557	19,873
Placing and underwriting commission	8,729	29,424	63,267
Corporate finance advisory services fee	1,828	2,681	3,265
Interest income from securities and initial public offering financing	854	1,772	2,736
Asset management services			
– Fund management and performance fee	–	–	2,658
	<u>15,250</u>	<u>40,434</u>	<u>91,799</u>

##### Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers during the Track Record Period are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong.

**Information about major customers**

Revenue from customers contributing over 10% of the Group's total revenue during the Track Record Period are as follows:

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Customer A	2,849	N/A <sup>1</sup>	N/A <sup>1</sup>
Customer B	N/A <sup>1</sup>	5,733	N/A <sup>1</sup>
Customer C	N/A <sup>1</sup>	5,112	N/A <sup>1</sup>
Customer D	N/A <sup>1</sup>	N/A <sup>1</sup>	15,240
Customer E	N/A <sup>1</sup>	N/A <sup>1</sup>	9,839

<sup>1</sup> The corresponding revenue did not contribute over 10% of the Group's total revenue.

**6. OTHER INCOME**

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Interest income from			
– authorised financial institutions	1	2	4
– others	–	–	2
Administrative income	262	218	491
Management fee income	5	62	78
Handling fee income	319	603	1,260
Sundry income	39	5	28
	<u>626</u>	<u>890</u>	<u>1,863</u>

**7. FINANCE COSTS**

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Interest expense on bank overdrafts and borrowings wholly repayable within one year	<u>90</u>	<u>158</u>	<u>211</u>

## 8. PROFIT BEFORE TAX

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Profit before tax has been arrived at after charging/ (crediting):			
Auditors' remuneration	138	200	191
Commission expenses	1,846	6,642	14,467
Depreciation of property, plant and equipment	202	111	315
Loss on disposal of property, plant and equipment	416	–	18
Net foreign exchange (gains)/losses	(7)	1	11
Operating lease payments in respect of rented premises	1,051	1,060	1,477
Listing expenses	–	762	6,223
	<u>          </u>	<u>          </u>	<u>          </u>
Employee benefits expense:			
Salaries and other benefits	5,245	6,399	12,250
Commission to accounts executives	945	938	1,897
Contributions to retirement benefit scheme	148	180	233
	<u>          </u>	<u>          </u>	<u>          </u>
Total employee benefits expense, including directors' emoluments ( <i>Note 10</i> )	<u>6,338</u>	<u>7,517</u>	<u>14,380</u>

## 9. INCOME TAX EXPENSE

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Current tax:			
– Hong Kong Profits Tax	–	1,500	8,700
– Overprovision in prior year	–	–	(61)
	<u>          </u>	<u>          </u>	<u>          </u>
	–	1,500	8,639
Deferred tax ( <i>Note 21</i> ):	<u>          </u>	<u>          </u>	<u>          </u>
	–	1,500	8,708
	<u>          </u>	<u>          </u>	<u>          </u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the Track Record Period.

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2013 as the Group has available tax losses brought forward from previous years to offset the assessable profits generated for the year ended 31 December 2013.

The tax charge for the Track Record Period can be reconciled to the profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2013 HK\$'000	Year ended 31 December 2014 HK\$'000	Year ended 31 December 2015 HK\$'000
Profit before tax	<u>2,817</u>	<u>21,692</u>	<u>47,045</u>
Tax at Hong Kong Profits Tax rate of 16.5%	465	3,579	7,762
Tax effect of income not taxable for tax purpose	(1)	–	(1)
Tax effect of expenses not deductible for tax purpose	70	125	1,036
Tax effect of temporary differences not recognised	(55)	53	(28)
Utilisation of tax losses previously not recognised	(479)	(2,257)	–
Overprovision in prior year	<u>–</u>	<u>–</u>	<u>(61)</u>
Income tax expense for the year	<u>–</u>	<u>1,500</u>	<u>8,708</u>

## 10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' emoluments

Details of the emoluments paid or payable to the directors of the Company during the Track Record Period are as follows:

	Fees HK\$'000	Salaries and other benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Contributions to retirement benefit scheme HK\$'000	Total HK\$'000
<b>For the year ended 31 December 2013</b>					
<b>Executive directors</b>					
Mr. Pan ( <i>Note (i)</i> )	–	1,789	–	15	1,804
Mr. Kwan Chun Yee, Hidulf (“Mr. Kwan”) ( <i>Note (i)</i> )	–	960	–	15	975
Mr. Cheung Hon Fai, Bosco (“Mr. Cheung”) ( <i>Note (ii)</i> )	<u>–</u>	<u>512</u>	<u>–</u>	<u>13</u>	<u>525</u>
	<u>–</u>	<u>3,261</u>	<u>–</u>	<u>43</u>	<u>3,304</u>
<b>For the year ended 31 December 2014</b>					
<b>Executive directors</b>					
Mr. Pan ( <i>Note (i)</i> )	–	1,598	90	17	1,705
Mr. Kwan ( <i>Note (i)</i> )	–	1,008	164	17	1,189
Mr. Cheung ( <i>Note (ii)</i> )	<u>–</u>	<u>514</u>	<u>42</u>	<u>13</u>	<u>569</u>
	<u>–</u>	<u>3,120</u>	<u>296</u>	<u>47</u>	<u>3,463</u>

	Fees <i>HK\$'000</i>	Salaries and other benefits in kind <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Contributions to retirement benefit scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 31 December 2015</b>					
<b>Executive directors</b>					
Mr. Pan ( <i>Note (i)</i> )	–	1,219	990	18	2,227
Mr. Kwan ( <i>Note (i)</i> )	–	1,068	490	18	1,576
Mr. Cheung ( <i>Note (ii)</i> )	–	696	318	18	1,032
	–	2,983	1,798	54	4,835

*Notes:*

- (i) Mr. Pan and Mr. Kwan were appointed as executive directors of the Company effective from 13 January 2015. They were also directors of a subsidiary of the Company and the Group paid emoluments to them in their capacity as directors of a subsidiary during the Track Record Period.
- (ii) Mr. Cheung was appointed as executive director of the Company effective from 13 January 2015. He was also a senior management of a subsidiary of the Company and the Group paid emoluments to him in his capacity as employee during the Track Record Period.

**(b) Employees' emoluments**

Of the five individuals with the highest emoluments, three of them are directors of the Company for the Track Record Period whose emoluments are disclosed above. The emoluments in respect of the remaining two individuals for the Track Record Period are as follows:

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Salaries and other benefits in kind	858	1,102	2,513
Discretionary bonuses	32	140	8
Contributions to retirement benefit scheme	28	34	20
Total emoluments	918	1,276	2,541

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	Number of individuals		
	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2015
Nil to HK\$1,000,000	2	2	–
HK\$1,000,001 to HK\$1,500,000	–	–	2
	<u>2</u>	<u>2</u>	<u>2</u>

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any emoluments during the Track Record Period.

## 11. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation. Prior to the Reorganisation, Astrum Capital and Major Harvest have declared dividends to its then respective equity owners as follows:

	Year ended 31 December 2013 <i>HK\$'000</i>	Year ended 31 December 2014 <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i>
Astrum China Direct Investments Limited	–	–	3,960
Isthmus Management Limited	–	–	990
Autumn Ocean Limited	–	–	17,992
Ample Honesty Limited	–	–	4,498
	<u>–</u>	<u>–</u>	<u>27,440</u>

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this report.

## 12. EARNINGS PER SHARE

For the purpose of this report, the calculation of basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company for the Track Record Period and (ii) the weighted average number of 660,000,000 shares in issue as if these 660,000,000 shares were outstanding throughout the Track Record Period.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the Track Record Period.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer and equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>					
Balance at 1 January 2013	699	205	510	–	1,414
Additions	–	–	500	–	500
Disposals	(449)	–	(500)	–	(949)
Balance at 31 December 2013	250	205	510	–	965
Additions	24	–	–	–	24
Balance at 31 December 2014	274	205	510	–	989
Additions	1,840	160	361	580	2,941
Disposals	(274)	(205)	(510)	–	(989)
Balance at 31 December 2015	1,840	160	361	580	2,941
<b>Accumulated depreciation</b>					
Balance at 1 January 2013	456	180	475	–	1,111
Depreciation expense	83	14	105	–	202
Eliminated on disposals	(449)	–	(84)	–	(533)
Balance at 31 December 2013	90	194	496	–	780
Depreciation expense	86	11	14	–	111
Balance at 31 December 2014	176	205	510	–	891
Depreciation expense	234	9	48	24	315
Eliminated on disposals	(256)	(205)	(510)	–	(971)
Balance at 31 December 2015	154	9	48	24	235
<b>Carrying amounts</b>					
Balance at 31 December 2013	<u>160</u>	<u>11</u>	<u>14</u>	<u>–</u>	<u>185</u>
Balance at 31 December 2014	<u>98</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>98</u>
Balance at 31 December 2015	<u>1,686</u>	<u>151</u>	<u>313</u>	<u>556</u>	<u>2,706</u>

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the term of the lease
Furniture and fixtures	25%
Computer and equipment	25%
Motor vehicle	25%



## 14. INTANGIBLE ASSET

Stock  
Exchange  
trading rights  
HK\$'000

**Cost and carrying amount**

Balance at 1 January 2013, 31 December 2013,  
31 December 2014 and 31 December 2015

450

Intangible asset comprised the eligibility rights to trade on or through the Stock Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The trading rights are allocated to the businesses of securities dealing and brokerage services, placing and underwriting, corporate finance advisory and asset management services as one cash generating unit. The recoverable amount of this cash generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a period of 2 years and pre-tax discount rate of 13.8%, 15.3% and 16.5% for the years ended 31 December 2013, 2014 and 2015 respectively. The discount rates used reflects specific risks relating to the relevant businesses. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and operating costs which are determined from past performance and management's expected market development. The directors are of the opinion that based on value-in-use calculation, there was no impairment of the trading rights as at 31 December 2013, 2014 and 2015, and any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the cash generating unit to exceed its recoverable amount.

## 15. OTHER ASSETS

	As at 31 December 2013 HK\$'000	As at 31 December 2014 HK\$'000	As at 31 December 2015 HK\$'000
Deposits with the Stock Exchange			
– Compensation fund	50	50	50
– Fidelity fund	50	50	50
– Stamp duty deposit	5	30	150
Contribution of guarantee fund paid to Hong Kong Securities Clearing Company Limited (“HKSCC”)	50	50	464
Admission fee paid to HKSCC	50	50	50
Mainland security deposit to HKSCC	–	–	240
	205	230	1,004
	205	230	1,004

## 16. TRADE RECEIVABLES

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Trade receivables arising from the ordinary course of business of:			
Dealing in securities:			
Clients – cash	14,584	4,619	22,791
Clients – margin	9,096	26,296	36,032
Clearing house	5,321	20,731	20,920
	29,001	51,646	79,743
Corporate finance advisory services:	60	258	300
Asset management services:	–	–	70
	<u>29,061</u>	<u>51,904</u>	<u>80,113</u>

The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are two days after trade date.

The credit terms of trade receivables arising from the ordinary course of business of corporate finance advisory and asset management services are 7 days or due upon issuance of invoices and 30 days respectively.

The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk and the overdue balances are regularly reviewed by senior management.

Margin clients are required to pledge securities collateral to the Group in order to obtain the margin facilities for securities trading. At 31 December 2013, 2014 and 2015, loans to margin clients are secured by clients' securities pledged as collateral with market value of approximately HK\$34,915,000, HK\$94,768,000 and HK\$150,960,000 respectively. Management has assessed the market value of the pledged securities of each individual client who has margin shortfall at the end of each reporting period and considered that no impairment allowance is necessary due to credit history of the clients. The margin loans are repayable on demand and bear variable interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of securities margin business.

The ageing analysis of the trade receivables arising from cash clients and clearing house which are past due but not impaired at the end of each of the Track Record Period, are as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Neither past due nor impaired	11,681	21,887	38,908
Past due but not impaired:			
Less than 1 month	8,224	3,439	1,411
1 to 3 months	–	24	3,392
Total	<u>19,905</u>	<u>25,350</u>	<u>43,711</u>

Receivables that were neither past due nor impaired represent unsettled trades transacted on the last two days prior to the end of each reporting period and it also relate to a wide range of independent clients for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent clients that have a good track record with the Group. When cash clients fail to settle on the settlement date, the Group has the right to sell the purchased securities of the respective transaction. Based on past experience, management believes that no impairment allowance is necessary after taking into consideration the recoverability from the collateral.

The ageing analysis of the trade receivables arising from corporate finance advisory and asset management services at the end of each of the Track Record Period, based on invoice date, are as follows:

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Neither past due nor impaired	–	–	70
Past due but not impaired:			
Less than 1 month	<u>60</u>	<u>258</u>	<u>300</u>
Total	<u><u>60</u></u>	<u><u>258</u></u>	<u><u>370</u></u>

Trade receivables arising from corporate finance advisory and asset management services which have not yet been settled by clients after the Group's credit period and are considered not to be impaired as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

#### 17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Deposits	281	374	349
Prepayments	6	6	730
Other receivables	<u>3</u>	<u>26</u>	<u>250</u>
	<u><u>290</u></u>	<u><u>406</u></u>	<u><u>1,329</u></u>

#### 18. AMOUNT DUE FROM A RELATED COMPANY

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
<b>Amount due from a related company</b>			
– Astrum Asset Management Limited	<u>–</u>	<u>–</u>	<u>20</u>
Maximum amount outstanding during the respective year:			
– Astrum Asset Management Limited	<u>–</u>	<u>–</u>	<u>20</u>

Astrum Asset Management Limited is indirectly wholly-owned by Mr. Pan, whom is also a director of the company. The management shares of Astrum Absolute Return China Fund are held by Astrum Asset Management Limited. The amounts due are non-trade nature, unsecured, interest-free and repayable on demand.

## 19. BANK BALANCES AND CASH

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Bank balances and cash:			
(i) General accounts and cash	18,824	24,958	10,784
(ii) Trust accounts	<u>46,972</u>	<u>24,513</u>	<u>174,795</u>
	65,796	49,471	185,579
Less: Clients' monies in trust accounts	<u>(46,972)</u>	<u>(24,513)</u>	<u>(174,795)</u>
Cash and cash equivalents in the combined statements of cash flows	<u>18,824</u>	<u>24,958</u>	<u>10,784</u>

The Group maintains trust bank accounts with authorised financial institutions to receive and hold money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more trust bank accounts and bear interest at commercial rate. The Group has recognised the corresponding trade payables to respective clients. However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

The general accounts and cash comprise cash held by the Group and short-term bank deposits bear interest at commercial rates with an original maturity of three months or less.

## 20. TRADE PAYABLES

	As at 31 December 2013 <i>HK\$'000</i>	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Trade payables arising from the ordinary course of business of dealing in securities:			
Clients – cash	55,503	43,870	176,823
Clients – margin	8,399	4,997	25,335
Clearing house	<u>71</u>	<u>–</u>	<u>–</u>
	<u>63,973</u>	<u>48,867</u>	<u>202,158</u>

The settlement terms of trade payables arising from the ordinary course of business of dealing in securities are two days after trade date.

Trade payables to cash and margin clients bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date. No aged analysis is disclosed as, in the opinion of the directors, the aged analysis does not give additional value in view of the nature of business.

At 31 December 2013, 2014 and 2015, the trade payables amounting to approximately HK\$46,972,000, HK\$24,513,000 and HK\$174,795,000 respectively were payable to clients in respect of the trust and segregated bank balances received which are held for clients in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these payables with the deposits placed.

**21. DEFERRED TAXATION**

The following are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>
At 1 January 2013, 31 December 2013 and 31 December 2014	–
Charge to profit or loss	<u>69</u>
At 31 December 2015	<u><u>69</u></u>

No deferred tax assets and liabilities are recognised in the Financial Information as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at 31 December 2013 and 2014.

As at 31 December 2013, 2014 and 2015, the Group had unused tax losses of approximately HK\$13,679,000, nil and nil respectively, subject to agreement by the Inland Revenue Department, that are available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in relation to tax losses due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

**22. SHARE CAPITAL**

For the purpose of the preparation of the combined statements of financial position, the balance of share capital:

- at 31 December 2013 and 2014 represents the aggregate of the paid up share capital of Major Harvest and Astrum Capital held by Mr. Pan, the controlling shareholder, prior to the Reorganisation; and
- at 31 December 2015 represents the aggregate of the paid up share capital of the Company and Major Harvest held by Mr. Pan, the controlling shareholder, prior to the Reorganisation.

During the year ended 31 December 2013, the share capital of Astrum Capital was increased from HK\$32,000,000 to HK\$45,000,000 by allotting, in aggregate, 13,000,000 ordinary shares of HK\$1 each at par for cash.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 13 January 2015 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. 1 share was allotted and issued nil-paid to the subscriber on 13 January 2015, and was subsequently transferred to Autumn Ocean Limited on the same day; and 79 shares and 20 shares were allotted and issued nil-paid to Autumn Ocean Limited and Ample Honesty Limited respectively on the same day.

**23. RESERVES****The Group***Special reserve*

Special reserve represents the difference between the nominal value of the shares issued by Major Harvest in exchange for the nominal value of the share capital of Astrum Capital arising from the Reorganisation.

**The Company**

	<b>Accumulated loss HK\$'000</b>
Balance at 13 January 2015 (date of incorporation)	–
Loss and total comprehensive expense for the period	<u>(6,531)</u>
Balance at 31 December 2015	<u><u>(6,531)</u></u>

**24. RETIREMENT BENEFIT SCHEME**

The Group operates a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the “MPF scheme”) established under the Mandatory Provident Fund Schemes Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,250 per month (increased to HK\$1,500 per month effective from 1 June 2014) or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect of the MPF Scheme is to make the specified contributions. The total expenses recognised in the combined statements of profit or loss and other comprehensive income amount to approximately HK\$148,000, HK\$180,000 and HK\$233,000 for the years ended 31 December 2013, 2014 and 2015 respectively and represent contributions paid or payable to the MPF scheme by the Group at rates specified in the rules of the schemes.

**25. BANKING FACILITIES**

During the Track Record Period, securities collateral deposited by the Group’s margin clients was repledged to banks to secure the Group’s banking facilities to the extent of HK\$8,000,000, HK\$17,000,000 and HK\$17,000,000 respectively. The market value of the collateral repledged to banks as at 31 December 2013, 2014 and 2015 amounted to approximately HK\$7,116,000, nil and HK\$13,125,000 respectively.

The bank overdraft facility and revolving loan facility were also secured by personal guarantee executed by Mr. Pan, a director of the Company, for unlimited amount and HK\$9,000,000 respectively.

**26. COMMITMENTS****(i) Operating lease commitments as lessee**

At the end of each of the Track Record Period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	<b>As at 31 December 2013 HK\$'000</b>	<b>As at 31 December 2014 HK\$'000</b>	<b>As at 31 December 2015 HK\$'000</b>
Within one year	950	792	340
In the second to fifth years inclusive	<u>792</u>	<u>–</u>	<u>–</u>
	<u><u>1,742</u></u>	<u><u>792</u></u>	<u><u>340</u></u>

Operating lease relates to office premises with lease term of six months to three years and the rentals are fixed throughout the lease term.

**(ii) Other commitments**

At 31 December 2015, the Group entered into underwriting agreement with an independent third party in relation to rights issue of shares listed in Hong Kong and had a gross commitment of approximately HK\$200,000,000. The Group has offered sub-underwriters for the participation of aforesaid transaction and the sub-underwriters have accepted the offer with an aggregated commitment of approximately HK\$141,778,000. The commitment has been released in March 2016.

At 31 December 2014, the Group entered into underwriting and sub-underwriting agreements with independent third parties in relation to rights issue and open offer of shares listed in Hong Kong and had a gross commitment of approximately HK\$141,675,000. The Group has offered sub-underwriters for the participation of aforesaid transactions and the sub-underwriters have accepted the offer with an aggregated commitment of approximately HK\$113,591,000. The commitments have been released in January 2015.

At 31 December 2013, the Group has no underwriting commitment.

**27. RELATED PARTY DISCLOSURES****(i) Transactions with related parties**

During the Track Record Period, the Group entered into the following transactions with the related parties:

Related party	Nature of transaction	Notes	Year ended	Year ended	Year ended
			31 December 2013	31 December 2014	31 December 2015
			HK\$'000	HK\$'000	HK\$'000
JC Group Holdings Limited	Underwriting commission	(a)	975	–	–
Zebra Strategic Holdings Limited	Underwriting commission	(b)	590	–	–
Zebra Strategic Outsource Solution Limited	Repairs and maintenance expenses	(c)	72	–	–
Murta Investment Managers Limited	Agency expense	(d)	678	–	–
Mr. Pan	Commission income	(e)	24	17	38
	Interest income received from securities and initial public offering financing	(f)	26	8	21
Close family members of Mr. Pan	Commission income	(e)	27	51	125
	Interest income received from securities and initial public offering financing	(f)	34	153	159
Returns Best Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Commission income	(e)	19	12	8
	Interest income received from securities and initial public offering financing	(f)	6	31	15
	Management fee income	(g)	3	17	3
Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Commission income	(e)	89	181	61
	Interest income received from securities and initial public offering financing	(f)	27	33	17
	Commission expense	(g)	–	252	–

Related party	Nature of transaction	Notes	Year ended	Year ended	Year ended
			31 December 2013 HK\$'000	31 December 2014 HK\$'000	31 December 2015 HK\$'000
Astrum Absolute Return China Fund	Fund management and performance fee	(h)	–	–	2,658
	Commission income	(e)	–	–	421
Mr. Cheung	Commission income	(e)	2	2	3
Mr. Kwan	Commission income	(e)	–	2	2
	Interest income received from securities and initial public offering financing	(f)	–	1	2
Mr. Ng Yau Sing, a shareholder of the Company	Commission income	(e)	2	–	1
	Interest income received from securities and initial public offering financing	(f)	3	–	2
Mr. Fung Tat Hung, Ricky, a member of the key management personnel	Commission income	(e)	9	8	10
	Interest income received from securities and initial public offering financing	(f)	2	2	3
Ms. Truong To Linh, a member of the key management personnel	Commission income	(e)	13	8	8
	Interest income received from securities and initial public offering financing	(f)	1	1	1

*Notes:*

- (a) The underwriting commission was based on terms stipulated on the agreement entered between the contracting parties. Mr. Pan was a substantial shareholder and director of the company. The relationship ceased in July 2014.
- (b) The underwriting commission was based on terms stipulated on the agreement entered between the contracting parties. Mr. Pan was a substantial shareholder and director of the company. The relationship ceased in December 2013.
- (c) The repairs and maintenance expenses were based on the terms agreed between the contracting parties. Mr. Pan was a substantial shareholder and director of the holding company of Zebra Strategic Outsource Solution Limited. The relationship ceased in December 2013.
- (d) The agency expense was based on the terms agreed between the contracting parties. The company was wholly-owned by the then parent company of Astrum Capital, Astrum China Direct Investments Limited, a company wholly-owned by Mr. Pan, prior to the Reorganisation. Astrum China Direct Investments Limited disposed the company and Mr. Pan ceased control over the company in November 2013.
- (e) The commission income was calculated at rates which ranged from 0.08% to 0.20% (subject to minimum charge of HK\$50 or HK\$80).
- (f) The interest income received from securities and initial public offering financing was based on the rates which substantially in line with those normally received by the Group from third parties.
- (g) The management fee income and commission expense were based on terms stipulated on the agreement entered between the contracting parties.



- (h) The fund management and performance fee were based on terms stipulated on the agreement entered between the contracting parties. The management shares of Astrum Absolute Return China Fund are held by Astrum Asset Management Limited and Astrum Asset Management Limited are indirectly wholly-owned by Mr. Pan, whom is also a director of Astrum Absolute Return China Fund.

(ii) **Outstanding balances with related parties**

Included in trade receivables and payables arising from the ordinary course of business of dealing in securities are amounts due from and (to) certain related parties, the details of which are as follows:

Related party	Nature of account	As at	As at	As at
		31 December 2013	31 December 2014	31 December 2015
		HK\$'000	HK\$'000	HK\$'000
Mr. Pan	Margin account	(441)	51	(5)
Mr. Cheung	Margin account	(15)	(7)	(716)
Mr. Kwan	Cash account	–	(181)	–
	Margin account	–	–	(110)
Close family members of Mr. Pan	Margin account	(349)	2,960	930
Returns Best Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Margin account	130	732	–
Shine Clear Investments Limited, a company wholly-owned by a close family member of Mr. Pan	Margin account	(383)	86	88
Ascent Way Investments Limited, a company wholly-owned by Mr. Pan	Cash account	(1)	–	–
Dragon Flame Holdings Limited, a company wholly-owned by Mr. Pan	Cash account	(1)	–	–
Astrum Absolute Return China Fund	Cash account	–	–	1,983
Mr. Ng Yau Sing, a shareholder of the Company	Margin account	(1)	(1)	–
Mr. Fung Tat Hung, Ricky, a member of the key management personnel	Margin account	(138)	(161)	(1,927)
Ms. Truong To Linh, a member of the key management personnel	Margin account	(19)	(48)	(1)
		_____	_____	_____

The outstanding balances of cash accounts above represent the net balance of trading accounts at the end of each of the Track Record Period.

Included in trade receivables arising from the ordinary course of business of asset management services as at 31 December 2013, 2014 and 2015 of approximately nil, nil and HK\$70,000 are amount due from Astrum Absolute Return China Fund. The amount due is unsecured, interest-free and repayable within 30 days.

**(iii) Guarantees provided by related parties**

During the Track Record Period, the Group had a revolving subordinated loan facility entered with Mr. Pan and has been approved by Securities and Futures Commission (the "SFC"). Pursuant to the revolving subordinated loan agreement, Mr. Pan agreed to grant revolving credit facilities to the extent of HK\$5,000,000 to Astrum Capital, a subsidiary of the Company, which is unsecured, bear interest at 3% per annum and will expire on 7 November 2015.

During April 2015, Astrum Capital applied for early termination of the revolving subordinated loan facility from the SFC. On 28 April 2015, the SFC has approved the termination of the revolving subordinated loan facility with immediate effect.

Except for the above, details of personal guarantees provided by Mr. Pan in connection with the banking facilities granted to the Group at the end of each of the Track Record Period are set out in Note 25 above.

**(iv) Compensation of key management personnel**

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended 31 December 2013 HK\$'000	Year ended 31 December 2014 HK\$'000	Year ended 31 December 2015 HK\$'000
Short-term employee benefits	3,937	4,126	6,201
Post-employment benefits	<u>70</u>	<u>73</u>	<u>87</u>
	<u>4,007</u>	<u>4,199</u>	<u>6,288</u>

**28. CAPITAL RISK MANAGEMENT**

The Group's objectives when managing capital is to safeguard the Group's ability to continue a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and accumulated losses/retained profits. At the end of each of the Track Record Period, the Group did not have any borrowings and therefore, had net debt-to-equity ratio of nil.

A subsidiary of the Group is licensed with the SFC for the business it operates in. The Group's licensed subsidiary is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") adopted by the SFC. Under SF(FR)R, the licensed subsidiary must maintain a liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of HK\$3 million or 5% of its total adjusted liabilities, whichever is higher. Management closely monitors, on a daily basis, the liquid capital level of the licensed subsidiary to ensure compliance with the requirements under the SF(FR)R.

The Group's risk management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with capital. The management will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. For the licensed subsidiary, the Group ensures it will maintain a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities. The Group's licensed subsidiary has complied to maintain the required amount of liquid capital throughout the Track Record Period.

## 29. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

#### The Group

	As at 31 December 2013 HK\$'000	As at 31 December 2014 HK\$'000	As at 31 December 2015 HK\$'000
<b>Financial assets</b>			
<i>Loans and receivables</i>			
Other assets	205	230	1,004
Trade receivables	29,061	51,904	80,113
Deposits and other receivables	284	400	599
Amount due from a related company	–	–	20
Bank balances and cash	65,796	49,471	185,579
	<u>95,346</u>	<u>102,005</u>	<u>267,315</u>

	As at 31 December 2013 HK\$'000	As at 31 December 2014 HK\$'000	As at 31 December 2015 HK\$'000
<b>Financial liabilities</b>			
<i>Financial liabilities at amortised cost</i>			
Trade payables	63,973	48,867	202,158
Other payables and accruals	420	405	1,309
	<u>64,393</u>	<u>49,272</u>	<u>203,467</u>

#### The Company

	As at 31 December 2015 HK\$'000
<b>Financial liabilities</b>	
<i>Financial liabilities at amortised cost</i>	
Amount due to Astrum Capital	<u>6,569</u>

### (b) Financial risk management objectives and policies

The Group's major financial instruments include other assets, trade receivables, deposits and other receivables, amount due from a related company, bank balances and cash, trade payables, other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated

with these financial instruments include market risks (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

***Market risk***

*(i) Foreign currency risk management*

During the Track Record Period, the majority of the Group's transactions and balances as at and for the Track Record Period were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In virtue of the exposure on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

*(ii) Interest rate risk management*

The Group is exposed to cash flow interest rate risk in relation to variable-rate trade receivables and bank balances. However, the management considers the risk is insignificant to the Group.

Changes in market interest rates may affect the Group's securities margin financing business which is typically prime-based, and the Group mitigates this risk by revising the margin financing rate as and when appropriate. As the Group has no other significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have a policy on hedges of interest rate risk. However, the management monitors interest-rate exposure and will consider the hedging significant interest-rate exposures should the need arise.

In virtue of the exposure on cash flow and fair value interest rate risk being minimal, the respective quantitative disclosures have not been prepared.

***Credit risk management***

At the end of each of the Track Record Period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of trading limits, trading approvals and other monitoring procedures to ensure that follow-up action is taken to recover outstanding balances. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each of the Track Record Period to ensure that adequate impairment losses are made for irrecoverable amounts. Margin calls are made when the outstanding balances due from clients exceed their respective limits with consideration of the quality, liquidity and price volatility of individual stock, and the transaction history and credibility of the clients. Failure to meet margin calls may result in the prohibition of further purchase of securities or liquidation of the client's positions on a case-by-case basis. In this regard, the management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

*Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

At 31 December 2013, 2014 and 2015, the Group has available unutilised bank overdrafts and revolving loan facilities with an aggregated amount of approximately HK\$8,000,000, HK\$17,000,000 and HK\$17,000,000 respectively.

*Liquidity tables*

The following tables detail the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	<b>On demand or within one year HK\$'000</b>	<b>Over one year HK\$'000</b>	<b>Total undiscounted cash flows HK\$'000</b>	<b>Total carrying amount HK\$'000</b>
<b>The Group</b>				
<b>Non-derivative financial liabilities</b>				
<b>As at 31 December 2013</b>				
Trade payables	63,973	–	63,973	63,973
Other payables and accruals	420	–	420	420
	<u>64,393</u>	<u>–</u>	<u>64,393</u>	<u>64,393</u>
<b>As at 31 December 2014</b>				
Trade payables	48,867	–	48,867	48,867
Other payables and accruals	405	–	405	405
	<u>49,272</u>	<u>–</u>	<u>49,272</u>	<u>49,272</u>
<b>As at 31 December 2015</b>				
Trade payables	202,158	–	202,158	202,158
Other payables and accruals	1,309	–	1,309	1,309
	<u>203,467</u>	<u>–</u>	<u>203,467</u>	<u>203,467</u>
<b>The Company</b>				
<b>Non-derivative financial liabilities</b>				
<b>As at 31 December 2015</b>				
Amount due to Astrum Capital	6,569	–	6,569	6,569

(c) **Fair value measurements of financial instruments**

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices respectively; and
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

*Fair value measurements recognised in the combined statements of financial position*

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

At the end of each of the Track Record Period, the Group did not have any assets and liabilities that were measured at the fair value measurements hierarchy.

**30. AMOUNT DUE TO ASTRUM CAPITAL**

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

**B. DIRECTORS' REMUNERATION**

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period. Under the arrangements presently in force, the aggregate remuneration of the Company's directors for the year ending 31 December 2016 is expected to be approximately HK\$3,500,000.

**C. SUBSEQUENT EVENTS**

The following significant events took place subsequent to 31 December 2015:

- (i) On 23 June 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares of HK\$0.01 each.
- (ii) The Reorganisation as set out in the paragraph headed "Corporate Reorganisation" in Appendix IV "Statutory and General Information" to the Prospectus was completed on 23 June 2016.
- (iii) The Company adopted a share option scheme on 23 June 2016, a summary of the terms and conditions of which are set out in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

**D. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2015.

Yours faithfully,  
**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Chan Ching Pang**  
Practising Certificate Number: P05746  
Hong Kong

## APPENDIX II    UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report on the financial information of the Group for the Track Record Period prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

### A.    UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets prepared in accordance with paragraph 7.31 of the GEM Listing Rules are set out below to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to the owners of the Company as of 31 December 2015 as if the Share Offer had taken place on that date.

The unaudited pro forma adjusted combined net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, they may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as of 31 December 2015 or of any future dates. The unaudited pro forma adjusted combined net tangible assets are prepared based on the audited combined net tangible assets of the Group attributable to the owners of the Company as of 31 December 2015 as set out in the Accountants' Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2015 HK\$'000 (Note 1)	Add: Estimated net proceeds from the Share Offer of New Shares HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets HK\$'000	Unaudited pro forma adjusted combined net tangible assets per Share HK\$ (Note 3)
Based on the Offer Price of HK\$0.40 per Share	<u>62,234</u>	<u>48,845</u>	<u>111,079</u>
Based on the Offer Price of HK\$0.60 per Share	<u>62,234</u>	<u>75,725</u>	<u>137,959</u>



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## APPENDIX II    UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

1. The audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2015 are based on audited combined net assets of the Group attributable to owners of the Company as at 31 December 2015 of approximately HK\$62,684,000 with adjustment for intangible asset of HK\$450,000 as at 31 December 2015 as shown in the financial information section of the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer of New Shares are based on the lowest and highest Offer Price of HK\$0.40 and HK\$0.60 per Share respectively, after deduction of relevant estimated underwriting fees and other related fees and expenses to be borne by the Group (excluding approximately HK\$6,985,000 listing-related expenses which have been accounted for prior to 31 December 2015).
3. The unaudited pro forma adjusted combined net tangible assets per Share is determined after the adjustments as described in Notes 1 and 2 above and on the basis that 800,000,000 Shares are issued and outstanding as set out in the section headed "Share Capital" in this prospectus.
4. The unaudited pro forma financial information presented above does not take account of any trading results or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 31 December 2015).

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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### B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.*



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

30 June 2016

The Directors  
Astrum Financial Holdings Limited

Dear Sirs,

#### **Introduction**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Astrum Financial Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group as at 31 December 2015, and related notes (the “Unaudited Pro Forma Financial Information”) as set out in Section A of Appendix II to the prospectus issued by the Company dated 30 June 2016 (the “Prospectus”). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed Share Offer of the shares of the Company (the “Share Offer”) on the Group’s financial position as at 31 December 2015 as if the Share Offer had taken place at 31 December 2015. 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 three years ended 31 December 2015, on which an accountants’ report has been published.

#### **Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline (“AG”) 7, “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars”, issued by the Hong Kong Institute of Certified Public Accountants (“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 the 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 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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

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

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

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## APPENDIX II    UNAUDITED PRO FORMA FINANCIAL INFORMATION

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A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

### **Opinion**

In our opinion:

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

Yours faithfully,  
**HLB Hodgson Impey Cheng Limited**  
*Certified Public Accountants*

**Chan Ching Pang**  
Practising Certificate Number: P05746  
Hong Kong

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## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

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*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 Islands company law.*

*The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 January 2015 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").*

### 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

### 2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 June 2016. 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) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of

them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

**(b) Directors**

*(i) Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

*(ii) Power to dispose of the assets of the Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

*(iii) Compensation or payments for loss of office*

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

*(iv) Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) *Disclosure of interest in contracts with the Company or with any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of 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 or other benefits received by him as a director, officer or member of 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.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;



- (bb) 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/have 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 proposal 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 proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or
- (ee) 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.

**(vi) Remuneration**

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion 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 has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) 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 (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vii) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board 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. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, 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) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time 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 also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

***(viii) Borrowing powers***

Pursuant to the Articles, 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 uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, 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. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

***(ix) Register of Directors and officers***

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) *Proceedings of the Board*

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) **Alterations to the constitutional documents**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) **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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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 shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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.

(e) **Alteration of capital**

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any

person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

**(f) Special resolution – majority required**

In accordance with the Articles, 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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, 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 members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

**(g) Voting rights (generally and on a poll) and right to demand a poll**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share, and on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the

Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- (i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, 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 member in contravention of such requirement or restriction shall not be counted.



**(h) Annual general meetings**

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

**(i) Accounts and audit**

The Board shall cause proper books of account 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 assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.



The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**(j) Notices of meetings and business to be conducted thereat**

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed 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;
- (ee) the fixing of the remuneration of the Directors and of the auditors;
- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

**(k) Transfer of shares**

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and 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 of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located 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 register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

**(I) 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 requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

**(m) Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

**(n) 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.

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, although 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 in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (aa) 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 members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus 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, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend subsequently declared or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(o) 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 shall be 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 shall be 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 if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

**(p) Calls on shares and forfeiture of shares**

The Board may from time to time make such calls as it may think fit 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) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is

to be made, and it shall also name the place where payment is to be made. The notice shall also state 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(q) 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. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

**(r) 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, and continues to be present until the conclusion of the meeting.

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.



**(s) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(t) 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 shall be 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, then 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 shall be 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, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction 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 and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.



**(u) Untraceable members**

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(v) Subscription rights reserve**

Pursuant to the Articles, provided that it is not prohibited by and is otherwise 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 13 January 2015 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies 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 must conduct its operations mainly outside the Cayman Islands. Moreover, 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**

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. 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 or 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 arrangements 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 such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that 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.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender

of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able 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**

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of 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 (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, 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**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is *ultra vires* the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that 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 interest 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**

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to 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.

Section 59 of the Companies Law further states that 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.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect 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:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
  - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
  - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 10 March 2015.

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 certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The 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 of association.

**(n) Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

**(o) Winding up**

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 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.



When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall 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.

**(p) Reconstructions**

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

**(q) Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

**(r) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4. GENERAL**

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the 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. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 13 January 2015. Our Company has established a principal place of business in Hong Kong at Room 2704, 27th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 21 May 2015. Adrian Yeung & Cheng of Suite 1201-2A, 12th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

**2. Changes in share capital of our Company**

- (a) As at the date of incorporation, our Company has an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. 1 Share was allotted and issued nil-paid to the subscriber on 13 January 2015, and was subsequently transferred to Autumn Ocean on the same day; and 79 Shares and 20 Shares were allotted and issued nil-paid to Autumn Ocean and Ample Honesty respectively on the same day.
- (b) On 23 June 2016, our Company resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.
- (c) Pursuant to the Reorganisation and as consideration for the acquisition by our Company of the entire issued share capital of Major Harvest from Autumn Ocean and Ample Honesty, on 23 June 2016, 80 nil-paid Shares held by Autumn Ocean and 20 nil-paid Shares held by Ample Honesty were credited as fully paid and 527,999,920 Shares and 131,999,980 Shares were allotted and issued to Autumn Ocean and Ample Honesty respectively all credited as fully paid.
- (d) Immediately following completion of the Share Offer, taking no account of any Share which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, 800,000,000 Shares will be issued fully paid or credited as fully paid, and 1,200,000,000 Shares will remain unissued.

- (e) Other than pursuant to the general mandate to issue Shares referred to in the section headed “A. Further information about our Company – Written resolutions of our Shareholders passed on 23 June 2016” in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (f) Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital since its incorporation.

### **3. Written resolutions of our Shareholders passed on 23 June 2016**

On 23 June 2016, resolutions in writing were passed by our Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,962,000,000 Shares, each ranking pari passu with the then existing Shares in all respects;
- (c) conditional on the Listing Division granting listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus, including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:
  - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer to rank pari passu with the then existing Shares in all respects;
  - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed “Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with the number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Share Offer, but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is 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 or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM 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, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer, but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is 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 or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the total number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general

mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer, but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

#### **4. Corporate Reorganisation**

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. The Reorganisation involved the following major steps:

- (a) On 18 November 2014, Autumn Ocean was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares of US\$1.00 each. 1 fully paid ordinary share of Autumn Ocean, representing 100% of the then entire issued share capital of Autumn Ocean, was allotted and issued to Mr. Pan on 9 December 2014.
- (b) On 18 November 2014, Ample Honesty was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares of US\$1.00 each. 1 fully paid ordinary share of Ample Honesty, representing 100% of the then entire issued share capital of Ample Honesty, was allotted and issued to Mr. Ng on 28 November 2014.
- (c) On 3 December 2014, Major Harvest was incorporated in the BVI and is authorised to issue a maximum of 50,000 shares of US\$1.00 each. 80 and 20 fully paid ordinary shares of Major Harvest, representing 80% and 20% of the then entire issued share capital of Major Harvest, were allotted and issued to Autumn Ocean and Ample Honesty respectively on 31 December 2014.
- (d) On 13 January 2015, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares with a par value of HK\$0.01 per share. 1 nil-paid Share was allotted and issued to the subscriber to the memorandum and articles of association of our Company, and was subsequently transferred to Autumn Ocean on the same day and 79 Shares and 20 Shares were allotted and issued nil-paid to Autumn Ocean and Ample Honesty respectively on the same day.
- (e) On 9 June 2015, Major Harvest acquired a total of 45,000,000 ordinary shares in Astrum Capital (representing the then entire issued shares of Astrum Capital) of which 36,000,000 shares from Astrum China and 9,000,000 shares from Isthmus Management, satisfied by the allotment and issue of 80 shares and 20 shares respectively by Major Harvest to Autumn

Ocean and Ample Honesty respectively at the direction of Astrum China and Isthmus Management. After the aforesaid share transfer, Astrum Capital became a wholly-owned subsidiary of Major Harvest.

- (f) On 23 June 2016, the authorised share capital of our Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 Shares, each ranking pari passu with our Shares then in issue in all respects.
- (g) On 23 June 2016, our Company acquired 160 shares and 40 shares in Major Harvest (representing a total of 100% of the then issued share capital of Major Harvest) from Autumn Ocean and Ample Honesty respectively, and in consideration for which 80 nil-paid Shares held by Autumn Ocean and 20 nil-paid Shares held by Ample Honesty were credited as fully paid and 527,999,920 Shares and 131,999,980 Shares were allotted and issued to Autumn Ocean and Ample Honesty respectively, all credited as fully paid.

Immediately after completion of the share transfer referred to in item (g) above, our Company became the holding company of our Group.

#### **5. Changes in share capital of subsidiaries**

The subsidiaries of our Company are listed in the Accountants' Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "A. Further information about our Company – Corporate Reorganisation" in this appendix and in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the three years immediately preceding the date of this prospectus.

## 6. Repurchase of our Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

### (a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

#### (i) *Shareholders' approval*

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to the written resolutions passed by our Shareholders on 23 June 2016, a general unconditional mandate (the "Repurchase Mandate") was granted to our Directors authorising them to exercise all powers of our Company to repurchase on GEM 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, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Share Offer, but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

#### (ii) *Source of Funds*

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM 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.

Any repurchases by our Company may be made out of profits or out of the proceeds of 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 profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

*(iii) Connected parties*

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a core connected person, which includes a Director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company on GEM.

***(b) Exercise of the Repurchase Mandate***

On the basis of 800,000,000 Shares in issue immediately after completion of the Share Offer, our Directors would be authorised under the Repurchase Mandate to repurchase up to 80,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

***(c) Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

***(d) Funding of repurchases***

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

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 the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

***(e) General***

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to time in force in the Cayman Islands.



If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules). No core connected person has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## **B. FURTHER INFORMATION ABOUT THE BUSINESS**

### **1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:



- (a) an instrument of transfer dated 9 June 2015 and entered into between Astrum China (as transferor) and Major Harvest (as transferee) for the transfer of 36,000,000 shares in Astrum Capital to be satisfied by the allotment and issue of 80 shares by Major Harvest to Autumn Ocean at the direction of Astrum China;
- (b) bought and sold notes dated 9 June 2015 and executed by Astrum China and Major Harvest for the transfer of 36,000,000 shares in Astrum Capital as referred to item (a) above;

- (c) an instrument of transfer dated 9 June 2015 and entered into between Isthmus Management (as transferor) and Major Harvest (as transferee) for the transfer of 9,000,000 shares in Astrum Capital to be satisfied by the allotment and issue of 20 shares by Major Harvest to Ample Honesty at the direction of Isthmus Management;
- (d) bought and sold notes dated 9 June 2015 and executed by Isthmus Management and Major Harvest for the transfer of 9,000,000 shares in Astrum Capital as referred to item (c) above;
- (e) a sale and purchase agreement dated 23 June 2016 and entered into among Autumn Ocean and Ample Honesty as vendors, our Company as a purchaser and Mr. Ng and Mr. Pan as warrantors, pursuant to which our Company acquired 160 shares and 40 shares in Major Harvest from Autumn Ocean and Ample Honesty respectively, and as consideration for which, 80 nil-paid Shares held by Autumn Ocean and 20 nil-paid Shares held by Ample Honesty were credited as fully paid and 527,999,920 Shares and 131,999,980 Shares were allotted and issued to Autumn Ocean and Ample Honesty respectively, all credited as fully paid;
- (f) an instrument of transfer dated 23 June 2016 and entered into between Autumn Ocean and our Company for the transfer of 160 shares in Major Harvest as referred to item (e) above;
- (g) an instrument of transfer dated 23 June 2016 and entered into between Ample Honesty and our Company for the transfer of 40 shares in Major Harvest as referred to item (e) above;
- (h) the Deed of Indemnity;
- (i) the Deed of Non-competition;
- (j) the Public Offer Underwriting Agreement; and
- (k) the Placing Underwriting Agreement.

## 2. Intellectual Property Rights of our Group

### (a) Trademarks

As at the Latest Practicable Date, our Group was the registered owner of the following trademarks:

Trademark	Class	Registration number	Validity period	Place of registration	Registered owner
	36*	303261122	8 January 2015 to 7 January 2025	Hong Kong	Astrum Capital
	36*	303261131	8 January 2015 to 7 January 2025	Hong Kong	Astrum Capital

\* Class 36 encompasses insurance; financial affairs; monetary affairs; real estate affairs

### (b) Domain name

As at the Latest Practicable Date, our Group was the owner of the following domain name which is material to the business of our Group:

Registered Owner	Domain Name	Registration Date	Expiry Date
Astrum Capital	www.astrum-capital.com	4 November 2006	4 November 2017

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS**

**1. Disclosure of Interests**

*(a) Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and its associated corporations*

So far as our Directors are aware, immediately following the completion of the Share Offer, but taking no account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the section headed “A. Further information about our Company” in this appendix, the interests and short positions of the Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the GEM, 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 any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, will be as follows:

*(i) Long position in Shares*

<b>Name of Director</b>	<b>Capacity/ Nature</b>	<b>Number of Shares held/ interested in</b>	<b>Percentage of shareholding</b>
Mr. Pan <i>(Note 1)</i>	Interest in controlled corporation	528,000,000	66%

*Note:*

- These 528,000,000 Shares are held by Autumn Ocean which is wholly owned by Mr. Pan and hence, Mr. Pan is deemed, or taken to be, interested in all the Shares held by Autumn Ocean for the purposes of the SFO.

*(ii) Long position in the ordinary share of associated corporation*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature</b>	<b>Number of share held</b>	<b>Percentage of Shareholding</b>
Mr. Pan	Autumn Ocean	Beneficial owner	1	100%

**(b) *Interests of substantial and other Shareholders in the Shares and Underlying Shares***

So far as is known to our Directors and taking no account of any Shares which may be issued pursuant to options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, 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:

<b>Name</b>	<b>Capacity/ Nature</b>	<b>Number of Shares held/ interested in</b>	<b>Percentage of shareholding</b>
Ms. Liu Ming Lai Lorna ( <i>Note 1</i> )	Interest of spouse	528,000,000	66%
Autumn Ocean	Beneficial interest	528,000,000	66%
Mr. Ng ( <i>Note 2</i> )	Interest in controlled corporation	72,000,000	9%
Ms. Leung Yuet Kwan Belinda ( <i>Note 3</i> )	Interest of spouse	72,000,000	9%
Ample Honesty	Beneficial interest	72,000,000	9%

*Note:*

1. Ms. Liu Ming Lai Lorna is the spouse of Mr. Pan. She is deemed, or taken to be, interested in all Shares in which Mr. Pan is interested in for the purposes of the SFO.
2. These 72,000,000 Shares are held by Ample Honesty which is wholly owned by Mr. Ng and hence, Mr. Ng is deemed, or taken to be, interested in all the Shares held by Ample Honesty for the purposes of the SFO.
3. Ms. Leung Yuet Kwan Belinda is the spouse of Mr. Ng. She is deemed, or taken to be, interested in all Shares in which Mr. Ng is interested in for the purposes of the SFO.

**2. Particulars of service agreements**

None of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

### 3. Remuneration of Directors

- (a) The aggregate remuneration paid by our Group to our Directors in respect of the three years ended 31 December 2015 were approximately HK\$3.3 million, HK\$3.5 million and HK\$4.8 million respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 December 2016 will be approximately HK\$3.5 million.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

<b>Executive Directors</b>	<i>HK\$</i>
Mr. Pan Chik	1,440,000
Mr. Kwan Chun Yee Hidulf	1,176,000
Mr. Cheung Hon Fai Bosco	720,000
<b>Independent non-executive Directors</b>	<i>HK\$</i>
Mr. Chan Chun Hong	120,000
Mr. Lee Tak Cheung Vincent	120,000
Mr. Lau Hon Kee	120,000

### 4. Agency fees or commissions 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 section headed “E. Other information – Consents 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.

### 5. Related party transactions

Details of the related party transactions are set out under Note 27 to the Accountants’ Report of our Company set out in Appendix I to this prospectus.

### 6. Disclaimers

Save as disclosed in this prospectus:

- (a) Upon the exercise of options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the section headed “A. Further information about our Company” in this

appendix, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

- (b) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the GEM;
- (c) none of our Directors or the experts named in the section headed “E. Other information – Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the three years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts named in the section headed “E. 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;
- (e) none of our Directors or the experts named in the section headed “E. 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;
- (f) so far as is known to our Directors, none of our Directors, their respective associates or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;

- (g) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

#### D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 23 June 2016. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

##### (a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	23 June 2016, the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of written resolutions
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof



**(b) Summary of terms**

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 23 June 2016:

***(i) Purpose of the Share Option Scheme***

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the success of the business of our Group.

***(ii) Who may join and basis of eligibility***

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

***(iii) Price of Shares***

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

*(iv) Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

*(v) Maximum number of Shares*

- (aa) subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 80,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 80,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (bb) the 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (cc) our Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the GEM Listing Rules.

- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

*(vi) Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

*(vii) Grant of options to a Director, chief executive or Substantial Shareholder, or any of their respective associates*

- (aa) Any grant of an option to a Director, chief executive or Substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the option).
- (bb) Where any grant of options to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
  - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to

be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his associates and all core connected persons of our Company must abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

*(viii) Restrictions on the times of grant of options*

- (aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
- (i) the date of the Board meeting (such date to first be 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 other interim period (whether or not required under the GEM Listing Rules); and
  - (ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly under the GEM Listing Rules, or other interim period (whether or not required under the GEM Listing Rules).
- (bb) Further to the restrictions in paragraph (aa) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

***(ix) Time of exercise of option***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

***(x) Performance targets***

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

***(xi) Ranking of Shares***

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

***(xii) Rights are personal to grantee***

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

***(xiii) Rights on cessation of employment by death***

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) 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 within such of the various periods respectively set out therein.

*(xiv) Rights on cessation of employment by dismissal*

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

*(xv) Rights on cessation of employment for other reasons*

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

*(xvi) Effects of alterations to share capital*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee as near as possible the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

*(xvii) Rights on a general offer*

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and, or any persons controlled by the offeror and, or any person acting in association or concert with the offeror) and

such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

*(xviii) Rights on winding-up*

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than 2 Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

*(xix) Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement, by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the such date not later than two Business Days prior to the date of the general meeting for the purpose of considering such compromise or arrangement, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all



respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

*(xx) Lapse of options*

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (ix) become effective, the date on which such compromise or arrangement becomes effective.



*(xxi) Cancellation of options granted but not yet exercised*

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

*(xxii) Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

*(xxiii) Alteration to the Share Option Scheme*

- (aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

*(xxiv) Termination to the Share Option Scheme*

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

*(xv) Conditions of the Share Option Scheme*

The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

**(c) Present status of the Share Option Scheme**

Application has been made to the Listing Division for listing of and permission to deal in 80,000,000 Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

**E. OTHER INFORMATION****1. Tax and other indemnities**

The Indemnifiers have, under a deed of indemnity referred to in item (h) of the sub-section headed “B. Further information about the business – Summary of material contracts” in this appendix, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things,

- (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or by reference to any transaction, act, omission or event entered into or occurring or deemed to enter into or occur on or before the date on which the Share Offer becomes unconditional;
- (b) any liability for Hong Kong estate duty which is or hereafter become payable by any member of our Group under or by virtue of the provisions of Section 35 and Section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any similar legislation in any relevant jurisdiction outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional;
- (c) the implementation of the Reorganisation and/or disposal or acquisition of the equity interest in any member of our Group since the date of incorporation of each member of our Group and up to the date on which the Share Offer becomes unconditional;

- (d) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Share Offer becomes unconditional; and
- (e) any non-compliance with the applicable laws, rules or regulations by our Company and/or any member of our Group on or before the date on which the Share Offer becomes unconditional.

The Indemnifiers will, however, not be liable under the deed of indemnity to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such liability in the audited combined accounts of our Company for the Track Record Period; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (c) the taxation liability arises in the ordinary course of business of any members of our Group after 31 December 2015 up to and including the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

## **2. Litigation**

Our Directors confirmed that as at the Latest Practicable Date, our Group had not been involved in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

## **3. Sponsor**

The Sponsor has made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules.

We agreed to pay the Sponsor a fee of HK\$4.0 million, which relates solely to services provided by the Sponsor in the capacity of sponsor.

#### **4. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately HK\$41,200 and are payable by our Company.

#### **5. Promoter**

Our Company has no promoter for the purpose of the GEM Listing Rules.

#### **6. Qualifications of experts**

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Messis Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Appleby	Cayman Islands attorneys-at-law
Chan Chung	Barrister-at-law of Hong Kong

#### **7. Consents of experts**

Each of Mesis Capital Limited, HLB Hodgson Impey Cheng Limited, Appleby and Chan Chung has given and has not withdrawn its/his written consents to the issue of this prospectus, with the inclusion of its/his letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

#### **8. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

## 9. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Esera Trust (Cayman) Limited and a branch register of members of our Company in Hong Kong will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

## 10. No material adverse change

Save for the expenses expected to be incurred in connection with the Listing, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 December 2015 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this prospectus, and there is no event since 31 December 2015 which would materially affect the information shown in our combined financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

## 11. Particulars of the Selling Shareholder

The following are particulars of the Selling Shareholder:

<b>Name</b>	<b>Description</b>	<b>Address</b>	<b>Number of Sale Shares</b>
Ample Honesty	a company incorporated in the BVI	NovaSage Chambers, Wickham's Cay II, Road Town, Tortola, British Virgin Islands	60,000,000

## 12. Taxation of holders of Shares

### (a) *Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

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.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Selling Shareholder, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

**13. Miscellaneous**

Save as disclosed in this prospectus:

- (i) within the three years immediately preceding the date of this prospectus:
  - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (bb) 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 and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
  - (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;
  - (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and
  - (ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.
- (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;

- (iii) none of Messis Capital Limited, HLB Hodgson Impey Cheng Limited, Appleby and Chan Chung:
  - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including our Shares; or
  - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
- (iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (v) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (vi) our Group has no outstanding convertible debt securities; and
- (vii) the English text of this prospectus shall prevail over the Chinese text.

#### **14. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) the written consents referred to in the section headed “E. Other information – Consents of experts” in Appendix IV to this prospectus; (b) copies of the material contracts referred to in the section headed “B. Further information about the business – Summary of material contracts” in Appendix IV to this prospectus; and (c) the list containing the particulars of our Selling Shareholder referred to in the section headed “E. Other Information – Particulars of the Selling Shareholder” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Adrian Yeung & Cheng at Suite 1201-2A, 12th Floor, Golden Centre, 188 Des Voeux Road Central, 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 of our Group dated the date of this prospectus prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of the companies comprising our Group for the three financial years ended 31 December 2015 (or for the period since their respective dates of incorporation where there is a shorter period);
- (d) the report on unaudited pro forma financial information prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this prospectus;
- (e) the material contracts referred to in the section headed “B. Further information about the business – Summary of material contracts” in Appendix IV to this prospectus;
- (f) the service agreements entered into between our Company and each of our Directors;
- (g) the rules of the Share Option Scheme;
- (h) the written consents referred to in the section headed “E. Other information – Consents of experts” in Appendix IV to this prospectus;
- (i) the Companies Law;



- (j) the letter of advice prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (k) the letter of advice prepared by the Legal Counsel dated the date of this prospectus; and
- (l) the list containing the particulars of the Selling Shareholder as set out in the section “E. Other information – Particulars of the Selling Shareholder” in Appendix IV to this prospectus.



**Astrum Financial Holdings Limited**  
阿仕特朗金融控股有限公司