

# VBG International Holdings Limited

## 建泉國際控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8365

## SHARE OFFER

Sole Sponsor



Joint Bookrunners and Joint Lead Managers

平安證券有限公司  
Ping An Securities Limited



\* For identification purpose only

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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 obtain independent professional advice.*

### VBG International Holdings Limited

建泉國際控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares : 128,300,000 Shares

Number of Placing Shares : 115,470,000 Shares (subject to reallocation)

Number of Public Offer Shares : 12,830,000 Shares (subject to reallocation)

Offer Price : Not more than HK\$0.88 per Offer Share and  
not less than HK\$0.68 per Offer Share, plus  
brokerage fee of 1%, SFC transaction levy of  
0.0027%, and Stock Exchange trading fee of  
0.005% (payable in full on application in Hong  
Kong dollars and subject to refund)

Nominal value : HK\$0.01

Stock code : 8365

Sole Sponsor



Joint Bookrunners and Joint Lead Managers

平安證券有限公司  
Ping An Securities 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 under the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is currently expected to be on or around Friday, 19 May 2017, but in any event not later than Wednesday, 24 May 2017. The Offer Price will not be more than HK\$0.88 per Offer Share and is currently expected to be not less than HK\$0.68 per Offer Share. If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately. In such case, an announcement will be made by our Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.vbg-group.com](http://www.vbg-group.com).

Prior to making investment decision, prospective investors should consider carefully 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 Joint Lead Managers (for themselves and on behalf of the Underwriters) are entitled to terminate the obligations under the Underwriting Agreements by giving a notice in writing to our Company upon the occurrence of any of the events set out under the sub-section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. on the Listing Date. Should the Joint Lead Managers terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

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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 higher 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.*

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## EXPECTED TIMETABLE

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If there is any change in the following expected timetable, our Company will issue an announcement on the respective websites of our Company at **www.vbg-group.com** and the Stock Exchange at **www.hkexnews.hk**.

**Date<sup>(1)</sup>**  
**2017**

Latest time for completing electronic applications under <b>HK eIPO White Form</b> services through the designated website at <b>www.hkeipo.hk</b> <sup>(4)</sup> .....	11:30 a.m. on Thursday, 18 May
Application lists of Public Offer open <sup>(2)</sup> .....	11:45 a.m. on Thursday, 18 May
Latest time for lodging <b>WHITE</b> and <b>YELLOW Application Forms</b> and giving <b>electronic application</b> <b>instructions</b> to HKSCC <sup>(3)</sup> .....	12:00 noon on Thursday, 18 May
Latest time for completing payment of <b>HK eIPO White Form</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) .....	12:00 noon on Thursday, 18 May
Application lists of Public Offer close <sup>(2)</sup> .....	12:00 noon on Thursday, 18 May
Expected Price Determination Date <sup>(5)</sup> .....	on or around Friday, 19 May
Announcement of the final Offer Price, the level of indications of interest in the Placing, the level of applications in Public Offer and the basis of allocations of the Public Offer Shares under the Public Offer to be published on our Company's website at <b>www.vbg-group.com</b> and the website of the Stock Exchange at <b>www.hkexnews.hk</b> on or before .....	Thursday, 25 May
Results of allocations in Public Offer (with successful applicants' identification of document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for Public Offer Shares — 11. Publication of results" in this prospectus .....	Thursday, 25 May

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## EXPECTED TIMETABLE

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Date<sup>(1)</sup>  
2017

Results of allocations in the Public Offer will be  
available at **www.tricor.com.hk/ipo/result** with a  
“search by ID Number” function from .....Thursday, 25 May

Despatch/collection of share certificate or  
deposit of the share certificate into CCASS in  
respect of wholly or partially successful applications pursuant  
to the Public Offer on or before<sup>(6)</sup> .....Thursday, 25 May

Despatch/collection of refund cheques or  
**HK eIPO White Form e-Auto Refund** payment instructions  
in respect of wholly or partially successful  
applications (if applicable) or wholly or  
partial unsuccessful applications pursuant  
to the Public Offer on or before<sup>(6)</sup> .....Thursday, 25 May

Dealings in the Shares on GEM expected to commence  
at 9:00 a.m. on. .... Friday, 26 May

### Notes

- 1 All times and dates refer to Hong Kong local time and date unless otherwise stated in this prospectus. 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.
- 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. to 12:00 noon on Thursday, 18 May 2017, the application lists will not open or close on that day. See “How to apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists” in this prospectus.
- 3 Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- 4 You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website at or before 11:30 a.m. , you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- 5 The Price Determination Date is expected to be on or around Friday, 19 May 2017 and, in any event, not later than Wednesday, 24 May 2017. If, for any reason, the final Offer Price is not agreed between the Joint Lead Managers (for themselves and on behalf of Underwriters) and us by Wednesday, 24 May 2017, the Share Offer will not proceed and will lapse.

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## EXPECTED TIMETABLE

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- 6 Refund cheques or e-Auto Refund payment instruction will be used in respect of wholly or partially unsuccessful applications pursuant to Public Offer and also in respect of wholly or partially successful application 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 of 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. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

Applicants who have applied on **WHITE Application Forms** or **HK eIPO White Form** for 1,000,000 or more Public Offer Shares and have provided all information required by their Application Forms may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 25 May 2017. Applicant being individuals who is eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which is 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 authorized representatives of corporation must produce evidence of identify acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW Application Form** for 1,000,000 or more Public Offer Shares may collect their refund cheques, if any, in person but may not elect to 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 on Public Offer Shares by giving electronic application instructions to HKSCC via CCASS should refer to the section headed "How to apply for Public Offer Shares — 14. Despatch/Collection of share certificates and refund monies" in this prospectus for details.

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

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 section headed "How to apply for Public Offer Shares — 13. Refund of application monies" and "How to apply for Public Offer Shares — 14. Despatch/Collection of shares certificates and refund monies" in this prospectus.

**Share certificates will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid certificate of title do so entirely at their own risk.**

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### IMPORTANT NOTICE TO INVESTORS

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

*Prospective investors should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide prospective investors with information that is different from what is contained in this prospectus. Any information or representation not contained in this prospectus and the Application Forms must not be relied on by prospective investors as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of their respective affiliates, directors, officers, employees, agents, or representatives, or any other person or party involved in the Share Offer.*

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## SUMMARY

*This summary aims to give you an overview of the information contained in this prospectus. 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. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” of this prospectus.*

## OUR BUSINESS MODEL

### Overview

We are a financial services provider which provides (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services. Our financial advisory service fees during the Track Record Period were derived mainly from listed customers. According to the CIC Report, for our sponsorship role in respect of corporate finance advisory services, our Group ranked fifth among all Hong Kong-based corporate finance houses or 25th among all corporate finance houses in Hong Kong in terms of IPO fund raising in 2016, as well as ranked 22nd in terms of number of deals completed in Hong Kong in 2016.

Our principal business activities are carried out through our operating subsidiaries, VBG Capital, VBG Asia and VBG Beijing. VBG Capital is licensed by the SFC to conduct Type 1 (dealing in securities on the condition that it shall not engage in dealing activities other than those relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities under the SFO in Hong Kong since September 2013 and April 2009, respectively.

During the three years ended 30 September 2016 and the five months ended 28 February 2017, we had handled 15, 34, 59 and 26 active engagements which generated a revenue of approximately HK\$13.4 million, HK\$56.0 million, HK\$57.4 million and HK\$15.4 million respectively.

The table below sets out the revenue generated from three principal sources during the Track Record Period:

	For the year ended						For the five months ended			
	30 September 2014		30 September 2015		30 September 2016		29 February 2016		28 February 2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Corporate finance advisory services	6,360	47.3	22,200	39.7	33,502	58.4	5,075	48.4	12,969	84.4
Placing and underwriting services	2,456	18.3	8,518	15.2	984	1.7	—	—	—	—
Business consulting services	4,617	34.4	25,237	45.1	22,891	39.9	5,400	51.6	2,390	15.6
Total	13,433	100%	55,955	100%	57,377	100%	10,475	100%	15,359	100%

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## SUMMARY

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Our Group undertook a total of eight placing and underwriting transactions during the Track Record Period, of which five were primary market transactions and three were secondary market transactions. The five primary market transactions in which our Group acted as a joint bookrunner, joint lead manager or sub-underwriter in the relevant initial public offerings, were all soft underwriting transactions. The three secondary market transactions in which our Group acted as placing agent were on best efforts basis.

During the Track Record Period, other than the above eight placing and underwriting transactions, there was one placing transaction that had lapsed and one placing transaction that was terminated by agreement with the customer, which resulted in no placing services being provided. For further details of our placing and underwriting services, please refer to the section headed “Business – Our business model and services – Placing and underwriting services” in this prospectus.

### COMPETITIVE STRENGTHS

Our Directors believe that our Group enjoys the following competitive strengths:

- We provide a range of financial advice and services to our customers
- Our management structure is streamlined and efficient
- We possess an experienced and competent management team and high quality workforce
- We maintain close and stable relationships with our customers

Please refer to the section headed “Business — Competitive strengths” in this prospectus for further details.

### BUSINESS STRATEGIES

Our Group is adopting the following strategies to build on the competitive strengths described above:

- To participate actively in placing and underwriting activities in primary and secondary market fund raising exercises
- To enhance and strengthen our financial services business by maintaining and expanding our corporate finance team
- International expansion

Please refer to the section headed “Business — Business strategies” in this prospectus for further details.

## SUMMARY

### CUSTOMERS

Our customers are mainly companies listed on the Stock Exchange, non-listed customers and potential listing applicants on the Stock Exchange mainly in Hong Kong, the PRC, Asia and Europe. The majority of our revenues are derived from mandates on a project-by-project basis and hence, our revenue and income are non-recurring in nature. The five largest customers of our Group for the three years ended 30 September 2016 and the five months ended 28 February 2017 in aggregate accounted for approximately 91.1%, 51.2%, 40.7% and 61.1%, respectively, of our Group's total revenue.

Due to the one-off nature of many transactions, our Group's largest customers' contribution to revenue will tend to vary from year to year. For further details about our Group's top five largest customers during the Track Record Period, please refer to the section headed "Business — Customers" in this prospectus. Our Group generally generates new engagements through referrals from existing customers, professional firms and personal network of our executive Directors and execution team.

Due to the nature of our principal business activities, our Group had no major suppliers and carried no inventory during the Track Record Period.

### OPERATIONAL DATA

#### Number of engagements

	For the year ended 30 September						For the five months ended 28 February 2017	
	2014		2015		2016			
	No. of active engagement (Note)	No. of inactive engagement	No. of active engagement	No. of inactive engagement	No. of active engagement	No. of inactive engagement	No. of active engagement	No. of inactive engagement
Corporate finance								
advisory services	10	1	22	1	42	1	23	—
Placing and underwriting services	3	2	2	—	3	—	—	—
Business consulting services	2	1	10	—	14	1	3	—
	<u>15</u>	<u>4</u>	<u>34</u>	<u>1</u>	<u>59</u>	<u>2</u>	<u>26</u>	<u>—</u>

## SUMMARY

### Corporate finance advisory services

	For the year ended 30 September			For the five months ended
	2014	2015	2016	28 February 2017
Revenue by geographical location of the service rendered (HK\$'000)				
HK	6,360	22,200	33,502	12,969
PRC	—	—	—	—
Number of active engagements (Note)	10	22	42	23
Range of fees charged				
Financial advisers		HK\$100,000 to HK\$3.5 million		
Sponsors		HK\$1.5 million to HK\$7.8 million		
Independent financial advisers		HK\$60,000 to HK\$450,000		
Compliance advisers		HK\$12,000 to HK\$50,000 per month		

### Placing and underwriting services

	For the year ended 30 September			For the five months ended
	2014	2015	2016	28 February 2017
Revenue by geographical location of the service rendered (HK\$'000)				
HK	2,456	8,518	984	—
PRC	—	—	—	—
Number of active engagements (Note)	3	2	3	—
Gross transaction values (HK\$'000)	171,622	657,500	406,760	—
Average transaction values (HK\$'000)	57,207	328,750	135,587	—
Range of service fee/commissions based on contract				0.5% to 3.5%

### Business consulting services

	For the year ended 30 September			For the five months ended
	2014	2015	2016	28 February 2017
Revenue by geographical location of the service rendered (HK\$'000)				
HK	4,617	21,520	22,790	2,390
PRC	—	3,717	101	—
Number of active engagements (Note)	2	10	14	3
Range of service fee/commissions based on contract				
M&A transactions		3% to 5% of consideration		
Others (HK\$)		HK\$10,000 per month to HK\$6.0 million		

*Note:* Active engagements refer to the engagements from which our Group had derived revenue during the relevant financial year. Inactive engagements refer to the engagements from which our Group had not derived revenue during the relevant financial year.

## SUMMARY

### SUMMARY OF FINANCIAL INFORMATION

The following is a summary of our Group's financial information during the Track Record Period as derived from the Accountants' Report, the full text of which is set out in Appendix I to this prospectus. The summary should be read in conjunction with the aforesaid Accountants' Report and the section headed "Financial information" in this prospectus.

#### Highlights of combined statements of profit or loss

	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	13,433	55,955	57,377	10,475	15,359
Other income/(expense) <sup>(Note)</sup>	45	10,738	153	83	(3)
Impairment loss on available-for-sale financial assets	—	—	(3,760)	—	—
Administrative expenses and other operating expenses	(17,837)	(28,276)	(33,188)	(10,168)	(11,574)
<b>(Loss)/Profit before income tax</b>	<u>(4,359)</u>	<u>38,417</u>	<u>20,582</u>	<u>390</u>	<u>3,782</u>
<b>(Loss)/Profit for the year/period</b>	(4,359)	36,357	14,857	390	2,756

*Note:* Our other income/(expense) primarily comprised interest income from licensed banks in Hong Kong, dividend income from equity securities listed in Hong Kong, which is insignificant as compared to our revenue. However, our other income increased tremendously for the year ended 30 September 2015 mainly attributable to a disposal of shares listed on the Stock Exchange which was classified as available-for-sale financial assets of approximately HK\$10.2 million.

We had a financial turn-around and recorded a revenue and a profit of approximately HK\$56.0 million and HK\$36.4 million, respectively, for the year ended 30 September 2015, which was primarily due to the following factors:

- (i) there was a time lag for deriving revenue as a result of the streamlining of our operating structure after the acquisition by Ms. Letty Wan. For details, please refer to the sections headed "History, Reorganisation and corporate structure" and "Financial information — Accumulated losses/retained profits" in this prospectus;
- (ii) we expanded the financial services team to cope with the increase of business opportunities;
- (iii) we have become more established and our reputation has been improved; and
- (iv) there was an active stock market in Hong Kong in 2015.

Our Directors considered that a streamlined corporate structure, an expanded team and improved reputation together contributed to our growth in revenue and profit for the year ended 30 September 2015. We began hiring personnel for our financial services team after we had not have sufficient principals for sponsorship works from 11 August 2014 to 23 January 2015. Ms. Letty Wan was primarily responsible for the initiatives for streamlining the operations and reducing costs within our Group, as well as for the recruitment of directors for our financial services team.

## SUMMARY

With additional financial services team members and upon successful recruitment and registration of principals for sponsorship works since 23 January 2015, we have been eligible to provide sponsorship services and compliance advisory services. Mr. Ringo Hui, who is responsible for business development of our Group, carried out more active business development and client management activities by promoting awareness of our service capabilities in IPOs, M&A, capital markets and business consulting initiatives to our potential and existing clients, which led to the relevant deal flows being enhanced. In addition, we were engaged by listed companies such as China Minsheng Financial Holding Corporation Limited (formerly known as China Seven Star Holdings Limited) (0245.hk), Chinese Estates Holdings Limited (0127.hk), Geely Automobile Holdings Limited (0175.hk), Aluminum Corporation of China Limited (2600.hk), Kingsoft Corporation Limited (3888.hk) and Nine Dragons Paper (Holdings) Limited (2689.hk), which each has a market capitalisation of more than HK\$10 billion during the Track Record Period and up to the Latest Practicable Date, and our Directors considered that such clientele benefited our Group's market exposure and reputation. Our new financial services team members originated and/or assisted to execute transactions which generated revenues of approximately HK\$26.4 million and HK\$34.7 million for the financial years ended 30 September 2015 and 2016, respectively.

Save for the performance of the stock market in Hong Kong, the factors underlying the significant improvement in our financial performance are principally under the control of our management. For risk factors relating to our business, which may affect our financial performance, please refer to the section headed "Risk factors — Risks relating to our business" in this prospectus.

### Accumulated losses/retained profits

Our Group recorded accumulated losses as at 1 October 2013, 30 September 2014 and 30 September 2016 in our combined statements of changes in equity:

	1 October 2013 HK\$'000	30 September 2014 HK\$'000	As at 30 September 2015 HK\$'000	30 September 2016 HK\$'000	28 February 2017 HK\$'000
(Accumulated losses)/retained profits	(13,646)	(18,005)	7,352	(2,211)	24,717

For details of the reasons for the accumulated losses, please refer to the section headed "Financial information — Accumulated losses/retained profits" in this prospectus.

### Highlights of combined statements of financial position

	As at 30 September 2014 HK\$'000	As at 30 September 2015 HK\$'000	As at 30 September 2016 HK\$'000	As at 28 February 2017 HK\$'000
<b>Non-current assets</b>	1,724	1,387	7,121	4,710
<b>Current assets</b>	8,677	57,277	35,356	29,707
<b>Current liabilities</b>	16,722	4,628	8,144	7,276
<b>Net current (liabilities)/assets<sup>(Note)</sup></b>	(8,045)	52,649	27,212	22,431

*Note:* We had a net current liabilities position of approximately HK\$8.0 million as at 30 September 2014, which was primarily due to the amounts due to related companies of approximately HK\$15.9 million. The amount mainly represented the financial support granted by the related companies for us to meet our general working capital requirement.

## SUMMARY

### Highlights of combined statements of cash flows

	For the year ended 30 September			For the five months ended
	2014	2015	2016	28 February
	HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000
Net cash (used in) from operating activities before movements in working capital ( <i>Note</i> )	(4,197)	27,547	24,518	3,903
Net cash (used in) from operating activities	(2,733)	(42,309)	10,414	10,510
Net cash (used in) from investing activities	(132)	23,608	(87)	(49)
Net cash from (used in) financing activities	—	24,000	(13,326)	(7,300)
Net (decrease) increase in cash and cash equivalents	(2,865)	5,299	(2,999)	3,161
Cash and cash equivalents at beginning of year/period	8,879	6,014	11,313	8,314
Cash and cash equivalents at end of year/period	6,014	11,313	8,314	11,475

*Note:* We had net operating cash outflow from operating activities of approximately HK\$2.7 million and HK\$42.3 million for the two years ended 30 September 2015, respectively. Please refer to the section headed “Financial information — Liquidity and capital resources — Net cash used in/from operating activities” in this prospectus for details. For the year ended 30 September 2014, net cash used in operating activities of approximately HK\$2.7 million was primarily due to (i) loss before tax of approximately HK\$4.4 million which was primarily adjusted for depreciation of approximately HK\$184,000; (ii) increase in trade and other receivables of approximately HK\$334,000; (iii) increase in other payables of approximately HK\$706,000; and (iv) increase in amounts due to related companies of approximately HK\$1.1 million. For the year ended 30 September 2015, net cash used in operating activities of approximately HK\$42.3 million was primarily due to (i) profit before tax of approximately HK\$38.4 million which was primarily adjusted for depreciation of approximately HK\$216,000, gain on disposal of intangible assets of HK\$975,000 and gain on disposal of available-for-sale financial assets of approximately HK\$10.2 million; (ii) increase in trade and other receivables of approximately HK\$31.8 million; (iii) increase in other payables of approximately HK\$252,000; (iv) increase in financial assets at fair value through profit or loss of approximately HK\$500,000; and (v) increase in amounts due from related companies of approximately HK\$37.9 million.

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## SUMMARY

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### Key financial ratios

	As at/For the year ended 30 September			As at/ For the five months ended 28 February
	2014	2015	2016	2017
Net profit margin	(32.4)%	65.0%	25.9%	17.9%
Current ratio	0.5 times	12.4 times	4.3 times	4.1 times
Gearing ratio	N/A	N/A	N/A	N/A
Net debt to equity ratio	Net cash position	Net cash position	Net cash position	Net cash position
Return on total assets	N/A	62.0%	35.0%	8.0%
Return on equity	N/A	67.3%	43.3%	10.2%

Please refer to the section headed “Financial information — Summary of key financial ratios” in this prospectus for further details.

### FUTURE PLANS AND USE OF PROCEEDS

Our Directors intend to apply the net proceeds of approximately HK\$73.4 million from the Share Offer as follows:

- approximately HK\$49.0 million or approximately 66.8% of the net proceeds will be used to expand our placing and underwriting business;
- approximately HK\$6.9 million or approximately 9.4% of the net proceeds will be used to enhance and strengthen our financial advisory business by maintaining and expanding our corporate finance team;
- approximately HK\$15.1 million or approximately 20.6% of the net proceeds will be used to expand our network internationally and across the PRC; and
- approximately HK\$2.4 million or approximately 3.2% of the net proceeds will be used for general working capital.



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## SUMMARY

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### Reasons for the Listing

Our Directors believe that the Listing of the Shares on GEM will facilitate the implementation of our business strategies. As stated in the section headed “Business — Business strategies” in this prospectus, we plan to expand our placing and underwriting business.

Due to the capital intensive nature of our placing and underwriting business, this segment is largely driven by our capital base. Consequently, our ability to sustain our operation and expand our business depends, to a significant extent, on our ability to expand our capital base.

We believe that raising capital through the issuance of equity or debt securities through a public company will involve relatively lower financing costs as compared with bank financing by a private company. By expanding our capital base, we can expand the range of our client base, in particular to undertake underwriting or placing activities for our sponsorship clients, which in turn will provide us with a stable flow of income.

Through the Share Offer, not only will we be able to raise capital which is estimated to be approximately HK\$73.4 million, based on the Offer Price of HK\$0.78 per Offer Share (the mid-point of the indicative Offer Price range of HK\$0.68 to HK\$0.88 per Offer Share) and after deducting the related expenses in connection with the Listing and the Share Offer, to execute our business strategies as set out in the section headed “Business — Business strategies” in this prospectus, but we will also gain access to the capital markets for future rounds of financing to fund our further growth plans as and when necessary.

We also consider that the Listing is a complimentary form of advertising that will enhance our corporate profile, assist in reinforcing our market reputation and brand awareness, which we believe will strengthen our credibility before public and potential business partners. The Listing will also entail a broader shareholder base which will provide liquidity in the trading of the Shares.

Please refer to section headed “Future plans and use of proceeds — Reasons for the Listing” in this prospectus for further details.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission of the Share Offer, and other fees incurred in connection with the Listing and the Share Offer. Assuming an Offer Price of HK\$0.78 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.68 and HK\$0.88 per Offer Share, approximately HK\$26.7 million is expected to be incurred of which approximately HK\$11.0 million is directly attributable to the issue of new Shares to the public and is to be accounted for as an equity deduction upon Listing. The remaining amount of approximately HK\$15.7 million has been or is expected to be charged to the combined statements of profit or loss and other comprehensive income of our Group. Our Group had recognised the Listing expenses of approximately nil, nil, HK\$8.1 million and HK\$0.2 million for the year ended 30 September 2014, 30 September 2015 and 30 September 2016 and the five months ended 28 February 2017, respectively. The remaining Listing expenses of approximately HK\$7.4 million are expected to be charged to the combined statements of profit or loss and other comprehensive income of our Group for the year ending 30 September 2017. The estimated listing related expenses of our Group are subject to adjustments based on actual amount of expenses incurred or to be incurred by our Group upon the completion of the Listing.

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## SUMMARY

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### RISK FACTORS

There are risks associated with the Share Offer, among which, the relative material risks are:

- The profitability of our Group is unpredictable because our Group's revenue and income is non-recurring in nature
- Our financial condition and performance as well as the business and operation may be materially and adversely affected by our underwriting and placing business
- We depend on key management personnel and our operation may suffer if we are unable to retain or replace them
- We cannot assure you that we will be able to maintain or further improve the relationships with our customers

The foregoing risks are not the only significant risks relating to our Group. A detailed discussion on the aforesaid and other risks is set out in the section headed "Risk factors" in this prospectus.

### CONTROLLING SHAREHOLDERS INFORMATION

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), Jayden Wealth will directly hold 75% of the issued share capital of our Company. The entire issued share capital of Jayden Wealth is wholly-owned by Ms. Letty Wan. For the purpose of the GEM Listing Rules, Jayden Wealth and Ms. Letty Wan are the Controlling Shareholders of our Company.

To avoid potential competition between our Company and the Controlling Shareholders, the Controlling Shareholders have entered into the Deed of Non-competition whereby the Controlling Shareholders have undertaken not to carry on a business which competes directly and indirectly with the business currently and from time to time engaged by our Group subject to certain exceptions. Further details of the Deed of Non-competition are set out in the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition" in this prospectus.

### DIVIDEND

Our Directors intend to strike a balance between maintaining sufficient capital to grow our business and rewarding our Shareholders.

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 payments may not be indicative of future dividend trends. We do not have any pre-determined payout ratio. For further details, please refer to the section headed "Financial information — Dividend" in this prospectus and note 12 in Section B of the Accountants' Report set out in Appendix 1 to this prospectus.

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## SUMMARY

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### RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Since 1 March 2017 and up to the Latest Practicable Date, our Group had secured two new financial advisory transactions, two new independent financial advisory transactions and two new compliance advisory transactions. Such new engagements have a total contract value of approximately HK\$3.6 million, and to the best estimation of our Directors, we expect to recognise approximately HK\$2.6 million of such revenue in the year ending 30 September 2017. Except for the new engagements acting as compliance advisers, all the other engagements are expected to be completed during the year ending 30 September 2017.

With respect to the recent guideline, “Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks”, issued by the SFC, our Directors reasonably believe that there is no material impact on the business and future prospect of our Group due to the following reasons:

- (i) all of our existing GEM IPO customers had no plan to change their listing application to the Stock Exchange as at the Latest Practicable Date;
- (ii) VBG Capital had already implemented an enhanced internal control measures in March 2017 to comply with such guidance;
- (iii) VBG Capital has been receiving new enquiries from potential GEM IPO customers for our sponsor services after the issue of such guideline; and
- (iv) under the future plan of our underwriting and placing business, we intend to improve the position of VBG Capital under the FRR to commit in underwriting obligations for our Main Board and GEM IPO customers only. Our Directors believe that our involvement as a placing agent in the underwriting of other GEM IPO stocks is limited. Please refer to the section headed “Future plans and use of proceeds” in this prospectus for details.

For details of our sponsorship business and our enhanced internal control measures, please refer to the paragraphs headed “Our business model and services — (i) Corporate finance advisory services — sponsor services”, “Our business model and services — (ii) Placing and underwriting services”, “Risk management and internal control procedures — (ii) Key internal controls on our placing and underwriting services and/or corporate finance advisory services — Measures to ensure ongoing compliance in response to the “Joint statement regarding the price volatility of GEM stocks” and “Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks” under the section headed “Business” in this prospectus.

Prospective investors should note that the financial performance of our Group for the year ending 30 September 2017 is expected to be materially and adversely affected by the non-recurrent expenses in relation to the Listing. Prospective investors are specifically warned that, given the aforesaid expenses, our Group’s financial performance for the year ending 30 September 2017 may not be comparable to that of the previous year.

Our Directors confirm that, save as the non-recurring Listing expenses 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 28 February 2017, and there is no event since that date 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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## SUMMARY

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### STRATEGIES AND PLANS TO MAINTAIN OUR COMPETITIVENESS AND SUSTAINABILITY

Our Directors believe that our business is sustainable mainly due to the following reasons:

- (i) we had been engaged by reputable large-sized listed companies including those having a market capitalisation of more than HK\$10 billion during the Track Record Period and up to the Latest Practicable Date such as China Minsheng Financial Holding Corporation Limited (formerly known as China Seven Star Holdings Limited) (0245.hk), Chinese Estates Holdings Limited (0127.hk), Geely Automobile Holdings Limited (0175.hk), Aluminum Corporation of China Limited (2600.hk), Kingsoft Corporation Limited (3888.hk) and Nine Dragons Paper (Holdings) Limited (2689.hk);
- (ii) we have more experiences in providing IFA services and advising transactions such as acting as a FA in a mandatory general offer for an offeror for the purpose of the Takeovers Code; and
- (iii) we have returning customers for our corporate finance services. For all our clients which had engaged us sponsor and eventually listed on the Stock Exchange, including Hong Wei (Asia) Holdings Company Limited (8191.hk), King's Flair International (Holdings) Limited (6822.hk), Ahsay Backup Software Development Company Limited (8290.hk), Chuan Holdings Limited (1420.hk) and AL Group Limited (8360.hk), during the Track Record Period and up to the Latest Practicable Date, we were able to continue to act as their compliance advisor following their listings. Furthermore, five customers, namely Chinese Estate Holdings Limited (0127.hk), Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited) (0231.hk), a former controlling shareholder of a Main Board listed company (i.e. customer E), ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) (0185.hk) and REXLot Holdings Limited (0555.hk) to which we began our engagement in December 2015, July 2014, October 2014, May 2015 and January 2016, respectively, have all further engaged VBG Capital to provide financial advisory, placing or independent financial advisory services for three times, four times, twice, four times and three times respectively during the Track Record Period and up to the Latest Practicable Date.

In addition, in order to enhance our competitiveness and sustainability in the industry, our Group has implemented or are going to implement after the Listing, the following business strategies and plans:

- (i) *Maintaining the provision of a range of financial advices and services, with a strategy to participate actively in placing and underwriting activities in primary and secondary market fund raising exercises*

During the Track Record Period, we offered a range of financial services to our customers. By offering a range of financial services, we leverage our exposure to different segments of customers, whereby we were able to cross-sell our services and expand our overall business. For example, we introduced our sponsor services to customers to which we have provided financial adviser services or business consulting services, and introduced our placing and underwriting services to customers to which we have provided sponsor services or financial advisory services.

Furthermore, by applying the net proceeds from the Share Offer, our Group will (a) expand our geographical breadth and function by establishing overseas representative offices and/or forming joint ventures in European cities, such as Milan, and the cities in the PRC, such as Qianhai or Nansha, for providing business consulting services to

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## SUMMARY

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customers; and (b) have a strengthened capital base and a higher profile to be better placed to participate in placing and underwriting activities in primary and secondary market fund raising exercises. As such, our Directors believe that our placing and underwriting services and business consulting business will be enhanced with the aim to increase our revenue.

- (ii) *Maintaining an experienced, competent high quality workforce, with a strategy to expand our corporate finance team*

The success of our business rely on, to a large extent, our experienced, competent high quality workforce and business connection of our personnel. With an aim to maintain and expand our business, our Group will continue to enhance and strengthen our financial advisory business by maintaining high quality staff and recruiting new staff to strengthen our human capital required to expand our corporate finance team.

During the Track Record Period, our Group had not experienced any significant difficulties in recruiting employees, and had not experienced any significant staff or labour disputes. Our Directors confirm that our Group's relationship with our employees is satisfactory in general.

- (iii) *Maintaining close and stable relationships with our customers*

We have established close and stable business relationships with our customers through on-going communication and providing quality services. During the Track Record Period and up to the latest Practicable Date, we did not receive any formal complaint from our customers, and our record of 40 new engagements from 20 returning customers demonstrated that we have maintained close and stable relationship with our customers. In addition, we have built up stable contacts with Hong Kong listed companies and their major shareholders. We believe that close and stable relationships may benefit us to obtain engagements from our existing customers and generate new financial services mandates for our Group.

- (iv) *Adopting the strategy of international expansion*

Leveraging on our regular contacts with partners and clients in Europe and the PRC and our proven track record in respect of cross-border M&A in Europe and the PRC, we target to explore business opportunities in these overseas markets. Currently our Group has three active engagements with respect to our cross-border M&A services in Europe, and we intend to apply approximately 20.6% of the net proceeds to expand our network internationally and across the PRC, so as to proactively expand the overseas customer base through our existing and new network of business partners, especially those stationed in Europe.

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

Our Group will increase our public awareness. For example, we had been engaged by reputable large-sized listed companies including those having a market capitalization of more than HK\$10 billion during the Track Record Period and up to the Latest Practicable Date and we sponsored congratulatory advertisement on newspapers for our sponsorship customers for their successful listing on their listing date, which built on our track record. Furthermore, the Listing will have a positive impact on our Group's brand image. We believe that the improvement of public awareness of our Group will enable us to attract more customers and enrich our customer profile.

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## SUMMARY

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Based on the above, our Directors consider that we are committed to continue our business going forward on a long term basis and our business is sustainable.

### OFFER STATISTICS

	Based on the	
	Offer Price of HK\$0.88 per Offer Share	Offer Price of HK\$0.68 per Offer Share
Number of Offer Shares	128,300,000	128,300,000
Market capitalisation ( <i>Note 1</i> )	HK\$451,616,000	HK\$348,976,000
Unaudited pro forma adjusted combined net tangible assets per Share ( <i>Note 2</i> )	HK\$0.24	HK\$0.19

*Notes:*

1. The calculation of market capitalisation at the Offer Price is based on 513,200,000 Shares expected to be in issue immediately following completion of the Capitalisation Issue and the Share Offer.
2. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 513,200,000 Shares, being the number of Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer.

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## DEFINITIONS

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

“Accountants’ Report”	the accountants’ report prepared by Mazars CPA Limited and Cheng & Cheng Limited, the text of which is set out in Appendix I to this prospectus
“Application Form(s)”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
“affiliate”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Amendment Ordinance”	the Securities and Futures (Amendment) Ordinance 2014 as amended, supplemented or otherwise modified from time to time
“Anti-Money Laundering Guideline”	the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 4 May 2017 which shall become effective on the Listing Date (as amended from time to time), a summary of which is set forth in the section headed “Articles of Association” in Appendix III to this prospectus
“associate(s)” or “close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors from time to time or a duly authorised committee thereof
“Business Day” or “business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 384,899,220 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and general information — A. Further information about our Group — 3. Written resolutions of the sole Shareholder passed on 4 May 2017” in Appendix IV to this prospectus



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## DEFINITIONS

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“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“CIC”	China Insights Consultancy Limited, an Independent Third Party, being the industry research agency
“CIC Report”	the industry report prepared by CIC and commissioned by our Company, the content of which is quoted in this prospectus
“Code of Conduct”	the Code of Conduct for Persons Licensed by or Registered with the SFC issued by the SFC from time to time
“Companies (Miscellaneous Provisions) Ordinance”	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	VBG International Holdings Limited (建泉國際控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on 5 February 2016
“connected person(s)” or “core connected person(s)”	has the meaning ascribed under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed under the GEM Listing Rules
“Controlling Shareholders”	has the meaning ascribed under the GEM Listing Rules and, in the context of this prospectus, means each of Jayden Wealth and Ms. Letty Wan

\* For identification purpose only



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## DEFINITIONS

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“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Dakin Securities”	Dakin Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO
“Deed of Indemnity”	the deed of indemnity dated 4 May 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), in respect of certain indemnities as more particularly set out in the section headed “E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 4 May 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding the non-competition undertaking as more particularly set out in the section headed “Relationship with our Controlling Shareholders — Deed of non-competition” in this prospectus
“Director(s)” or “our Directors”	the director(s) of our Company
“FRR”	the Securities and Futures (Financial Resources) Rules (Cap 571N of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Government”	the government of Hong Kong
“GREEN Application Form(s)”	the application form(s) to be completed by the <b>HK eIPO White Form</b> Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context refers to any time prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and “we”, “our” or “us” shall be construed accordingly

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## DEFINITIONS

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“HK\$” or “Hong Kong dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited
“HK eIPO White Form”	the application of Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at <b>www.hkeipo.hk</b>
“HK eIPO White Form Service Provider”	the <b>HK eIPO White Form</b> service provider designated by our Company, as specified on the designated website at <b>www.hkeipo.hk</b>
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKMA”	Hong Kong Monetary Authority
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“HKSCC Participant”	a participant who has been duly registered as a clearing participant of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the share registrar of our Company in Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of our Directors, chief executive or substantial shareholders (within the meaning of the GEM Listing Rules) of our Company, our subsidiaries or any of their respective associates
“Jayden Wealth”	Jayden Wealth Limited, a private limited company incorporated in the BVI on 16 February 2015, which is beneficially owned as to 100% of its issued shares by Ms. Letty Wan, who is the Controlling Shareholder interested in 75% of the entire issued share capital of our Company immediately following completion of the Share Offer and Capitalisation Issue
“Joint Bookrunners and Joint Lead Managers”	Ping An Securities and Dakin Securities

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## DEFINITIONS

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“Joy Silver”	Joy Silver Limited (喜銀有限公司) (formerly known as “Chain Winner Limited” from the date of incorporation and “Baron Capital Limited” from 13 January 1999, and known as “Joy Silver Limited” from 24 January 2014), a company incorporated in Hong Kong with limited liability on 16 December 1998, and is wholly and beneficially owned by Ms. Letty Wan indirectly
“Latest Practicable Date”	8 May 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication
“Listing”	the listing of the Shares on GEM by way of Share Offer
“Listing Date”	the date, expected to be on or about Friday, 26 May 2017, on which dealings in the Shares first commence on GEM
“Listing Division”	the Listing Department of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange (excluding the futures market) operated by the Stock Exchange which is independent from and operates in parallel with GEM
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company adopted on 4 May 2017 (as amended from time to time), a summary of which is set out in Appendix III to this prospectus
“Ms. Letty Wan”	Ms. Wan Ho Yan Letty, the Controlling Shareholder, an executive Director and the Chairperson of our Company
“Mr. Ringo Hui”	Mr. Hui Ringo Wing Kun, an executive Director of our Company
“Offer Price”	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), at which the Offer Shares are to be subscribed pursuant to the Share Offer, which will not be more than HK\$0.88 and is currently expected to be not less than HK\$0.68 and to be agreed upon by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date

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## DEFINITIONS

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“Offer Shares”	the Placing Shares and Public Offer Shares
“Ping An Securities”	Ping An Securities Limited (平安證券有限公司), a company incorporated in Hong Kong with limited liability on 2 March 1993 and a licensed corporation to carry on Types 1, 4, 6, and 9 regulated activities under the SFO
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company with professional, institutional and other investors in Hong Kong for cash at the Offer Price, as further described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Shares”	the 115,470,000 New Shares initially offered for subscription pursuant to the Placing (subject to reallocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus)
“Placing Underwriters”	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing and to be entered into on or about the Price Determination Date by our Company, the Executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting” of this prospectus
“PRC” or “China”	the People’s Republic of China, and for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, Macau and Taiwan
“Price Determination Agreement”	the agreement expected to be entered into by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and us on or before the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Friday, 19 May 2017 on which the Offer Price is determined, or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, but in any event not later than Wednesday, 24 May 2017

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## DEFINITIONS

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“Public Offer”	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, details of which are described in the section headed “Structure and conditions of the Share Offer” in this prospectus and the related Application Forms
“Public Offer Shares”	the 12,830,000 new Shares initially offered by our Company for subscription pursuant to 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 whose names are set forth in the section headed “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 12 May 2017 relating to the Public Offer and entered into by our Company, the executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“Reorganisation”	the corporate reorganisation of our Group to be carried out for the purpose of the implementation of the proposed Listing of our Company, details of which are set out in the section headed “History, Reorganisation and corporate structure” in this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAC”	Securities Association of China (中國證券業協會)
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“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, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Shares”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 4 May 2017, the principal terms of which are summarised in the sub-section headed “D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Sponsor” or “Dakin Capital”	Dakin Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, appointed as the sole sponsor to the Listing
“Sponsor Guidelines”	Additional Fit and Proper Guidelines for Corporations and Authorised Financial Institutions applying or continuing to act as Sponsors and Compliance Advisers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed thereto under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC and as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three financial years ended 30 September 2016 and the five months ended 28 February 2017
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States”	the United States of America
“US\$” or “USD”	United States dollars, the lawful currency of the United States

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## DEFINITIONS

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“VBG Asia”	VBG Asia Limited (建泉亞洲有限公司) (formerly known as “Hoy Luen Investment Company Limited” from the date of incorporation, “Cosmopolitan Properties Limited” from 7 July 1970 and “Cosmopolitan Properties and Securities Limited” from 8 February 1973, and known as “VBG Asia Limited” from 12 October 2015), a company incorporated in Hong Kong on 12 December 1962, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“VBG Beijing”	建泉顧問(北京)有限公司 (VBG Consulting (Beijing) Co., Ltd.*) (formerly known as “建勤投資顧問(北京)有限公司” (Baron Investment Consultants (Beijing) Company Limited*) from the date of establishment), a limited liability company established in the PRC on 21 September 2004 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“VBG Capital”	VBG Capital Limited (建泉融資有限公司) (formerly known as “Baron REIT Management Limited” from the date of incorporation, “Baron International Asset Management Limited” from 2 December 2006, “Baron Asset Management Limited” from 12 March 2008, “Baron Global Financial Services Limited” from 3 October 2013 and “V Baron Global Financial Services Limited” from 18 February 2015, and known as “VBG Capital Limited” from 15 December 2015), a company incorporated in Hong Kong with limited liability on 16 June 2005 and an indirect wholly-owned subsidiary of our Company after the completion of the Reorganisation. It is a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent

*The English names of the PRC entities mentioned in this prospectus are translations from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.*

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

\* For identification purpose only

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## GLOSSARY OF TECHNICAL TERMS

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

“CAGR”	compound annual growth rate
“FA”	financial adviser
“IFA”	independent financial adviser
“IPO(s)”	initial public offering(s), the listing of a company’s shares on a stock exchange
“JFIU”	Joint Financial Intelligence Unit
“licensed representative(s)”	an individual who is granted a license under section 120(1) or 121(1) of the SFO to carry on one or more than one regulated activity for a licensed corporation to which he/she is accredited
“M&A”	mergers and acquisitions
“OTC”	over the counter
“Principal(s)”	a responsible officer or an executive director appointed by the sponsor to be in charge of the supervision of the team appointed to carry out a listing assignment
“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 than one regulated activity of the licensed corporation to which he/she is accredited

*Certain abbreviations used and defined in the English prospectus are not used in the Chinese version. In the Chinese prospectus, the full expression for these abbreviations is included in both the defined terms and their definitions.*



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## FORWARD-LOOKING STATEMENTS

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### FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. 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, but are not limited to, relating to:

- our operation and business prospects;
- future developments, trends and competition in the industry and markets in which we operate;
- our strategy, implementation plans, objectives and our ability to successfully implement them;
- our dividend distribution policy;
- the prospective financial information regarding our business;
- our future financial condition and results of operations;
- the amount, and nature of, and potential for future development of our business;
- general political and economic conditions, including the performance of global financial markets;
- macroeconomic measures taken by the Government to manage economic growth;
- changes in general political and economic conditions in Hong Kong and the PRC that may be detrimental to the industry in which we operate;
- competition for our business activities and the actions and development of our competitors;
- changes to our development plans and use of capital expenditures;
- realisation of the benefits of our future plans and strategies;
- changes to regulatory and operating conditions in the markets in which we operate, including changes in our ability to access the capital markets and changes in the level of interest rates; and
- other factors beyond our control.

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## FORWARD-LOOKING STATEMENTS

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All statements other than statements of historical facts included in this prospectus, without limitation, including statements regarding our future financial position, strategy, plans and objectives of management for future operations where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “project”, “seek”, “should”, “will”, “would” or similar expressions or the negative of these words or other similar expressions or statements, are forward-looking statements. Although we believe that the expectations reflected in those forward-looking statements are reasonable, we can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements.

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, our Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any other party 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 our actual performance or achievements to differ materially include, but are not limited to, those disclosed under the section headed “Risk factors” and elsewhere in this prospectus.

Furthermore, these forward-looking statements are based on current plans and estimates which merely reflect our current view with respect to future events and apply only as of the date they were made but are not a guarantee of future performance. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events, or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

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

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## RISK FACTORS

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*You should carefully consider all the information in this prospectus including the risks and uncertainties associated with an investment in our Company below before making any investment decision in relation to the Offer Shares. In the event that any of the possible scenarios described in this section occurs, our business, operating results, financial condition or results and prospects could be materially and adversely affected. You should pay particular attention to the fact that the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. Additional risks not currently known to us or that we now consider immaterial may also harm us and affect our investment value. The trading price of our Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your investment as result.*

### RISKS RELATING TO OUR BUSINESS

**The profitability of our Group is unpredictable because our Group's revenue and income are non-recurring in nature**

Our revenue are derived from fees received by us for our provision of corporate finance advisory services, placing and underwriting services, and business consulting services, which are on a project-by-project basis and are different in scope, size and complexity of services to be provided to customers. In addition, the terms and conditions of each mandate, including its payment schedule, are negotiated and determined on a project-by-project basis.

Our Group recorded a revenue of approximately HK\$13.4 million, HK\$56.0 million, HK\$57.4 million and HK\$15.4 million during the Track Record Period, respectively, for non-recurring transactions. Except for the loss before tax was approximately HK\$4.4 million for the year ended 30 September 2014, our profit before tax were approximately HK\$38.4 million, HK\$20.6 million and HK\$3.8 million for the two years ended 30 September 2016 and the five months ended 28 February 2017, respectively. Given that the revenue and income of our Group tends to be non-recurring in nature, the profitability of our Group is therefore somewhat unpredictable. If a mandated transaction is not completed as scheduled, or at all, after a substantial amount of time and effort has been expended by our Group, for any reason, we may not receive any compensation or payment for our services pursuant to the mandate from the customer or in a timely manner, or at all, which could materially and adversely affect our results of operations and financial conditions.

The nature of the corporate finance activities also means the demand and scope for our services are dependent on the conditions of the financial markets, which is in turn influenced by a variety of factors (such as investor sentiment) beyond our control. There is no assurance that our Group can continue to secure engagements for our services in the future, leading to potential fluctuations in the financial performance of our corporate finance services business. In general, corporate finance service income is recognised when the underlying services have been provided and/or relevant significant act have been completed in accordance with the terms of the service agreement. Consequently, our financial performance is dependent on the timing of each project and as such, may vary from period to period. Accordingly, our financial results may fluctuate from quarter to quarter.

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## RISK FACTORS

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**Our financial condition and performance as well as the business and operation may be materially and adversely affected by our underwriting and placing business**

During the Track Record Period, we were engaged in eight placing and underwriting transactions. Revenue from our placing and underwriting services accounted for approximately 18.3%, 15.2%, 1.7% and nil of our total revenue for the Track Record Period, 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 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 fully underwritten by us are undersubscribed and we fail to procure subscribers to take up all of the undersubscribed shares, we are required to purchase all of the undersubscribed portion for our own account, which would materially and adversely affect our liquidity. If the underwritten securities so taken up by us becomes illiquid and/or their market value drops, our financial position would also be adversely affected. 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 as a result. Our income from such placing engagements may reduce or in the worst case we may have no income at all.

Our Group plans to allocate approximately 66.8% of the net proceeds from the Share Offer to strengthen our capital base so be better placed to participate in the underwriting and placing activities from time to time. Depending on the nature and scope of the underwriting and placing agreements that our Group may enter into, our Group may be exposed to one single transaction or customer for the entire allocated financial resources at any moment in time. As such, our Group will be exposed to the risks, market or otherwise, inherent in such underwriting and placing activity for the aforesaid entire amount.

In addition, under the FRR, the value of the open position of any underwriting or placing agreement, subject to its terms and conditions, or the market value of any securities that VBG Capital is required to take up as principal to fulfill its obligations under the underwriting or placing agreement, would have an impact on the liquid capital of VBG Capital. In the event that the minimum liquid capital of VBG Capital drops below the minimum requirement stipulated under the FRR, VBG Capital, a licensed corporation under SFO, would be in breach of the FRR. In such case the SFC may suspend VBG Capital's licence or impose conditions in relation to all or any of the regulated activities for which VBG Capital is licensed by the SFC and accordingly the business and operation of our Group will be adversely affected.

**Where one or more of the two regulated activities of our Group has less than two responsible officers, our Group will be in breach of the relevant licensing requirements which could adversely affect our licensed corporation's status, thus jeopardising our Group's business and financial performance**

Under the licensing requirements of the SFO, our licensed corporation (namely VBG Capital) has to maintain at least two responsible officers for each type of regulated activities. As at the Latest Practicable Date, VBG Capital had four responsible officers for Type 1 (dealing in securities) and six responsible officers for Type 6 (advising on corporate finance) regulated

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## RISK FACTORS

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activities. In addition, to act as a sponsor and compliance adviser, our Group must ensure that there are sufficient sponsor principals engaged in a full time capacity to discharge its role in overseeing and supervising the transaction team with at least two sponsor principals engaged at all times. Without adequate number of sponsor principals, we cannot accept new engagements.

For Type 6 regulated activity, during the period from 11 August 2014 to 23 January 2015, due to insufficient sponsor principals, VBG Capital was not able to act as sponsor in respect of an application for the listing on the Stock Exchange of any securities apart from completing sponsor or compliance adviser work which it became contractually bound to complete prior to 11 August 2014. Such condition was subsequently removed on 23 January 2015 upon successful recruitment and registration of a sponsor principal.

We cannot guarantee that VBG Capital can at all times maintain sufficient number of responsible officers as well as sponsor principals. In the event such number of our responsible officers resign, become disqualified or otherwise ineligible to continue their role as a responsible officer, and an immediate and suitable replacement could not be found, our Group will be in breach of the relevant licensing requirements which could adversely affect our licensed corporation's status, thus jeopardising our Group's business and financial performance.

### **Our strategy of overseas market expansion may not be as successful as we expect**

As part of our business strategy, we intend to expand our overseas market such as Europe and China for international expansion of our business. In this connection, we intend to establish overseas representative offices and/or forming joint ventures in European cities and the cities in the PRC for the provision of business consulting services. The success of our expansion plan is subject to numerous factors including the following:

- the availability of adequate management and financial resources;
- our ability to comply with the relevant local laws and regulations and the human and monetary resources required for such compliance;
- our ability to hire, train and retain skilled personnel to manage our overseas offices;
- the adaptation of our operational and management systems to our new overseas offices;
- market demand for our services; and
- our ability to retain key personnel of our Group such as Mr. Ringo Hui, an executive Director who was primarily involved in our past transactions involving overseas clients.

Furthermore, we may fail to anticipate and adapt to the competitive conditions in the overseas markets that are different from those in our existing markets or change from time to time. Accordingly, we may not be able to achieve our expansion goals. If we encounter any difficulty in implementing our expansion plan, our growth prospects may be adversely affected and we may not be able to recover the costs incurred for implementing the expansion plan, which could in turn have a material adverse effect on our business, financial condition and results of operations.

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## RISK FACTORS

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### **We depend on key management personnel and our operation may suffer if we are unable to retain or replace them**

Our performance and the implementation of our business plans and strategies depend on significantly on the vision of our key management personnel including our executive Directors namely, Ms. Letty Wan and Mr. Ringo Hui and senior management namely Mr. Ng Ka Ki. Please refer to the section headed “Directors, senior management and employees” of this prospectus, for details of the responsibilities of our executive Directors and senior management, respectively. If our executive Directors or senior management are unable or unwilling to continue their services, our Group may not be able to replace them with persons of equivalent expertise and experience within a reasonable period of time or at all.

Given that the competition to recruit key personnel is intense, we may not be able to attract or retain those key personnel. Should 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. Additionally, we may need to incur additional costs to recruit, train and retain key personnel.

### **We cannot assure you that we will be able to maintain or further improve the relationships with our customers**

During the Track Record Period, we derived approximately 91.1%, 51.2%, 40.7% and 61.1% of our revenue from the top five largest customers of our Group, respectively. These major customers are independent of and not connected with our Directors, chief executive or substantial shareholders of our Company or any of its subsidiaries, or any of their respective associates. The continuity of business with these customers will depend on the maintenance of a good business relationship between our Group and these major customers. We cannot assure you that we will be able to maintain or improve our relationships with our customers or they may early terminate their respective business relationship with us at any time for whatever reason, default in payment or withdrawal from the engagement, which may have an adverse impact on our financial performance.

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, regulatory investigations or penalties imposed on us may harm our reputation. Any harm to our reputation may cause our existing and potential customers to be reluctant to engage our services in the future, and therefore may have a material adverse impact on our business, operations and financial results.

### **We face credit risks which may adversely affect our Group’s financial condition and operating results**

For corporate finance advisory services, the normal payment terms of the mandates involve progress payments based on milestones achieved. The fee notes issued are due for payment upon presentation. There is no assurance that customers will continue and be able to settle fee note in full and in a timely manner. Accordingly, the profitability and cash flow of our Group may be affected.



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## RISK FACTORS

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There is no assurance that the specified milestones set out in the mandates will be achieved for all transactions. In the event where a project falls through due to issues beyond our control after a substantial amount of time and effort has been expended by our Group, we may experience difficulties seeking compensation or full payment pursuant to the relevant mandate, thereby adversely affecting our Group's financial performance.

### **Our corporate finance services may give rise to professional liability**

Our corporate finance services normally involve providing professional advice to our customers. A customer who relies on our professional advice may suffer loss if we are negligent in providing such advice and the customer may have a legal cause to claim compensation against us. In this regard, our Group is exposed to possible claims or lawsuits arising from professional negligence and consequences of employee infidelity. Although internal control measures have been implemented to mitigate such risks, there is no assurance that the measures can completely eliminate professional negligence and/or employee infidelity. Should there be actions brought against us, such as claims or lawsuits, it may have an adverse impact on our financial position and reputation.

### **We face potential risks associated with new business initiatives which may lead to the offering of new products and services; transact with a broader array of customers and counterparties; and expose us to new asset classes and new markets**

As we continually expand our business and adjust our business strategies in response to the changing market, our new business initiatives may lead us to offer new products and services, and transact with individuals and entities that are not our traditional customers and counterparties. Up to the Latest Practicable Date, we do not have any intention to expand into any new business. For details of our business strategies, please refer to the section headed "Business — Business strategies" in this prospectus. These business activities could potentially expose us to new and greater risks, including reputational concerns arising from dealing with less sophisticated counterparties and investors; greater regulatory scrutiny; and increased credit, operational and market risks.

### **We are subject to extensive regulatory requirements and non-compliance with or changes to these regulatory requirements may affect our business operations and financial results**

The business operations of our Group are highly regulated. There are changes in rules and regulations from time to time in relation to the regulatory regime for the financial service industry, including, but not limited to the SFO, the Companies Ordinance, the FRR, the Listing Rules, the GEM Listing Rules and the Takeovers Code. Any such changes in the relevant rules and regulations may result in an increase in our cost of compliance, or might restrict our business activities. If we fail to comply with the applicable rules and regulations from time to time, we may face fines or restrictions on our business activities, or even a suspension or revocation of some or all of our licences for carrying on our business activities.

Furthermore, we are required to be licensed with the relevant regulatory authorities including without limitation, as a licensed corporation under the SFO. In this respect, we have to ensure continuous compliance with all applicable laws, regulations and guidelines, and 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, regulations and guidelines, it may materially and adversely affect our business operations.

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## RISK FACTORS

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We may be subject to regulatory inspection and investigations from time to time. With respect to SFC's investigation, we may be subject to secrecy obligations under the SFO whereby we are not permitted to disclose certain information relating to the SFC's investigations. Unless we are specifically named as the party that is being investigated under the SFC's investigation, we generally do not know whether we, any member of our Group, or any of our respective directors, responsible officers, licensed representatives or staff have become the subject of SFC investigations. If the results of the inspections or investigations reveal misconduct, the SFC may take disciplinary action such as the revocation or suspension of licence(s), public or private reprimand or imposition of pecuniary penalties against our Group, our responsible officers or licensed representative and/or any of our staff. Any disciplinary actions taken against or penalties imposed on our Group, our directors, responsible officers, licensed representatives or relevant staff could have an adverse impact on our business operations and financial results.

**We may suffer from misconduct of our personnel and reputational concerns which could have a material adverse impact on our business and financial condition**

Misconduct of our personnel could result in violation of laws by us, regulatory sanctions against us and material reputational or financial harm to our disadvantage. Such misconduct includes conducting unauthorised or unsuccessful activities resulting in unknown and unmanaged risks or losses, improperly using or disclosing confidential information, recommending transactions that are not suitable for us, engaging in fraudulent acts or otherwise not complying with laws or our internal control procedures. During the Track Record Period and up to the Latest Practicable Date, there had been no disciplinary action or reprimand against any director of our Group or any of our staff, responsible officers and licensed representatives. We cannot assure that there will not be any misconduct of our personnel, and the precautions we take to prevent and to detect such activity may not be effective in all cases. We could also suffer from adverse publicity, reputational damage or litigation losses that may arise from the misconduct by our personnel, which may have a material adverse effect on our business, financial condition and results of operations.

In addition, 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, misconduct of our personnel, 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 procure services from us in the future and therefore may have a material adverse impact on our business, operations and financial results.

**Our financial results may fluctuate from period to period subject to the timing of discretionary bonuses**

Our corporate finance activities are, by nature, human resources intensive. Accordingly, remuneration to our staff and licensed personnel has a significant impact on our profitability. In particular, as part of our remuneration package, some of our staff and licensed personnel are rewarded with discretionary bonuses. Such amount is subject to the individual's performance, our Group's financial condition, and market prevailing rates for retention purposes. As bonuses are granted on a discretionary basis, it will be recognised as expenses in our Group's financial statements when our Group establishes an obligation to pay, being when the bonus is announced. In general, such announcements are issued in the first half of our financial year. Accordingly, our financial results for the first half of our financial year may fluctuate significantly compared to other periods.



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## RISK FACTORS

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### **We experienced net operating cash outflow for the two years ended 30 September 2015**

We had net cash outflow from operating activities of approximately HK\$2.7 million and HK\$42.3 million for the two years ended 30 September 2015, respectively. Please refer to the section headed “Financial information — Liquidity and capital resources — Net cash used in/from operating activities” in this prospectus for details. While our Directors believe that we have sufficient funds to finance our current working capital requirements, our operating cash flow may be adversely affected by unforeseeable factors. As such, we cannot assure you that we will not experience a net operating cash outflow in the future. In the event that we fail to maintain sufficient cash inflows, we may default on our payment obligations and may not be able to meet our working capital and other capital requirements which may in turn have a material adverse impact on our business, financial condition, results of operations and business prospects.

### **We recorded net current liabilities as at 30 September 2014 and cannot assure you that we will not experience net current liabilities in the future**

We had a net current liabilities position as at 30 September 2014. As at 30 September 2014, we had net current liabilities of approximately HK\$8.0 million, which was primarily due to the amounts due to related companies of approximately HK\$15.9 million. Please also refer to the section headed “Financial information – Statement of net current assets/liabilities” in this prospectus. We may have net current liabilities in the future. Having significant net current liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financial needs, we may need to rely on additional external borrowing for funding. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

## **RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE**

### **We are subject to competition in the industry**

While there exists barriers to entry, such as the obtainment of approval to carry out sponsor work under the SFO, which limits the number of new competitors for sponsorship transactions, there are already a number of established players in the industry. As at 31 December 2016, there were around 100 corporate finance houses in Hong Kong with sponsorship licenses. However, other than the requirements of minimum amount of paid-up share capital and liquid capital under the SFO and the FRR, capital or fixed asset investments are not required. As at 31 December 2016, there were 1,250 and 321 licensed corporations for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, which were licensed or registered with the SFC. In addition, certain professional firms (for example, solicitors or certified public accountants) can also provide corporate finance advisory services without the need of being licensed by or registered with the SFC as long as the services or advice provided is wholly incidental to their practice as solicitors or certified public accountants.

These entities are in direct competition with our Group and include not only the multi-national financial institutions but also local firms. Our Directors believe that competition in the corporate finance industry rests on (i) the quality of services and advice provided to customers; (ii) the expertise and reputation of the licensed corporation; and (iii) business network and connections of the licensed corporation. There is no assurance our Group will be able to uphold our competitive strengths. Any intensified competition may lead to pressure on fee income and staff turnover and may have adverse impact on the income and profitability of our Group.

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## RISK FACTORS

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### **We are susceptible to regulatory changes relevant to companies listed on the Stock Exchange**

Companies listed on the Stock Exchange and parties seeking a listing on the Stock Exchange and/or carrying out corporate finance transactions may be required to appoint sponsors, FAs or IFAs from time to time (as applicable) in order to fulfill the relevant requirements of the Listing Rules, the GEM Listing Rules and the Takeovers Code. As the majority of our customers are companies listed on the Stock Exchange and/or private companies seeking to list their shares on the Stock Exchange and/or carrying out corporate finance transactions (including M&A transactions), we may be susceptible to changes in relation to the compliance requirements of the abovementioned rules and regulations. All kinds of regulatory changes relevant to companies listed on the Stock Exchange, such as relaxations of rules and/or regulations requiring the appointment of sponsors, FAs or IFAs for corporate finance transactions for companies listed on the Stock Exchange may significantly affect the demand and scope of our corporate finance services and thereby adversely impact our business and prospects in the future.

### **We may be materially and adversely affected by any deficiency or inherent limitations of our risk management and internal control system**

We have established risk management and internal control systems and procedures for each of our business segment. Our risk management and internal control systems require constant monitoring and updating by our Directors and senior management with the change in business and regulatory environment. We rely on the effectiveness of our internal control systems and procedures to record, process, summarise and report financial and other data in an accurate and timely manner to identify any reporting errors and non-compliance with relevant rules and regulations. Our Group's business and prospects may be materially and adversely affected if our efforts to maintain these systems are proved to be ineffective or inadequate.

As our principal business operations are regulated by the SFC, it is expected that our employees shall comply with the relevant rules under the SFC. However, owing to the nature of our Group's business, we cannot rule out the possibility that our employees may commit offences under the SFO in the performance of their duties. These offences may include but not limited to insider dealing, market manipulation, false trading and price rigging. Accordingly, commission of offences by our employees resulting from such activities or any allegation of such activities could have an adverse effect on our Group's reputation.

Furthermore, no matter how sophisticated in design, our internal control systems may still contain inherent limitations caused by misjudgment or fault of our Directors, senior management and/or staff. There is no assurance that our internal control systems are adequate or effective. Any failure to locate and address any internal control matters and deficiencies on time may result in investigations and/or disciplinary actions taken against us and/or our employees. Our Group's financial condition and operations may therefore be materially and adversely affected.

For details of our current risk management and internal control system and procedures, please refer to the section headed "Business — Risk management and internal control procedures" in this document.

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## RISK FACTORS

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### **We may not be able to fully identify money laundering activities and/or other illegal or improper activities in our business operations**

We may not be able to detect money laundering activities and/or other illegal or improper activities fully or in a timely manner, which could expose us to liabilities for fines and other penalties and may affect our businesses.

We are required to comply with applicable anti-money laundering laws and regulations in Hong Kong, for example, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong) and the Anti-Money Laundering Guideline. These laws and regulations require us, among other things, to carry out customer due diligence and report suspicious transactions to the applicable regulatory authorities. Our policies and procedures which aimed at detecting and preventing the use of our operations for money laundering activities and other illegal or improper activities may not in all case preclude customers' intentional fraud. To the extent that we fail to identify money laundering activities promptly and fully comply with the applicable laws and regulations, the relevant government agencies have the power and authority to impose fines and/or penalties on us, which may significantly affect our business operation and financial results.

### **RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG**

#### **Our business performance may be adversely affected by fluctuation of market conditions and macroeconomic factors**

Our Group's business is dependent on our individual as well as corporate customers' investment decisions and preferences which could be affected by changes in global economic conditions. Accordingly, our Group's revenue is dependent upon the performance of the global economic conditions and the general financial market landscape. Hong Kong's financial market is directly influenced by the global economic and socio-political environments. Fluctuations in the global corporate finance environment and capital raising activity levels may have adverse effects on Hong Kong's financial market or the financial condition of our potential individual and corporate customers and therefore reduce their demand for investment opportunities in new businesses or in various kinds of securities in the capital market. Severe fluctuations or shifts in market and economic sentiments may adversely affect our Group's business and financial results.

Moreover, as our Group's business operations are closely correlated to the financial market condition, should there be any deterioration of the global economy or, in the event of downturn of the Hong Kong's economy, our Group's business would be adversely affected.

#### **Any material adverse change in the economic, political and legal environment in Hong Kong may adversely affect our Group's business, performance and financial condition**

Since most of our Group's revenue is derived from Hong Kong, our business and results of operations are related directly to the overall performance of Hong Kong's economy which is influenced by factors including, inter alia, local and international economic and political conditions, general market sentiment, changes in the regulatory environment and fluctuations in the interest rates.

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## RISK FACTORS

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Hong Kong, being a special administrative region of the PRC, enjoys a high degree of autonomy and executive, legislative and independent judicial powers, including that of final adjudication under the principle of “one country, two systems”. However, any change to Hong Kong’s existing political environment may affect the stability of the economy in Hong Kong, and thereby affecting our Group’s business and operations.

### **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

#### **Changes in the political, economic and social environment as well as the laws and regulations in the PRC could have an adverse effect on our business**

VBG Beijing, being one of our wholly owned subsidiaries, operates in the PRC. Accordingly, the business, financial condition, results of operations and prospects of our Group may be subject to the risks of future economic, political and legal developments in the PRC. The PRC economy differs from the economies of other developed countries in many aspects, including structure, government intervention, level of development, growth rate, control of foreign exchange, capital reinvestment, rate of inflation and resource allocation. Since the late 1970s, the PRC government has been implementing economic reform measures and using market forces to develop the PRC economy. The PRC government still plays a significant role in regulating industries by promulgating economic policies.

The PRC government also exercises significant control over the economy through resource allocation, controls on the payment of foreign currency denominated obligations, monetary policy and preferential treatment of particular industries or companies. The PRC government has implemented various measures in an effort to control the growth rate and structure of certain industries. The various macroeconomic measures adopted by the PRC government to guide economic growth may not be effective in sustaining the current growth rate of the PRC economy. If the PRC economy experiences any decrease in growth rate or a significant downturn, the unfavourable business environment and economic conditions could negatively affect our business, financial condition and results of operations.

#### **Uncertainties in the PRC legal system could have an adverse effect on our business**

The operations of VBG Beijing are subject to the uncertainties of the PRC legal system which is essentially a civil law system based on written statutes where, unlike common law systems, decisions of past legal cases have limited precedential value. The PRC government has, since 1979, begun promulgating a comprehensive system of laws and regulations governing economic matters in general. These laws and regulations are, however, relatively new and are often changing and published cases concerning these laws and regulations are limited. Their interpretation and enforcement therefore, involve a fair amount of uncertainty. We may be required in the future to procure additional permits, authorisation and approvals for our existing and future projects and we cannot assure you that we will obtain these in a timely manner or at all.

Furthermore, the amount of legal protection available to us under these laws, rules and regulations may be limited. For example, the intellectual property rights and confidentiality protection in the PRC may not be as effective as in other countries. Any litigation or regulatory enforcement action in the PRC may be protracted. This could result in significant costs and a diversion of our resources and management attention. We cannot predict future developments in the PRC legal system including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof.

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## RISK FACTORS

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### **Governmental control of currency conversion and fluctuation in the exchange rates of Renminbi may affect the value of our investment**

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currencies out of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. We receive our revenues from our PRC operations in RMB. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiary to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy its foreign currency denominated obligations.

The exchange rates of the Renminbi against foreign currencies, including the Hong Kong dollars, are affected by changes in China's political and economic conditions. Any fluctuations in exchange rates of the Renminbi against the U.S. dollar, Euro or other foreign currencies may cause our revenue from our operations in the PRC to be volatile. In addition, to the extent that we need to convert Hong Kong dollars that we will receive from the Share Offer into Renminbi for our operations in the PRC, appreciation of Renminbi against the Hong Kong dollars would have an adverse effect on the Renminbi amount that we will receive. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making dividend payments on our Shares or for other business purposes, appreciation of the Hong Kong dollars against Renminbi would reduce the Hong Kong dollars amount available to us.

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

#### **The Underwriting Agreements may be terminated in accordance with their respective terms and conditions**

Prospective investors of the Offer Shares should note that the Joint Lead Managers (for themselves and on behalf of the Underwriters) are entitled to terminate their obligations under the Underwriting Agreements by giving notice in writing to our Company upon occurrence of any of the events stated in the section headed "Underwriting — Grounds for termination" of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flood, tsunami, explosions, epidemic, and pandemic, acts of terrorism, earthquakes, strikes or lock-outs. Should the Joint Lead Managers (for themselves and on behalf of the Underwriters) exercise their rights and terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

#### **There has been no prior public market for our Shares prior to the Share Offer, and the liquidity, market price and trading volume of our Shares may be volatile**

Prior to the Share Offer, there was no public market for our Shares. The Offer Price may differ significantly from the market price of our Shares following the Listing. We have applied for the listing of and permission to deal in our Shares on GEM. However, even if approved,

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## RISK FACTORS

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being listed on GEM does not guarantee that an active trading market for our Shares will develop following the Listing or that our Shares will always be listed and traded on GEM. We cannot assure you that an active trading market will develop or be maintained following the completion of the Share Offer, or that the market price of our Shares will not decline below the Offer Price.

The price and trading volume of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond our Group's control:

- (a) variations in our Group's results of operations;
- (b) success or failure of our Group's management team in implementing stated business objectives and strategies;
- (c) gain or loss of an important business relationship(s);
- (d) changes in conditions affecting the financial services industry, the general economic conditions or stock market sentiment or other events and factors;
- (e) departures of key management personnel;
- (f) fluctuations in market prices for our services;
- (g) fluctuations in stock market prices and volume; or
- (h) involvement in litigation.

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

**Because the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution**

The Offer Price per Share is higher than the net tangible book value per Share. Therefore, you and investors of the Offer Shares in the Share Offer will experience an immediate dilution in the unaudited pro forma adjusted combined net tangible asset value to HK\$0.19 per Share based on the Offer Price of HK\$0.68 per Share or HK\$0.24 per Share based on the Offer Price of HK\$0.88 per Share.

We may need to raise additional funds in the future to finance, inter alia, expansion of or new development relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage of ownership of the Shareholders in our Company may be reduced and Shareholders may experience dilution in their shareholdings in our Company. In addition, any such new securities may confer rights and privileges that take priority over those conferred by the existing Shares to make them more valuable than or senior to the existing Shares.



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## RISK FACTORS

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### **Our profitability and financial results may be adversely affected by any exercise of the options to be granted under the Share Option Scheme in the future**

We have conditionally adopted the Share Option Scheme but no option has been granted thereunder as at the Latest Practicable Date. Any exercise of the options to be granted under the Share Option Scheme in the future will result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue. Under the HKFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to our combined statement of profit or loss over the vesting period by reference to the fair value at the date on which the options are granted under the Share Option Scheme. As a result, our profitability and financial results may be adversely affected.

### **Future sales by our existing Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares**

We cannot assure you that our existing Shareholders, including, but not limited to, our substantial Shareholders or Controlling Shareholders, will not dispose of our Shares that they own following the expiration of their respective lock-up periods after completion of the Share Offer. We cannot predict the effect, if any, that any future sales of our Shares by any of our substantial Shareholders or Controlling Shareholders, or the availability of our Shares for sale by any of our substantial Shareholders or Controlling Shareholders may have on the market price of our Shares. Sales of substantial amounts of our Shares by any of our substantial Shareholders or Controlling Shareholders or the market perception that such sales may occur, could materially and adversely affect the prevailing market price of our Shares.

### **The interest of our Controlling Shareholders may not always coincide with the interest of our Group and those of our other Shareholders**

Upon completion of the Share Offer (but not taking into account the allotment and issue of Shares upon exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own 75% of our Shares. Our Controlling Shareholders will therefore, have a significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group's business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders may be adversely affected as a result.

### **Prior dividend distributions are not an indication of our future dividend policy and we may not be able to pay any dividends on our Shares**

Details of the dividend payments by our Group during the Track Record Period are set out in the section headed "Financial information — Dividend" in this prospectus.

The declaration and payment of dividends during the Track Record Period should not be considered as a guarantee or indication that we will declare and pay dividends in such manner in the future, or will declare and pay any dividends in the future at all. Whether dividends will be distributed and the amount of dividends to be paid will depend upon, among other things, our profitability, financial conditions, business development requirements, future prospects and

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cash requirements of our Group. Any kind of declaration, payment and amount of dividends is at the discretion of our Directors, and will be subject to, among other things, our constitutional documents and the Cayman Islands law.

**Laws of Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions**

The rights of the Shareholders to take action against our Directors and the rights of our minority shareholders to take actions against us and the duties of our Directors toward us and our Shareholders are governed by the common law of the Cayman Islands and our Articles of Association. In general, our corporate affairs are governed by (amongst other things) the laws of the Cayman Islands, our Articles of Association and the Companies Law. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the legal position for minority shareholders of companies incorporated in Hong Kong and in other jurisdiction. For further details, please refer to the section headed “Appendix III — Summary of the constitution of the Company and the Cayman Islands company law” in Appendix III to this prospectus.

### **RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS**

**Investors should read the entire prospectus and should not rely on any information contained in press articles, websites or other media coverage regarding us and the Share Offer**

We strongly caution our investors not to rely on any information contained in press articles, websites or other media regarding us and the Share Offer. Prior to the publication of this prospectus, there may be press, website and media coverage regarding the Share Offer and us. Such press, website and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press, website or media and do not accept any responsibility for any such press, website or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Accordingly, in all cases, prospective investors should give consideration as to how much weight or importance they should attach to, or place on, such press articles or other media coverage.

**Certain facts, forecast and other statistics in this prospectus obtained from publicly available sources have not been independently verified and may not be reliable, complete or up-to-date**

Certain facts, statistics and other data presented in this prospectus including in the section headed “Industry overview” have been derived from various government and official resources or independent third parties. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, such information has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy or completeness of such facts and



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## RISK FACTORS

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statistics. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. Accordingly, such facts and statistics should not be unduly relied upon.

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

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and organic growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words “anticipate”, “believe”, “could”, “predict”, “potential”, “continue”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would”, “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our Group’s growth strategy and expectations concerning our future operations, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group’s control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that our plans or objectives will be achieved and prospective investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking statements” of this prospectus for further details.

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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 take full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Exchange Listing) Rules (Chapter 571V of the Laws of Hong Kong) and GEM Listing Rules for purposes 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.

### INFORMATION ON THE SHARE OFFER

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus or the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other parties involved in the Share Offer.

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

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

### UNDERWRITING

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by the Sole Sponsor. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement, and is subject to the agreement on the Offer Price between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement, which is expected to be entered into on or around 19 May 2017, subject to the Offer Price being agreed. The Share Offer is managed by the Joint Lead Managers.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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If, for any reason, the Offer Price is not agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company by the Price Determination Date, the Share Offer will not proceed and will lapse.

Further details of the Underwriters and the underwriting arrangement are set out in the section headed “Underwriting — Underwriting arrangements and expenses” in this prospectus.

### OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by the Price Determination Agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is currently expected to be on or about, Friday, 19 May 2017 (or such later date as the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company may agree). If, for whatever reason, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to agree on the Offer Price by the Price Determination Date, the Share Offer will not become unconditional and will lapse. For full information relating to the determination of the Offer Price, please refer to the section headed “Structure and conditions of the Share Offer” in this prospectus.

### RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares on the general distribution of this prospectus and/or the Application Forms. This prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, and is not an offer or invitation to any person to whom it is unlawful to make an unauthorised offer or invitation. Persons who possess this prospectus and/or the Application Forms are deemed to have confirmed with our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters that such restrictions have been observed.

Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Each person subscribing for or purchasing of the Offer Shares will be required to, or is deemed by his/her/its subscription or purchase of the Offer Shares, to confirm that he/she/it is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he/she/it is not subscribing for, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

### APPLICATION FOR LISTING ON GEM

The Sole Sponsor has applied on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and which are to be issued or may be issued pursuant to the Share Offer, the Capitalisation Issue and as otherwise

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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described herein on GEM (including any Shares which may be issued pursuant to the exercise of any option which may be granted under Share Option Scheme up to 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer.)

No part of the shares or the loan capital of our Company is listed, traded or dealt in on any other 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 (Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and the permission to deal in, the Offer Shares on GEM is 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 by or on behalf of the Listing Division of the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times of the 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. Accordingly, a total of 128,300,000 Offer Shares, which currently represents 25% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) will be made available under the Share Offer.

### PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the Offer Shares, they should consult an expert. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to the Offer Shares.

### HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained in the Cayman Islands by our Company's principal share registrar, Vistra Cayman Trust Limited and our Company's Hong Kong register of members will be maintained in Hong Kong by our Company's Hong Kong branch share registrar, Tricor Investor Services Limited.

All Offer Shares issued by our Company pursuant to the Share Offer will be registered on our branch register of members to be maintained in Hong Kong. Only securities registered on our branch register of members in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Dealings in our Shares registered on our branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Further details about Hong Kong stamp duty have been disclosed in the paragraphs headed "E. Other information — 1. Tax and other indemnities" and "E. Other information — 12. Taxation of holders of Shares" in Appendix IV to this prospectus.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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Unless our Company determines otherwise, dividends payable in Hong Kong dollars in respect of the Shares will be paid at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

### SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and our Company's compliance 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 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 the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

### COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on or about Friday, 26 May 2017. Shares will be traded in board lots of 5,000 Shares each and are freely transferable. The stock code for the Shares will be 8365.

No temporary documents or evidence of title will be issued.

### CURRENCY TRANSLATION

In this prospectus, unless otherwise specified, amounts denominated in Renminbi and US\$ have been translated, for illustration purposes only, into Hong Kong dollars and vice versa at an exchange rates of HK\$1.19=RMB1.00 and HK\$7.78 = US\$1.00.

Such conversions shall not be construed as representations that amounts in Renminbi, US\$ or HK\$, were or could be converted at such rates or any other exchange rates on such date or any other date.

### ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, total of rows or columns of number in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may be rounded up or down.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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### LANGUAGE

Translated English names of PRC natural persons, legal persons, governmental authorities and departments, institutions, certificates, titles or the like for which no official English translation exists are unofficial translations from their corresponding names in Chinese and are included for identification purposes only. In the event of inconsistencies, the name(s) in Chinese shall prevail. The English translation of such terms into Chinese is also for identification purposes and for your reference only. If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<i><b>Executive Directors</b></i>		
Ms. Wan Ho Yan Letty (尹可欣)	21/F, Hong Villa 12 Bowen Road Hong Kong	Canadian
Mr. Hui Ringo Wing Kun (許永權)	Flat D, 25/F Tower 1 Lake Silver 599 Sai Sha Road Ma On Shan New Territories Hong Kong	Chinese
<i><b>Non-executive Director</b></i>		
Mr. Wan Chuen Fai (尹銓輝)	Flat B, 38/F, Block 3 Royal Ascot 1 Tsun King Road Fo Tan New Territories Hong Kong	Chinese
<i><b>Independent non-executive Directors</b></i>		
Mr. Kam Cheuk Fai David (甘卓輝)	Flat D, 3/F Emperor Height 5 Cox's Road Kowloon Hong Kong	Chinese
Mr. Tsang Wing Ki (曾永祺)	Flat G, 11th Floor Tower 2 Park Central Tseung Kwan O New Territories Hong Kong	Chinese
Mr. William Robert Majcher	Flat A, 3/F, Block 1 La Mer 67-71 Bisney Road Hong Kong	Canadian

Further information on the profile and background of our Directors has been disclosed in the section headed “Directors, senior management and employees” in this prospectus.



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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### PARTIES INVOLVED IN THE SHARE OFFER

#### Party

#### Name and address

#### Sole Sponsor

##### **Dakin Capital Limited**

*A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO*

Room 2701, Admiralty Centre  
Tower 1, 18 Harcourt Road  
Admiralty  
Hong Kong

#### Joint Bookrunners and Joint Lead Managers

##### **Ping An Securities Limited**

*A licensed corporation 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*

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

##### **Dakin Securities Limited**

*A licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (advising on future contracts) regulated activities under the SFO*

Room 2701, Admiralty Centre  
Tower 1, 18 Harcourt Road  
Admiralty  
Hong Kong

#### Public Offer Underwriters

##### **Ping An Securities Limited**

*A licensed corporation 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*

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

##### **Dakin Securities Limited**

*A licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (advising on future contracts) regulated activities under the SFO*

Room 2701, Admiralty Centre  
Tower 1, 18 Harcourt Road  
Admiralty  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### Placing Underwriters

#### **Ping An Securities Limited**

*A licensed corporation 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*

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152-155 Connaught Road Central

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#### **Dakin Securities Limited**

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Room 2701, Admiralty Centre

Tower 1, 18 Harcourt Road

Admiralty

Hong Kong

### Legal advisers to our Company

*As to Hong Kong law:*

#### **CFN Lawyers**

**in association with BROAD & BRIGHT**

*Solicitors, Hong Kong*

27th Floor and Unit A, 13th Floor, Neich Tower

128 Gloucester Road

Wan Chai

Hong Kong

*As to PRC law:*

#### **Tian Yuan Law Firm**

*PRC attorneys-at-law*

10/F, China Pacific Insurance Plaza

28 Fengsheng Hutong

Xicheng District

Beijing 10032

PRC

*As to Cayman Islands law:*

#### **Conyers Dill & Pearman**

*Cayman Islands attorneys-at-law*

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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Legal advisers to the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters	<i>As to Hong Kong law:</i> <b>Howse Williams Bowers</b> <i>Solicitors, Hong Kong</i> 27/F, Alexandra House 18 Chater Road Central Hong Kong
Joint auditors and Joint reporting accountants	<b>Mazars CPA Limited</b> <i>Certified Public Accountants</i> 42nd Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong  and  <b>Cheng &amp; Cheng Limited</b> <i>Certified Public Accountants</i> 10th Floor, Allied Kajima Building 138 Gloucester Road Wanchai Hong Kong
Internal control adviser	<b>Baker Tilly Hong Kong Risk Assurance Limited</b> 2nd Floor, 625 King's Road North Point Hong Kong
Receiving bank	<b>The Bank of East Asia, Limited</b> 10 Des Voeux Road Central Hong Kong
Industry consultant	<b>China Insights Consultancy Limited</b> 10/F, Tomorrow Square 399 West Nanjing Road Huangpu District Shanghai PRC

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## CORPORATE INFORMATION

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<b>Registered office in the Cayman Islands</b>	P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman KY1-1205 Cayman Islands
<b>Headquarters and principal place of business in Hong Kong</b>	18/F, Prosperity Tower 39 Queen's Road Central Hong Kong
<b>Company's website</b>	<b><a href="http://www.vbg-group.com">http://www.vbg-group.com</a></b> <i>(Note: the information contained on this website does not form part of this prospectus)</i>
<b>Compliance officer</b>	Mr. Hui Ringo Wing Kun Flat D, 25/F, Tower 1, Lake Silver 599 Sai Sha Road Ma On Shan New Territories Hong Kong
<b>Company secretary</b>	Mr. Ng Ka Ki <i>Certified Public Accountant</i> Room 3502, Tung On House Lei Tung Estate Ap Lei Chau Hong Kong
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Mr. Hui Ringo Wing Kun Flat D, 25/F, Tower 1, Lake Silver 599 Sai Sha Road Ma On Shan New Territories Hong Kong  Mr. Ng Ka Ki <i>Certified Public Accountant</i> Room 3502, Tung On House Lei Tung Estate Ap Lei Chau Hong Kong
<b>Audit committee</b>	Mr. Tsang Wing Ki ( <i>Chairman</i> ) Mr. Kam Cheuk Fai David Mr. William Robert Majcher
<b>Remuneration committee</b>	Mr. Kam Cheuk Fai David ( <i>Chairman</i> ) Mr. Tsang Wing Ki Mr. William Robert Majcher Mr. Hui Ringo Wing Kun

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## CORPORATE INFORMATION

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<b>Nomination committee</b>	Mr. William Robert Majcher ( <i>Chairman</i> ) Mr. Kam Cheuk Fai David Mr. Tsang Wing Ki
<b>Compliance adviser</b>	Dakin Capital Limited <i>A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO</i> Room 2701, Admiralty Centre Tower 1, 18 Harcourt Road Admiralty Hong Kong
<b>Principal share registrar and transfer office in the Cayman Islands</b>	Vistra Cayman Trust Limited P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman KY1-1205 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal bank</b>	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

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## INDUSTRY OVERVIEW

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*Unless otherwise indicated, the information presented in this section is derived from the CIC Report prepared by CIC, which was commissioned by us and is prepared primarily as a market research tool. References to CIC should not be considered as its opinion as to the value of any security or the advisability of investing in our Group.*

*Our Directors believe that the sources of information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting, compiling and reproducing such information and statistics. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material respect. The relevant information prepared by CIC and set out in this Industry Overview has not been independently verified by our Group, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective directors, officers, advisers and agents, 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 (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.*

### SOURCE OF INFORMATION

We commissioned CIC, an independent market research and consulting company, to analyse and prepare a report on the PRC and Hong Kong's financial service industries. A commission fee of HK\$614,500 was paid to CIC pursuant to a service agreement reached by arm's length negotiation. Our Directors consider such fee reflect market rates. CIC, an investment and financing consultancy, provides professional industry consulting services for customers who seek to raise money through public stock offerings. Our Directors are of the view that the information set forth in this section is reliable and not misleading, as the information was extracted from the CIC Report and the CIC is an independent professional market research company with extensive experience in their profession. The information and data collected by CIC have been analysed, assessed and validated using CIC's in-house analysis models and techniques. The methodology used by CIC is based on information gathered from multiple levels and allows such information to be cross-referenced for reliability and accuracy. On this basis, we consider the data and statistics to be reliable.

### CIC Report

In preparing the report, CIC conducted both primary and secondary research and relied on various sources. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved the analysis of market data obtained from several publicly available data sources, such as the Hong Kong Census and Statistics Department, the SFC and the Stock Exchange.

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## INDUSTRY OVERVIEW

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The CIC report contains a variety of market projections which were produced with the following key assumptions: (i) the global and Hong Kong's economy and financial industry are likely to maintain a sustainable growth in the next decade; (ii) relevant industry factors such as the established legal system, the high degree of market autonomy, the internationalisation of the RMB, initiatives to ease access to capital markets including the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and technological advancements, are likely to remain advantageous to the Hong Kong financial service market in the report period; and (iii) there being no industry regulation which may affect the market substantially. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumptions and factors.

Analyses in the CIC Report have taken into account, among others, the following parameters of the relevant markets in the Greater China, PRC and Hong Kong:

- equity fundraising on the Stock Exchange, the Main Board and GEM;
- size of M&A deals in Greater China and Hong Kong;
- size of private equity deals in PRC and Hong Kong; and
- size of the management consulting market in PRC.

The CIC report mainly focuses on the three regions where corporate finance houses, financial advisory firms and financial service customers are generally located in, namely Greater China, the PRC, and Hong Kong. In the context of the CIC Report, Greater China refers to the PRC, Taiwan, Hong Kong and Macau. Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there has been no material adverse change in the market information since the date of the relevant data contained in the CIC Report which may qualify, contradict or have an impact on the information in this section.

### OVERVIEW OF THE HONG KONG CAPITAL MARKETS

#### *Annual turnover value of the Main Board and GEM in Hong Kong*

##### **Annual turnover value, Hong Kong, 2011-2016**

	2011	2012	2013	2014	2015	2016
Main Board (HK\$ billion)	17,901.1	13,267.5	15,185.8	16,990.3	25,836.0	16,280.0
GEM (HK\$ billion)	63.0	33.5	78.8	165.5	254.7	116.4

*Source: the Stock Exchange*



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## INDUSTRY OVERVIEW

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According to the Stock Exchange, the Main Board has an annual turnover value of HK\$16,280 billion in 2016, with a CAGR of about -1.9% from 2011 to 2016. Influenced by the global trend, high-tech enterprises have received more attention in recent years. A certain number of investors have shifted their attention from the Main Board to GEM because companies listed on GEM are largely from high-tech industries, which are considered to have a greater potential compared to companies listed on the Main Board. In 2016, there were 45 new listed companies on GEM, 9 of which had high-tech being its core business, representing a share of 20%. The market focus shift has greatly boosted GEM's annual turnover, volume and number of trades between 2011 and 2016.

### *World ranking of the Hong Kong stock market*

The following table sets out the market capitalisation and ranking of the world's top 10 stock exchanges as at 31 December 2016:

#### **Market capitalisation and ranking of the world's top 10 stock exchanges as at 31 December 2016**

<b>Worldwide Rank</b>	<b>Ranking in Asia</b>	<b>Stock Exchanges</b>	<b>Capitalisation<sup>(6)</sup> (US\$ billion)</b>
1		New York Stock Exchange (NYSE)	19,573.1
2		NASDAQ OMX	7,779.1
3	1	Japan Exchange Group (Tokyo) <sup>(1)</sup>	5,061.5
4	2	Shanghai Stock Exchange	4,104.0
5		London Stock Exchange Group <sup>(2)</sup>	3,622.4
6		Euronext Europe <sup>(3)</sup>	3,492.6
7	3	Shenzhen Stock Exchange	3,216.8
8	4	Hong Kong Stock Exchanges <sup>(4)</sup>	3,193.2
9		Toronto Stock Exchange <sup>(5)</sup>	2,041.5
10		Deutsche Börse	1,732.3

Source: SFC

Notes:

1. Japan Exchange Group (Tokyo) comprises Tokyo Stock Exchange and Osaka Securities Exchange;
2. London Stock Exchange Group comprises London Stock Exchange and Borsa Italiana;
3. Euronext Europe comprises Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris;
4. The Stock Exchanges includes GEM;
5. Toronto Stock Exchange includes TSX Venture
6. Ranking is based on market capitalisation. Market capitalisation excludes investment funds.

As at 31 December 2016, the Stock Exchange was ranked the eighth largest stock market in the world by market capitalisation of its listed companies which amounted to US\$3,193.2 billion. Influenced by the amid worries and uncertainties about the economic outlook and a weakening of the RMB, the PRC's stock market in 2016 experienced fluctuation but still much steadier compared with the previous year. Nevertheless, the Shanghai Stock Exchange and Shenzhen Stock Exchange still manage to achieve a substantial growth in market capitalisation, which eventually led to the exchanges being globally ranked 4th and 7th respectively in terms of market capitalisation.

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## INDUSTRY OVERVIEW

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### *Hong Kong's capital market has developed steadily with unique competitive edges*

The competitive edge of the Hong Kong capital market is unique. The Stock Exchange and SFC have strong reputations for their stringent standards and regulatory scheme. Hong Kong has a competitive position in comparison to other stock exchanges in the Asia-Pacific region due to its role as a bridge to the PRC and as the largest offshore RMB centre, free movement of capital and information; and a simple tax system with low tax rate.

#### Number of companies listed and market capitalisation on the Stock Exchange, Hong Kong, 2006-2016

	31 December 2006	31 December 2007	31 December 2008	31 December 2009	31 December 2010	31 December 2011	31 December 2012	31 December 2013	31 December 2014	31 December 2015	31 December 2016
Number of companies listed in the Stock Exchange	1,173	1,241	1,261	1,319	1,413	1,496	1,547	1,643	1,752	1,866	1,973
Market capitalisation of companies listed in the Stock Exchange (HK\$ billion)	13,337.7	20,697.6	10,298.8	17,874.3	21,077.0	17,537.3	21,950.1	24,042.8	25,071.8	24,684.0	24,761.3

*Source: the Stock Exchange*

As of 31 December, 2016, market capitalisation of the Stock Exchange listed companies amounted to HK\$24.8 trillion, with a CAGR of about 6.4% since 2006. About 99% of total market capitalisation fell to the Main Board. The number of listed companies on the Stock Exchange rose from 1,173 in 2006 to 1,973 in 2016, with a CAGR of approximately 5.3%, of which about 87% was listed on the Main Board.

### *Drivers of Hong Kong's capital market*

Key drivers of Hong Kong's capital markets are as follows:

*Independent legal system and high market freedom.* Under the influence of the international common law system, Hong Kong capital market's regulatory system has been accepted widely in the world. Meanwhile, the constantly improving transparency of the system and market make Hong Kong more attractive to global participants. The high degree of openness and fully mature market operation rules of diversified operating tools available on the market ensure the capital market dynamics.

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## INDUSTRY OVERVIEW

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*RMB internationalization.* Demographic and economic trends underpin long-term wealth creation in Asia especially in PRC. Mainland capital market development cannot fulfill the demand of investment and the real economy. With the acceleration of RMB internationalisation, Hong Kong would become the global offshore RMB center, thus Hong Kong's capital market presents great attractiveness worldwide. Cross-border M&A activity in Hong Kong has also been booming in recent years, mainly due in large part to numerous offshore transactions involving PRC enterprises.

*Mutual market access.* Launched on 17 November 2014 and 5 December 2016, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are the controllable and expandable channel for mutual market access between the Mainland and Hong Kong by a broad range of investors. Hong Kong may benefit from mainland Chinese investors injecting liquidity and investment in its capital market. Due to the connectivity of the Hong Kong market and other potential markets, Hong Kong's capital market is highly attractive to enterprises from various countries in the world.

### DEVELOPMENT OF THE STOCK EXCHANGE

#### *Main Board is the preferred listing path which provides a wide range of benefits*

The majority of newly listed companies are on the Main Board but the total number has fluctuated in past ten years. In 2016, there were 81 newly listed companies on the Main Board, including 6 transfers from the GEM to the Main Board, with a CAGR of about 3.8% since 2006. Companies listed on the Main Board range from conglomerates and banks to utilities and property developers. A listing on the Main Board can offer a company the following benefits:

- i. Better access to capital for growth with opportunities to raise funds both at the time of listing and at later stages;
- ii. Higher profile and visibility in the market may result in increased business, greater assurance among the company's customers and suppliers, and an improved corporate image;
- iii. Increased corporate transparency to gain recognition from institutional funds and the investing public;
- iv. Improved corporate governance as a result of listing requirements will help improve management efficiency and information flow; and
- v. Greater employee commitment resulting from the grant of employee share options as part of the compensation package to encourage the senior management to grow with the company.

#### *Increasing importance of the GEM as a fund-raising platform for small to medium-sized enterprises*

The GEM was established as an alternative market to the Main Board in November 1999 to provide capital formation opportunities for growth companies. Amendments to the GEM Listing Rules which took effect on July 2008, introduced a streamlined process for GEM listed companies to transfer listing to the Main Board, thus repositioning GEM as a stepping stone to the Main

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## INDUSTRY OVERVIEW

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Board. Compared to the Main Board, the GEM tends to be much smaller in both the number of listed companies and market capitalisation. The convenient board transformation system helps small enterprises to grow mature and obtain financing again in the Main Board once they fulfill the relevant requirements.

### Number of companies newly listed on GEM and transfer from GEM to the Main Board, Hong Kong, 2011-2016

	31 December 2011	31 December 2012	31 December 2013	31 December 2014	31 December 2015	31 December 2016
Number of new listing on GEM	13	12	23	19	34	45
Number of transfer of listing from GEM to the Main Board	12	2	8	7	14	6

*Source: the Stock Exchange*

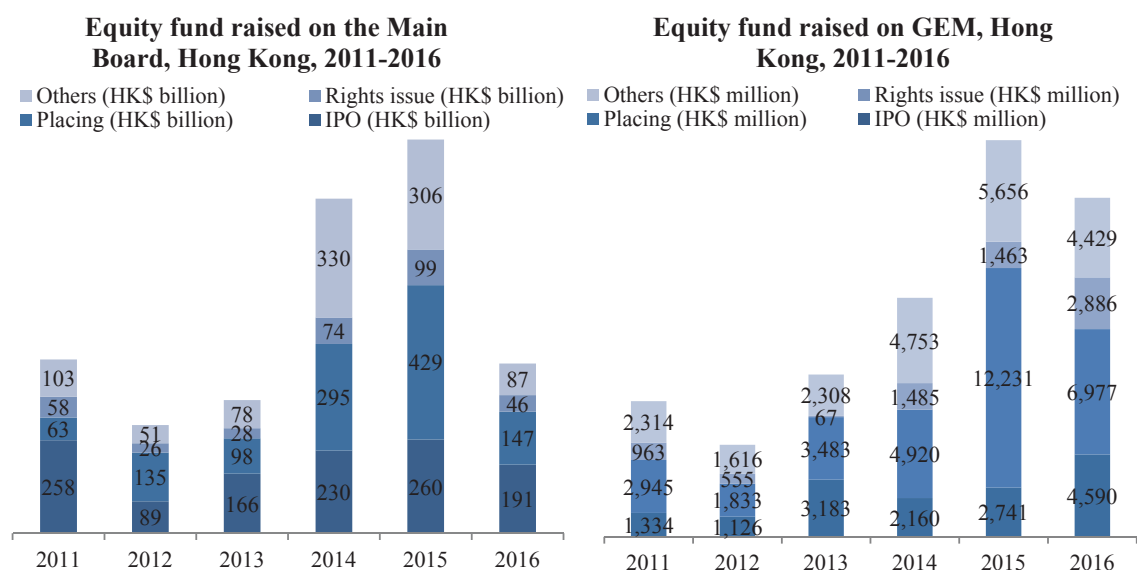
Under the influence of the international economic cycle, the total number of new listings on the GEM exhibited corresponding volatility. In 2013, the number of newly listed enterprises reached 23, almost doubled as compared to 12 in 2012, as the global economy recovered from the European debt crisis. A total of 45 companies opted for a GEM listing in 2016, with a CAGR of approximately 28.2% since 2011. This set a record for the highest number of GEM IPOs in Hong Kong per year for the past decade and reflected that the GEM is an effective fund-raising platform for growth companies. Companies from the retail, consumer goods and services sector reached 17 in 2016, which represented the majority of new listings, followed by 9 companies from the TMT (Technology, Media, Telecom) industries and 7 companies from the industrial sector. From 2011 to 2016, the total amount of transfer listing reached 49. The transfer of listing is anticipated to enhance the trading liquidity of the company and promote the corporate image to public investors, and also will benefit the company's future growth and its ability to raise funds for further expansion.

## INDUSTRY OVERVIEW

### *The Stock Exchange is attractive worldwide in terms of IPO and post-IPO fund-raising activities*

The total number of newly listed companies in the Stock Exchange reached 126 in 2016, with a CAGR of 4.5% since 2011.

The total new listing of red chips and H-shares in the Stock Exchange reached 18 in 2016, with a CAGR of approximately 6.7% since 2011. The PRC has become the key driver of the development of Hong Kong's capital markets. The Stock Exchange has become one of the preferred listing venues for PRC-based companies. Besides the PRC, the Stock Exchange is committed to attract new listings from the Greater China and other important markets, such as the Southeast Asia, Japan and Korea.



Source: the Stock Exchange

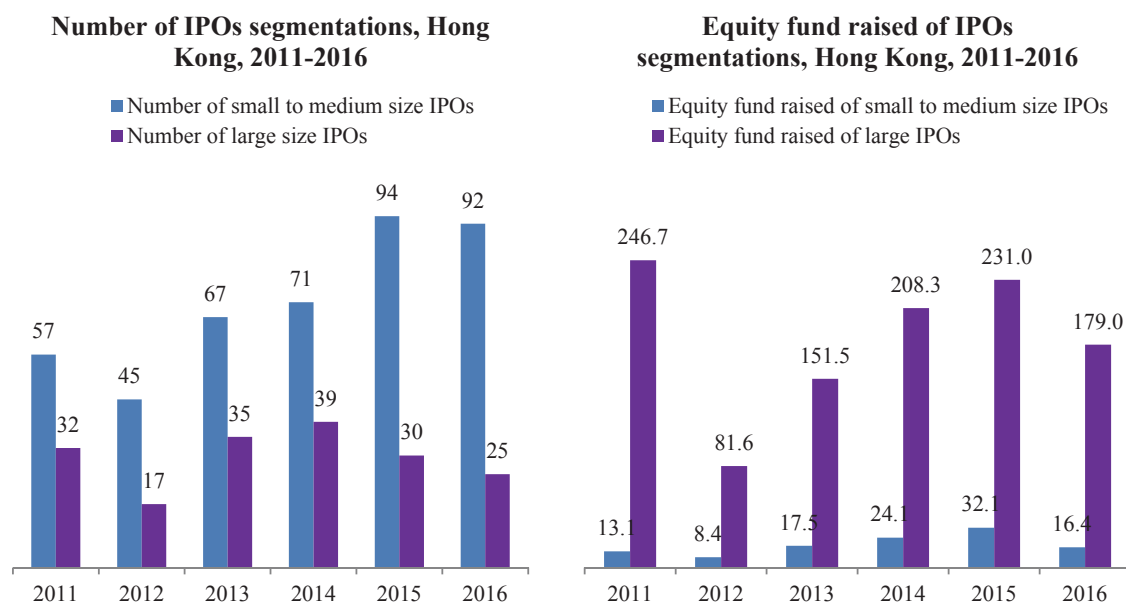
Note:

- rights issue refers to an issue of rights to a company's existing shareholders that entitles them to buy additional shares directly from the company in proportion to their existing holdings, within a fixed time period;
- placing refers to the sale of securities to a small number of private investors instead of to the general investing public;
- IPO refers to the first sale of stock by a private company to the public; others include open offer, consideration issue, warrants exercised and share option scheme.

In 2015, the Stock Exchange was on track to beat New York Stock Exchange to return as the top IPO market this year for the first time since 2011. In 2016, HKEx remained number one in the world in terms of capital raised from initial public offerings, and the aggregated IPO fundraising on the Main Board and GEM was approximately HK\$195.3 billion. The total equity funds raised in 2016 was around HK\$490.1 billion (HK\$195.3 billion from IPOs and HK\$294.7 billion from post-IPO fundraising). There were 10 sizable deals – raising over HK\$5 billion each – primarily from the financial services sector, including banks, securities brokerages, leasing and micro financing. Although only 15 out of 126 new listing companies were from financial services sector, these deals contributed more than 65% of total IPO funds raised.

## INDUSTRY OVERVIEW

### Segmentations of IPOs in Hong Kong capital market



Source: the Stock Exchange

Note: large size IPOs refer to IPOs with fundraising exceeding HK\$1 billion; small to medium size IPOs refer to IPOs with fundraising less than or equal to HK\$1 billion. Transfers of listing from GEM to the Main Board are excluded as there is no fundraising activity in the transfer of listing.

In 2016, small to medium size IPOs reached 92 deals with a CAGR of about 10.0% since 2011, while the large size IPOs dropped to 25 from 30 in 2015. A high-speed growth of small to medium size IPOs over the years indicates the constant growth of SME's financing demand. The fundraising market is dominated by large size IPOs which take 91.6% of total fundraising amount. The average deal size of large size IPOs reached HK\$7.2 billion, while the small to medium size IPOs deal size was HK\$0.2 billion. However, small to medium size IPOs market steadily fell back to HK\$16.4 billion in 2016, with a CAGR of around 4.5% since 2011. Small to medium size IPOs take account in 8.4% of total fundraising amount in 2016, compared to 5.0% of total fundraising amount in 2011.

### Competitive landscape of the Stock Exchange IPO sponsors

As of 31 December 2016, there were around 100 corporate finance houses in Hong Kong with sponsorship licenses, accounted for approximately 34.4% of 288 licensed corporations. Among them, there are 3 typical groups of companies, namely, foreign corporate finance houses, subsidiaries of Chinese corporate finance houses and local Hong Kong corporate finance houses. In 2016, total IPO fund raising reached approximately HK\$195.3 billion.

The Hong Kong IPO market is highly concentrated. The top 5 corporate finance houses took up approximately 68.7% of the total IPO fundraising amount. Our Group ranked 25th among all corporate finance houses in Hong Kong in terms of IPO fund raising in 2016. However, in terms of number of deals, our Group completed 2 deals in 2016 and ranked 22nd, which is tied with other 15 corporate finance houses.

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## INDUSTRY OVERVIEW

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### Ranking of corporate finance houses in terms of IPO fund raising in Hong Kong, 2016

Rank	Name	Amount (HK\$ mil)	Market Share
1	Company A	62,931.35	32.2%
2	Company B	24,148.27	12.4%
3	Company C	18,789.90	9.6%
4	Company D	17,264.65	8.8%
5	Company E	11,040.38	5.7%

*Source: Derived by CIC from public information of the Stock Exchange*

In 2016, total IPO fund raising sponsored by the local Hong Kong corporate finance houses reached HK\$4,736 million with around 48 IPO deals, took up approximately 2.4% of the total IPO fund-raising amount. There were 42 local Hong Kong corporate finance houses in 2016, the top 5 participants took up more than half of total IPO fund raising sponsored by local Hong Kong corporate finance houses. Our Group ranked fifth among all Hong Kong-based corporate finance houses in terms of IPO fund raising in Hong Kong in 2016.

### Ranking of local Hong Kong corporate finance houses in terms of IPO fund raising in Hong Kong, 2016

Ranking	Company	Market Share of IPO fund raising
1	Company W	13.0%
2	Company X	10.6%
3	Alliance Capital Partners Limited	9.0%
4	Company Z	7.4%
5	Our Company	7.0%

*Source: Derived by CIC from public information of the Stock Exchange*

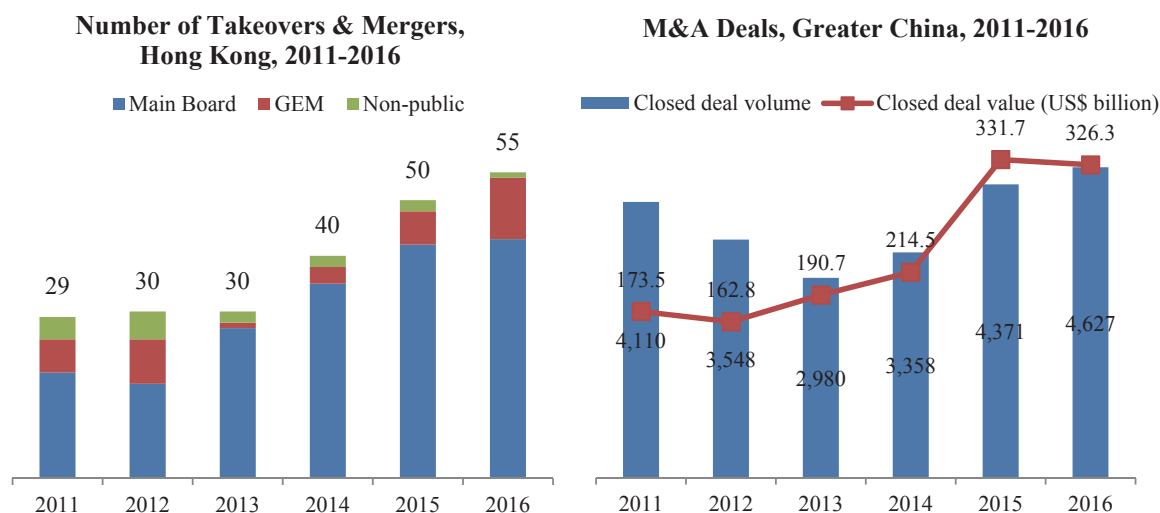
*Note:* Local Hong Kong corporate finance houses refer to corporate finance houses that initiated their business in Hong Kong, which are different from foreign corporate finance houses (such as Goldman Sachs (Asia) L.L.C., Citigroup Global Market Asia Limited, Morgan Stanley Asia Limited, UBS Securities Hong Kong Limited, etc.) and Chinese corporate finance house subsidiaries (such as BOCI Asia Limited, CCB International Capital Limited, Guotai Junan Capital Limited, Haitong International Capital Limited).



## INDUSTRY OVERVIEW

### CORPORATE FINANCE ADVISORY IN GREATER CHINA REGION

#### Public M&A activity robust in 2016



Source: the Stock Exchange, SFC, China Venture, CIC

According to the Stock Exchange Fact Books and the SFC Takeovers & Mergers Announcement, there were 55 takeover and merger deals closed in 2016 in respect of companies in Hong Kong (compared to 50 in 2015). Listed companies that were targeted with offers in 2016 covered a broad range of industries, including consumer goods/services, financials, properties and construction.

From 2011 to 2016, M&A activities in the Greater China involved local and international acquirers, attracting a lot of RMB fund capital and high inbound investment from outside the Asia-Pacific region. The total volume of M&A activities in the Greater China region reached US\$326.3 billion in 2016 representing a CAGR of about 13.5% since 2011. The number of M&A deals in the Greater China region reached 4,627 in 2016. The top industry sectors for M&A targets were manufacturing, energy, mining, consumer, and high-technology and Internet sectors.

#### China Outbound M&A activities set a record in 2016

##### Outbound M&A deal amount and value, China, 2011-2016

	2011	2012	2013	2014	2015	2016
Outbound M&A deal amount	206	191	200	272	382	923
Outbound M&A deal value (in US\$ billion)	42.5	55.4	48.1	52.7	63.9	220.9

Source: PricewaterhouseCoopers China

China outbound M&A activities recorded approximately 142% increase in deal amount and approximately 246% increase in deal value, which set a new record high in 2016. China's outbound M&A tends to pursue high-technologies (202 deals of industrials companies and 161 deals of high-tech companies in 2016) and bring back to the domestic market.

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## INDUSTRY OVERVIEW

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Accordingly, developed economies, such as Europe (300 deals in 2016) and North America (265 deals in 2016), are favoured destinations; buyers have also focused on Asian opportunities, in part in response to the Belt and Road Initiative. As there is a group of experienced mainland Chinese acquirers and strategic investors that fully engaged in overseas assets acquisition and management, they will remain active. Over time, outbound M&A will grow very strongly to support the emergence of Chinese MNCs.

### ***Strategic opportunities under “Made in China 2025” and the “Belt and Road Initiative”***

“Made in China 2025” is the PRC’s most comprehensive and ambitious industrial plan by far to remedy the PRC’s manufacturing problems with a comprehensive upgrading of the sector. The plan draws inspiration from Germany’s Industrie 4.0 as the PRC aims to make use of technologies like the Internet of Things, cloud computing and big data to upgrade its manufacturing. The initiative spans the entire manufacturing industry, including processes, standards, intellectual property rights and human capital, and has as strong focus on integrating production chains and factories. According to the Chinese government’s action plan, the PRC will aim for a big leap in innovation as well as in manufacturing efficiency, and as a result will realize basic industrialization by 2025; be able to compete with developed manufacturing powers by 2035; and lead the world’s manufacturing by the 100th birthday (2049) of the New China. The plan will increase the focus on high-tech industries such as Information Technology, Robotics, Aerospace and New Materials. Under “Made in China 2025”, domestic enterprises are encouraged to acquire foreign advanced technologies, business channels, R&D institutions and talents through overseas M&A. Hong Kong’s financial intermediation platform and specialised financial services will also be greatly needed to support a large number of potential M&A activities.

The “Belt and Road Initiative” is a significant development strategy launched by the Chinese government with the intention of promoting economic co-operation among countries along the proposed routes. The Initiative has been designed to enhance the orderly free flow of economic factors and the efficient allocation of resources. It is also intended to further market integration and create a regional economic co-operation framework of benefit to all. Chinese state banks have already invested more than USD250 billion in new initiative-designated projects such as railways and power plants. In 2016, Chinese companies signed 8,158 project contracts worth USD126.0 billion under the initiative. At maturity, investment in the Belt and Road is expected to reach USD4 trillion, equivalent to the PRC’s 2015 foreign currency reserves. Under the “Belt and Road Initiative”, Hong Kong’s independent legal system, low and simple tax structure, liberal trade and investment regimes, strong international networks, and free flow of information, capital and talent will aid it in becoming the business and trade center of Association of Southeast Asian Nations countries. Therefore, Hong Kong’s prominent sectors, including financial, professional and infrastructure development, will be greatly boosted by plenty of opportunities and foreign capital.

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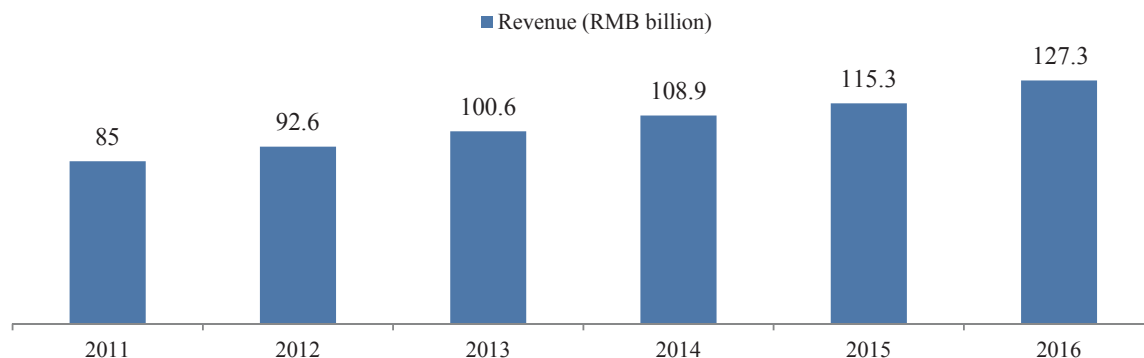
## INDUSTRY OVERVIEW

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### CONSULTING SERVICE MARKET IN THE PRC AND HONG KONG

*PRC's consulting service market has emerged as the most attractive market globally*

#### Management consulting market in the PRC, 2011-2016



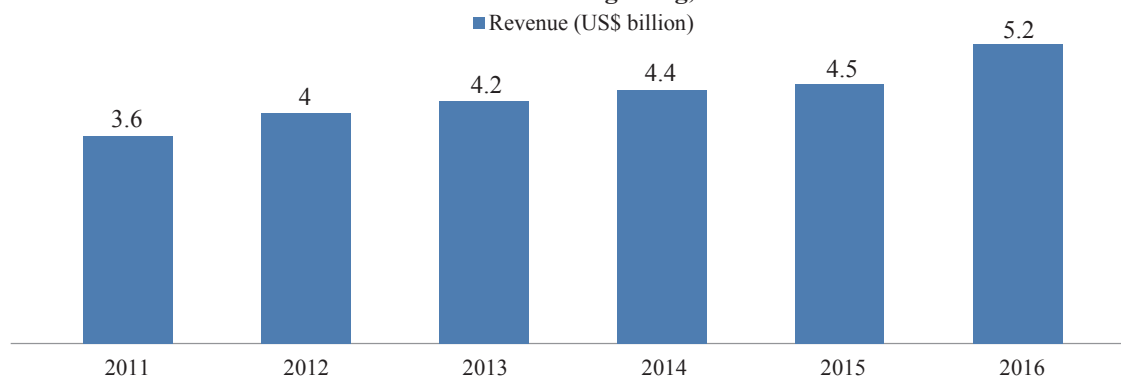
Source: CIC

The PRC has emerged as one of the most attractive markets for global consulting firms over the last decade. The average annual growth of PRC's consulting services market is estimated to have been 8.4% from 2011 to 2016, compared to 2% of the global market over the same period.

Manufacturing, infrastructure, energy & resources and financial services are the largest sectors for consulting, while demand from the pharmaceutical and biotech sectors has grown fast in recent years. One of the strongest consulting services in the PRC is operational improvement as Chinese businesses face diminishing cost advantages, particularly in the manufacturing sector. Technology, strategy and marketing are other strong consulting service segments in the PRC. The continued privatisation of Chinese state-owned enterprises and the internationalisation of Chinese small to medium enterprises have created a huge demand for professional services in the fields of corporate governance and restructuring, business strategy as well as human resource management.

*Hong Kong is a leading management consulting centre in Asia-Pacific region, attracting most internationally renowned consulting firms to build their presence*

#### Business and management consulting, and public relations services market in Hong Kong, 2011-2016



Source: Hong Kong Census and Statistics Department, Hong Kong Trade Development Council, CIC

Note: The total revenue above depicts the export value according to Hong Kong Census and Statistics Department.

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## INDUSTRY OVERVIEW

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Currently, Hong Kong plays a key role in the internationalization of Chinese enterprises. Many Chinese enterprises have a demand for consulting services from Hong Kong. With our Group's strong global network and the consulting arm VBG Asia, our Group is well positioned to provide wide range of consulting services to Chinese enterprises.

The consulting industry in Hong Kong is renowned for its leading position in the Asia-Pacific region, particularly in the areas of logistics, telecommunication strategy, privatisation, mobile strategy, service quality and governance. Most of the world's leading consulting firms have established their presence in Hong Kong, attracted by the pool of experienced professionals, easy access to technology and a rich client base. As of June 2016, Hong Kong was home to 1,379 regional headquarters and 2,352 regional offices representing their parent companies located outside the city. Many of the management consulting companies have served beyond Hong Kong's boundaries, mainly in the PRC and the rest of the APAC region. Many of the companies have their headquarters established in Hong Kong. Exports of business and management consultancy, and public relations services amounted to US\$5.2 billion in 2016.

### *Competitive landscape of management consulting in PRC and Hong Kong*

The management consulting market in China is highly fragmented. As at 31 December 2016, there were more than 30,000 management consulting players in the market, none of which could have more than 1% of total market share.

The management consulting market in Hong Kong is fragmented as well with more than 4,000 players competing in the city as at 31 December 2016. Due to its geopolitical influence which enables the market players to export their service outside of Hong Kong such as to China and the Southeast Asia markets, Hong Kong is attractive to international players to establish their regional offices, representing 60% of total players in Hong Kong.

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## REGULATORY OVERVIEW

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This section provides a brief summary of certain aspects of the regulatory environment in Hong Kong and the PRC, which are relevant to our Group's business and operation. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to our Group.

### HONG KONG REGULATORY OVERVIEW

#### The Securities and Futures Commission

With effect from 1 April 2003, the SFO consolidated and modernised the 10 previous ordinances regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures, leveraged foreign exchange trading and derivative markets as well as credit ratings, intermediaries and their conduct of regulated activities and the offering of investments to the public in Hong Kong.

The SFC is an independent statutory body which administers the SFO and is responsible for regulating the securities and the futures industry in Hong Kong. The SFC works to strengthen and protect the integrity and soundness of Hong Kong's securities and futures markets for the benefit of investors and the industry.

As set out in the SFO, SFC's regulatory objectives are:

- to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;
- to promote understanding by the public of financial services including the operation and functioning of the securities and futures industry;
- to provide protection for members of the public investing in or holding financial products;
- to minimise crime and misconduct in the securities and futures industry ;
- to reduce systemic risks in the securities and futures industry; and
- to assist the Financial Secretary of Hong Kong in maintaining the financial stability of Hong Kong by taking appropriate actions in relation to the securities and futures industry.

The SFC is the only Hong Kong financial regulator given the mandate to educate the investing public. Following the enactment of the Securities and Futures (Amendment) Ordinance 2012, the Investor Education Centre was formed as a SFC subsidiary to educate the public on a broad range of retail financial products and services.

The SFC has five operational divisions which are Corporate Finance, Enforcement, Intermediaries (including Licensing and Intermediaries Supervision), Investment Products and Supervision of Markets. The SFC is also supported by the Corporate Affairs and Legal services divisions.

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## REGULATORY OVERVIEW

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Below are participants, including investors, in the securities and futures market that SFC regulates in achieving the regulatory objectives under the SFO:

- Brokers, investment advisers, fund managers and intermediaries carrying out the regulated activities as listed in the sub-paragraph “Type of regulated activities” below
- Investment products
- Listed companies
- Hong Kong Exchanges and Clearing Limited
- Automated trading service providers
- Approved share registrars
- Investor Compensation Company Limited
- Market participants (including investors)

### **Type of regulated activities**

“Intermediary” means a licensed corporation or a registered institution under Schedule 1 to the SFO.

Schedule 5 to the SFO stipulates 10 types of regulated activities that can be carried out by intermediaries and provides a detailed definition of each of them.

These regulated activities include:

- 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
- Type 10 : providing credit rating services

The SFC has published a circular dated 22 October 2015 in relation to implementation of new over-the-counter (“OTC”) derivatives regulatory regime, under the Amendment Ordinance, two new regulated activities are introduced:

- Type 11 regulated activity (dealing in OTC derivative products or advising on OTC derivative products), which is not yet in operation; and

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## REGULATORY OVERVIEW

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- Type 12 regulated activity (providing customer clearing services for OTC derivative transactions), which came into operation on 1 September 2016.

The Amendment Ordinance also expands the scope of Type 7 and Type 9 regulated activities to cover OTC derivative transactions and products. The SFC and HKMA have published further consultation conclusions in July 2016 relating to the mandatory clearing and reporting of certain types of OTC derivatives, in response to the comments and suggestions made. The relevant subsidiary legislation depicting the clearing and reporting requirements has/will come into effect in September 2016 and July 2017, respectively.

Persons conducting business in such regulated activities are generally required to be licensed or registered with the SFC. The regulated activities that they are permitted to carry out are specified on their licences or certificates of registration.

### **Type of intermediaries**

Below are the four types of intermediaries that are regulated by the SFC:

#### **1. *Licensed corporation***

It is a corporation (not being an authorised financial institution) which is granted a licence to carry on one or more than one regulated activity under section 116 of the SFO; and

##### ***Temporary licensed corporation***

It is a corporation (not being an authorised financial institution) which is granted a temporary licence to carry on, for a period of not exceeding three months, one or more than one regulated activity under section 117 of the SFO.

#### **2. *Responsible officer***

He/she is a licensed representative who is also approved as a responsible officer under section 126 of the SFO to supervise the regulated activity of the licensed corporation to which he/she is accredited.

#### **3. *Licensed representative***

He/she is an individual who is granted a licence under section 120(1) of the SFO to carry on one or more than one regulated activity for a licensed corporation to which he/she is accredited; and

##### ***Provisional licensed representative***

He/she is an individual who is granted a provisional licence under section 120(2) of the SFO to carry on one or more than one regulated activity for a licensed corporation to which he/she is accredited (prior to the grant of his/her licence under section 120(1) of the SFO; and

##### ***Temporary licensed representative***

He/she is an individual who is granted a temporary licence under section 121 of the SFO to carry on, for a period not exceeding 3 months, one or more than one regulated activity for a corporation licensed under section 116 or 117 to which he/she is accredited.

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## REGULATORY OVERVIEW

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### 4. *Registered institution*

It is an authorised financial institution which is registered to carry on one or more than one regulated activity under section 119 of the SFO, where an authorised financial institution means an authorised institution as defined in section 2(1) of the Banking Ordinance (i.e. a bank, a restricted licence bank or a deposit-taking company).

### **Licensing regime under the SFO**

The functions of the SFC, as a gatekeeper of standards for individuals and corporations seeking approval to enter into the securities and futures markets of Hong Kong, include the following:

- grant licences to those who are appropriately qualified and can demonstrate their fitness and properness to be licensed under the SFO;
- maintain online a public register of licensed persons and registered institutions;
- monitor the ongoing compliance of licensing requirements by licensees, substantial shareholders of licensed corporations and directors of licensed corporations and substantial shareholders ; and
- initiate policies on licensing issues.

The SFC operates a system of authorising corporations and individuals (through licences) to act as financial intermediaries. Under the SFO, a corporation which is not an authorised financial institution (as defined in section 2(1) of the Banking Ordinance) (chapter 155 of the Laws of Hong Kong) and is:

- (a) carrying on a business in a regulated activity (or holding out as carrying on a regulated activity); or
- (b) actively marketing, whether in Hong Kong or from a place outside Hong Kong, to the public such services it provides, would constitute a regulatory activity if provided in Hong Kong,

must be licensed by the SFC to carry out that regulatory activity, unless one of the exemptions under the SFO applies.

### **Fit and proper requirements**

Person applying for licences and registrations under the SFO, including the licensed representatives and the responsible officer, must satisfy and continue to satisfy after the grant of such licences that they are fit and proper persons to be licensed to carry out the relevant regulated activity.



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## REGULATORY OVERVIEW

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In considering whether a person, an individual, corporation or institution, is fit and proper for the purpose of licensing or registration, the SFC shall, in addition to any other matter that the SFC may consider relevant. Section 129 (1) of the SFO has regard to the following:

- financial status or solvency;
- education or other qualifications or experience having regard to the nature of the functions to be performed;
- ability to carry on the regulated activity concerned competently, honestly and fairly; and
- reputation, character, reliability and financial integrity of the applicant and other relevant persons as appropriate.

The above fit and proper criteria serve as the fundamental basis when the SFC considers each licence or registration application. Detailed guidelines are contained in the Fit and Proper Guidelines, the Licensing Information Booklet and the Guidelines on Competence published by the SFC.

The Fit and Proper Guidelines apply to a number of persons including the following:

- an individual who applies for licence or is licensed under Part V of the SFO;
- a licensed representative who applies for approval or is approved as a responsible officer under Part V of the SFO;
- a corporation which applies for licence or is licensed under Part V of the SFO;
- an authorised financial institution which applies for registration or is registered under Part V of the SFO;
- an individual whose name is to be or is entered in the register maintained by the HKMA under section 20 of the Banking Ordinance (chapter 155 of the Laws of Hong Kong); and
- an individual who applies to be or has been given consent to act as an executive director of a registered institution under section 71C of the Banking Ordinance.

Section 129(2) of the SFO empowers the SFC to take into consideration any of the following in considering whether a person is fit and proper:

- decisions made by such relevant authorities as stated in Section 129(2)(a) of the SFO or any other authority or regulatory organisation, whether in Hong Kong or elsewhere, in respect of that person;
- in the case of a corporation, any information relating to:
  - any other corporation within the group of companies; or
  - any substantial shareholder or officer of the corporation or of any of its group companies;

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## REGULATORY OVERVIEW

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- in the case of a corporation licensed under Section 116 or Section 117 of the SFO or registered under Section 119 of the SFO or an application for such licence or registration:
  - any information relating to any other person who will be acting for or on its behalf in relation to the regulated activity; and
  - whether the person has established effective internal control procedures and risk management systems to ensure its compliance with all applicable regulatory requirements under any of the relevant provisions;
- in the case of a corporation licensed under Section 116 or Section 117 of the SFO or an application for the licence, any information relating to any person who is or to be employed by, or associated with, the person for the purposes of the regulated activity; and
- the state of affairs of any other business which the person carries on or proposes to carry on.

The SFC is obliged to refuse an application to be licensed if the applicant fails to satisfy the SFC that the applicant is a fit and proper person to be licensed. The onus is on the applicant to prove to the SFC that the applicant is fit and proper to be licensed for the regulated activity.

### **Licensed corporation**

For application as a licensed corporation, the applicant has to be incorporated and the licensed corporation has to satisfy the SFC that it has proper business structure, good internal control systems and qualified personnel to ensure the proper management of risks that it will encounter in carrying on the proposed regulated business as detailed in the business plan submitted to the SFC. Detailed guidelines to meet the requirements and expectations of the SFC are contained in the following:

- Guidelines on Competence;
- the SFC Code of Conduct;
- the management, supervision and internal control guidelines for persons licensed by or registered with the SFC;
- the corporate finance adviser Code of Conduct (the “CFA Code”)

As at the Latest Practicable Date, our subsidiary, VBG Capital, is licensed by the SFC to carry on Type 1 (on the condition that it shall not engage in dealing activities other than those relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities under the SFO since September 2013 and April 2009 respectively. For Type 6 Regulated Activity, during the period from 11 August 2014 to 23 January 2015, due to insufficient sponsor principals, VBG Capital should not act as sponsor in respect of an application for the listing on a recognized stock market of any securities apart from completing sponsor or compliance adviser work which it became contractually bound to complete prior to 11 August 2014. Such condition was subsequently removed on 23 January 2015 upon successful recruitment and registration of a sponsor principal.

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## REGULATORY OVERVIEW

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VBG Capital's licences as published by the SFC Public Register of Licensed Persons and Registered Institutions are, as at the Latest Practicable Date, subject to the following licensing conditions which, in the view of our Directors, have no material impact on the business of our Company:

- The licensee shall not hold client assets. The terms "hold" and "client" are as defined under the SFO.
- The licensee shall only provide services to professional investors. The term "professional investor" is as defined in the SFO and its subsidiary legislation.
- For Type 1 (dealing in securities) regulated activity, the licensee shall not engage in dealing activities other than those relating to corporate finance.

### **Responsible officer**

For each regulated activity conducted by a licensed corporation, it must appoint at least two responsible officers, at least one of whom must be an executive director, to supervise the business of the 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. For each regulated activity, it must have at least one responsible officer available at all times to supervise the business. The same individual may be appointed to be a responsible officer for more than one regulated activity provided that he is fit and proper to be so appointed and that there is no conflict in the roles assumed. As defined in section 113(1) of the SFO, "executive director", in relation to a licensed corporation, means a director of the corporation who actively participates in; or is responsible for directly supervising the business of a regulated activity for which the corporation is licensed.

### **Qualification and experience required for being a responsible officer**

A person who intends to apply to be a responsible officer must demonstrate that he fulfils the requirements on both competence and sufficient authority. An applicant should possess appropriate ability, skills, knowledge and experience to properly manage and supervise the corporation's regulated activity or activities. Accordingly, the applicant has to fulfil certain requirements on academic and industry qualifications, industry experience, management experience and regulatory knowledge as stipulated by the SFC.

If a responsible officer intends to conduct regulated activities in relation to matters falling within the ambit of a particular code issued by the SFC, for instance, the Takeovers Code, additional competence requirements specific to the Takeover Code would apply to responsible officers who carry on Type 6 (advising on corporate finance) regulated activity.

### **Licensed representative**

An individual is required to be a licensed representative if he/she is performing a regulated function for his/her principal which is a licensed corporation in relation to a regulated activity carried on as a business, or he/she holds himself/herself out as performing such a function.

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## REGULATORY OVERVIEW

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### **Qualification and experience required for being a licensed representative**

A person who intends to apply to be a licensed representative must demonstrate his/her competence requirement under the SFO. An applicant has to establish that he has the requisite basic understanding of the securities market in which he is to work as well as the laws and regulatory requirements applicable to the industry. In assessing the applicant's competence to be licensed as a licensed representative, the SFC will have regards to the applicant's academic and industry qualification and regulatory knowledge.

### **Sponsors and compliance advisers regime**

Under the sponsor regime established in January 2007, only Type 6 (advising on corporate finance) intermediaries that can meet the eligibility criteria set out in the Sponsor Guidelines published by the SFC and remain fit and proper as licensees or registered persons will be eligible to act as sponsors for IPOs and/or compliance advisers to listed companies. Since the new sponsor regime, there are enhanced regulations on IPO sponsors and the key obligations of IPO sponsors have been consolidated and centralised in paragraph 17 of the SFC Code of Conduct effective from 1 October 2013 for sponsor works.

The Listing Rules, the GEM Listing Rules, the Sponsor Guidelines and the CFA Code regulate sponsor's obligations and responsibilities. The intermediary and its management, which include a sponsor's board of directors, managing director, chief executive officer, responsible officers, executive officers and other senior management personnel, shall be responsible for ensuring that the firm satisfies all specific and on-going eligibility criteria of the Sponsor Guidelines and paragraph 17 of the SFC Code of Conduct. In case of any conflicts amongst the Listing Rules, the Sponsor Guidelines and the CFA Code, the provisions of paragraph 17 of the SFC Code of Conduct shall prevail. Hence, again, the onus is on the licensed corporation and its management to demonstrate that the firm satisfies all necessary requirements of the Sponsor Guidelines and paragraph 17 of the SFC Code of Conduct for sponsor work.

A sponsor is a licensed corporation or registered institution licensed or registered under the SFO for Type 6 (advising on corporate finance) regulated activity and permitted under its licence or certificate of registration to undertake work as a sponsor appointed to act as a sponsor in respect of an application for the listing of any securities on a recognized stock market under the GEM Listing Rules or the Listing Rules (as the case may be).

A compliance adviser is a licensed corporation or registered institution licensed or registered under the SFO for Type 6 (advising on corporate finance) regulated activity, and permitted under its licence or certificate of registration to undertake work as a sponsor appointed to act as a compliance adviser under the GEM Listing Rules or the Listing Rules (as the case may be). The main role of a compliance adviser is to ensure that the listed company is properly guided and advised as to compliance with the GEM Listing Rules or the Listing Rules (as the case may be) and all other applicable rules, laws, codes and guidelines. Only firms eligible to act as sponsors are eligible to act as compliance advisers. In this regard, this applies to VBG Capital.

In order to act as a sponsor, apart from holding a Type 6 (advising on corporate finance) licence, an application for sponsor licence should be submitted to the SFC to demonstrate that it can meet the eligibility criteria pursuant to the Sponsor Guidelines. In considering the sponsor licence application, the SFC will take into account the competency of the firm to act as a sponsor, based on the criteria set out in the Sponsor Guidelines and will also consider more generally the firm's fitness and properness as a corporate finance advisory firm under the Fit and Proper Guidelines.

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## REGULATORY OVERVIEW

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A sponsor should ensure that there are sufficient principals engaged in a full time capacity to discharge its role in supervising the transaction team. A sponsor should have at least two principals at all times. The GEM Listing Rules or the Listing Rules (as the case may be) require an issuer to appoint a compliance adviser during an initial period after being admitted to listing and the compliance adviser's core role is to assist the issuer to comply with certain of its GEM Listing Rules or Listing Rules (as the case may be) obligations during such a period. The list of sponsors is published in the SFC's website "List of Sponsors".

### Minimum capital requirements under the FRR

Section 145 of the SFO provides that all licensed corporations are required to have a minimum level of paid-up share capital and liquid capital in respect of the regulated activities for which the application for licence is made and to maintain at all times such minimum level of paid-up share capital and liquid capital.

The following table summarises the minimum paid-up capital and liquid capital that a licensed corporation is required for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities:

Regulated activity		Minimum paid-up share capital <i>HK\$</i>	Minimum liquid capital <i>HK\$</i>
Type 1 (dealing in securities)	• in the case where the corporation is an approved introducing agent or trader	Not applicable	\$500,000
	• in the case where the corporation provides securities margin financing	10,000,000	3,000,000
	• in any other case	5,000,000	3,000,000
Type 6 (advising on corporate finance)	• in the case where in relation to Type 6 (advising on corporate finance) regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets	Not applicable	100,000
	• in the case where the corporation acts as a sponsor	10,000,000	3,000,000
	• in any other case	5,000,000	3,000,000

*Source: Licensing Information Booklet and the FRR, Schedule 1*

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## REGULATORY OVERVIEW

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Pursuant to the FRR, where the licensed corporation is licensed to carry on two or more of the regulated activities, the respective paid-up capital and minimum capital requirement to be maintained by the licensed corporation licensed shall be the highest applicable amounts among the activities. VBG Capital, being a corporation licensed to carry on two types of regulated activities (i.e. Type 1 (dealing in securities) and Type 6 (advising on corporate finance)) under the SFO, is therefore, required to maintain the respective minimum paid-up share capital and minimum liquid capital at the highest amounts amongst the two types of regulated activities stipulated under the FRR.

Since VBG Capital is also eligible to carry out sponsor work, the minimum amount of paid-up capital and minimum liquid capital that VBG Capital is required to maintain, as at the Latest Practicable Date, are HK\$10 million and HK\$3 million respectively.

### ***Minimum paid-up capital***

As at the Latest Practicable Date, VBG Capital's issued share capital is HK\$11.0 million which is in compliance with the applicable minimum paid-up capital under the FRR.

### ***Minimum liquid capital***

In respect of the minimum liquid capital, the FRR sets out the computation of a number of variables in respect of all the liquid assets and ranking liabilities of the licensed corporation and its liquid assets must exceed its ranking liabilities, and in the case of VBG Capital, such surplus must be in excess of HK\$3 million.

### **Payment of annual fees**

Licensed corporations, licensed persons and registered institutions should pay annual fees within one month after each anniversary date of their licences or registration under section 138(2) of the SFO, details of the annual fees applicable to the two types of regulated activities of VBG Capital are as follows:

<b>Types of intermediary</b>	<b>Annual fees for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities</b>
Licensed corporation	HK\$4,740 per regulated activity
Licensed representative (not approved as responsible officer)	HK\$1,790 per regulated activity
Licensed representative (approved as responsible officer)	HK\$4,740 per regulated activity

On 24 March 2016, the SFC issued a circular waiving annual licensing fees for all licensed corporations, registered institutions, responsible officers and licensed representatives during the period from 1 April 2016 to 31 March 2018.

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## REGULATORY OVERVIEW

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### **Ongoing obligations for compliance by licensed corporations and intermediaries**

#### ***Remaining fit and proper***

Licensed corporations, licensed representatives and registered institutions must remain fit and proper at all times and have to comply with all applicable provisions of the SFO and its subsidiary legislations as well as the codes and guidelines issued by the SFC.

#### ***Notification to the SFC of certain events and changes***

Licensed corporations, licensed representatives and registered institutions are required to notify the SFC of certain events and changes in their particulars within the specified time limit pursuant to section 135 of the SFO and the Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong), details of which are contained in the Licensing Information Booklet.

#### ***Obligation for substantial shareholder***

According to section 132 of the SFO and the Licensing Information Booklet, a person (including a corporation) is required to apply for SFC's approval prior to becoming or continuing to be, as the case may be, a substantial shareholder of a corporation licensed under section 116 of the SFO. A person, being aware that he becomes a substantial shareholder of a licensed corporation without SFC's prior approval should, as soon as reasonably practicable and in any event within three business days after he becomes so aware, apply to the SFC for approval to continue to be a substantial shareholder of the licensed corporation.

#### ***Submission of audited accounts***

Licensed corporations and associated entities of intermediaries (except for those which are authorized financial institutions) are required to submit their audited accounts and other required documents within four months after the end of each financial year under section 156(1) of the SFO. Furthermore, if a licensed corporation ceases carrying on all of the regulated activities for which it is licensed, it should submit to the SFC its audited accounts and other required documents, made up to the date of cessation, no later than four months after the date of cessation under section 156(2) of the SFO. The same submission requirements applies to an associated entity (which is not an authorised financial institutions) of an intermediary upon its ceasing to be such an associated entity under section 156(2) of the SFO.

#### ***Submission of electronic financial resources returns (e-FRR)***

Licensed corporations are required to submit e-FRR on a monthly basis to the SFC save for those licensed corporations for holding only Types 4 (advising on securities), 5 (advising on futures contracts), 6 (advising on corporate finance) and/or 9 (asset management) regulated activities and their licences are subject to the condition that they shall not hold client assets. In the latter case, the licensed corporations shall have to submit semi-annual e-FRR to the SFC under Section 56 of the FRR.



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## REGULATORY OVERVIEW

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### ***Continuous professional training***

A licensed corporation must ensure that its licensed staff fulfills this requirement.

The SFC has issued a guideline entitled “Guidelines on Continuous Professional Training” pursuant to Section 399 of the SFO. There is an annual requirement that every licensed individual must undertake at least five hours each calendar year of continuous professional training for each type of regulated activity except for Type 7 (providing automated trading services) regulated activity. Failure to comply with the guidelines on continuous professional training may reflect adversely on the fitness and properness of a person to carry on the regulated activity.

Moreover, pursuant to the same section of the SFO mentioned above, licensed corporation is held primarily responsible for designing and implementing a continuous education system best suited to the training needs of the individuals they employ and which will enhance their industry knowledge, skills and professionalism. Licensed corporation should at least evaluate their training programs and make commensurate adjustments to cater for the training needs of the individual they employed.

### ***Maintenance of segregated account(s), and holding and payment of customer money***

A licensed corporation must maintain segregated account(s), and holding and payment of customer money in accordance with the requirements of the Securities and Futures (Customer Money) Rules (Chapter 571I of the Laws of Hong Kong) which sets out the requirements to ensure proper handling of customer money. It prescribes the treatment of customer money received or held in Hong Kong by licensed corporation.

### ***Record keeping requirements***

A licensed corporation must keep records in accordance with the requirements under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong) which requires licensed corporations to keep proper records. It prescribes the records that are to be kept by licensed corporations to ensure that they maintain comprehensive records in sufficient details relating to their businesses and customer transactions for proper accounting of their business operations and customers’ assets.

### ***Employee dealings***

As mentioned in the Code of Conduct, a licensed or registered person should have a policy which has been communicated to employees (including directors other than non-executive directors) in writing on whether employees are permitted to deal for their own accounts in securities. In the event that employees of a registered person are permitted to deal for their own accounts in securities:

- (a) the written policy should specify the conditions on which employees may deal for their own accounts;
- (b) employees should be required to identify all related accounts (including accounts of their minor children and accounts in which the employees hold beneficial interests) and report them to senior management;



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## REGULATORY OVERVIEW

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- (c) employees should generally be required to deal through the licensed or registered person or its affiliates;
- (d) if the licensed or registered person provides services in securities or futures contracts listed or traded on one of the Hong Kong exchanges or in derivatives, including over-the counter derivatives written over such securities, and its employees are permitted to deal through another dealer, in those securities, the licensed or registered person and employee should arrange for duplicate trade confirmations and statements of account to be provided to senior management of the licensed or registered person;
- (e) any transactions for employees' accounts and related accounts should be separately recorded and clearly identified in the records of the licensed or registered person; and
- (f) transactions of employees' accounts and related accounts should be reported to and actively monitored by senior management of the licensed or registered person who should not have any beneficial or other interest in the transactions and who should maintain procedures to detect irregularities and ensure that the handling by the licensed or registered person of these transactions or orders is not prejudiced to the interests of the licensed or registered person's other customers.

A licensed or registered person should not knowingly deal in securities or futures contracts for another licensed or registered person's employee unless it has received written consent from that licensed or registered person.

### ***Supervision by the SFC***

SFC supervises licensed corporations and intermediaries operating in the market. SFC conducts on-site inspections and off-site monitoring to ascertain and supervise intermediaries' business conduct and compliance with relevant regulatory requirements and to assess and monitor the financial soundness of intermediaries.

### ***Disciplinary power of the SFC***

Under Part IX of the SFO, the SFC may take disciplinary action against a regulated person (including a licensed person or a registered institution) if that person is found to be guilty of misconduct or not fit and proper to be or remain the same type of regulated person (sections 194 and 196 of the SFO).

Section 194 of the SFO deals with disciplinary actions in respect of licensed persons. The SFC may exercise any of the following disciplinary actions against a regulated person which means a person who is or at the relevant time was any of the below types of person:

- a licensed person;
- a responsible officer of a licensed corporation; or
- a person involved in the management of the business of a licensed corporation.

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Subject to the due process for exercising disciplinary powers laid down in section 198 of the SFO, the SFC may exercise any of the below disciplinary actions against a regulated person:

- revocation or suspension of a licence or a registration;
- revocation or suspension of part of a licence or registration in relation to any of the regulated activities for which a regulated person is licensed or registered;
- revocation or suspension of the approval granted to a responsible officer;
- public or private reprimand on a regulated person;
- prohibition of a regulated person from applying to be licensed or registered or to be approved as a responsible officer;
- prohibition of a regulated person from re-entry for life to be licensed or registered, etc.; and
- pecuniary penalty of not exceeding the amount of HK\$10 million or 3 times the profit gained or loss avoided as a result of the conduct in question.

### ANTI-MONEY LAUNDERING AND TERRORIST FINANCING

Money laundering covers a wide range of activities and processes intended to alter the identity of the source of criminal proceeds in a manner which disguises their illegal origin. Terrorist financing is a term which includes the financing of terrorist acts, and of terrorist and terrorist organisations. It extends to any funds, whether from a legitimate or illegitimate source.

Licensed corporations are required to comply with applicable anti-money laundering laws and regulations in Hong Kong. The four principal pieces of legislation in Hong Kong that are concerned with money laundering and terrorist financing are

- the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong);
- the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong);
- the Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong); and
- the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong).

The SFC has also published the Prevention of Money Laundering and Terrorist Financing Guidance Note (September 2009), which was superseded by

- (1) Prevention of Money Laundering and Counter-Terrorist Financing (April 2012); and

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## REGULATORY OVERVIEW

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- (2) Guideline on Anti-Money Laundering and Counter-Terrorist Financing (April 2015), which require licensed corporations to, among other things, adopt and enforce “know-your-customers” policies and procedures. Staff of licensed corporations who know, suspect or have reasonable grounds to believe that a customer might have engaged in money laundering activities must immediately report to the compliance division or senior management of its organisation which, in turn will report to the JFIU.

### TAKEOVERS AND MERGERS

Financial advisers and independent financial advisers licensed by the SFC may act for Hong Kong listed issuers as regards transactions principally involving the GEM Listing Rules, Listing Rules and Takeovers Code.

In Hong Kong, any takeover, merger, privatization and share repurchase activities affecting public companies are regulated by the Takeovers Code which is issued by the SFC in consultation with the Takeovers and Mergers Panel. The primary purpose of the Takeovers Code is to afford fair treatment for shareholders who are affected by takeovers, mergers, privatisations and share buy-backs. The Takeovers Code seeks to achieve fair treatment by requiring equality of treatment of shareholders, mandating disclosure of timely and adequate information to enable shareholders to make an informed decision as to the merits of an offer and ensuring that there is a fair and informed market in the shares of companies affected by takeovers, mergers, privatisations and share buy-backs. The Takeovers Code also provides an orderly framework within which takeovers, mergers, privatisations and share buy-backs activities are to be conducted.

The responsibilities provided for in the Takeovers Code apply to:

- directors of companies that are subject to the Takeovers Code;
- management companies (and their directors) and trustees of REITS (as defined under the REIT Guideline Note in Schedule IX of the Takeovers Code) that are subject to the Takeovers Code;
- persons or groups of persons who seek to gain or consolidate control of companies that are subject to the Takeovers Code;
- their professional advisers;
- persons who otherwise participate in, or are connected with, transactions to which the Takeovers Code applies; and
- persons who are activity engaged in the securities market.

In addition, any other persons who issue circulars or advertisements to shareholders in connection with takeovers, mergers, privatisations and share buy-backs must observe the highest standards of care and consult with the Takeovers Executives prior to the release thereof.

The role and responsibility of financial advisers and other professional advisers is of particular importance given the non-statutory nature of the Takeovers Code, and it is part of their

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## REGULATORY OVERVIEW

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responsibility to use all reasonable efforts, subject to any relevant requirements of professional conduct, to ensure that their customers understand, and abide by, the requirements of the Takeovers Code, and to co-operate to that end by responding to inquiries from the Takeovers Executive, the Takeovers and Mergers Panel or the Takeovers Appeal Committee.

The Takeovers Panel hears disciplinary matters in the first instance and reviews rulings by the Takeovers Executive at the request of any party dissatisfied with such a ruling. It also considers novel, important or difficult cases referred to it by the Takeovers Executive. It also reviews, upon the SFC's request, the provisions of the Takeovers Code and the Rules of Procedure for hearings under the Takeovers Code, and recommends relevant amendments as appropriate.

The Takeovers Appeal Committee reviews disciplinary rulings of the Takeovers Panel at the request of an aggrieved party for the sole purpose of determining whether any sanction imposed by the Takeovers Panel is unfair or excessive.

To help the public better understand the activities of the Takeovers Panel and the Takeovers Appeal Committee, rulings and sanctions given, together with the reasons in support, are published by the SFC. The Takeovers Executive also publishes decisions or statements as and when appropriate. In addition, practice notes are issued by the Takeovers Executive to provide informal guidance as to how the Takeovers Executive normally interprets and applies certain provisions of the Takeovers Code. The practice notes are reviewed by the Takeovers Executive periodically and are published on the SFC's website.

### HONG KONG EXCHANGES AND CLEARING LIMITED

Apart from the SFC, the Stock Exchange also plays a leading role in regulating companies seeking admission to the Hong Kong markets and supervising those companies once they are listed. The Stock Exchange is a recognised exchange controller under the SFO. It owns and operates the only securities and futures exchanges in Hong Kong, namely the Stock Exchange and The Hong Kong Futures Exchange Limited, and their related clearing houses. The duty of the Stock Exchange is to ensure orderly and fair markets and that risks are managed prudently, consistent with the public interest and in particular, the interests of the investing public.

In its role as the operator and frontline regulator of the central securities and derivatives marketplace in Hong Kong, the Stock Exchange regulates listed issuers; administers listing, trading and clearing rules; and provides services at the wholesale level to customers of the exchanges and clearing houses, including issuers and intermediaries — namely investment banks or sponsors, securities and derivatives brokers, custodian banks and information vendors — who service the investor directly. These services comprise trading, clearing and settlement, depository and nominee services, and information services.

### THE PRC

The CSRC supervises and regulates the securities and futures industry in China. Pursuant to the PRC laws and regulations, the CSRC is responsible for maintaining the order of the securities and futures markets, drafting and enforcing relevant laws, regulations and standards and ensuring the lawful operation of the securities and future markets.

The SAC is a non-commercial self-regulatory organisation as well as a non-profit social legal entity. Under the supervision of the CSRC and the Ministry of Civil Affairs of the PRC, SAC's main duties are to formulate standards of conduct for, and to monitor the conduct, of its members.

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## REGULATORY OVERVIEW

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Pursuant to the Interim Procedures on Administration of Securities and Futures Investment Consultancy (《證券期貨投資諮詢管理暫行辦法》) (the “**Procedures**”), a licence from the CSRC is mandatory if a company is engaging in the business of the provision of securities and futures investment analysis, prediction, recommendation or consultation, directly or indirectly in the PRC, which fall under one or more of the categories listed below:

1. providing securities and futures investment consultancy services to the investor or client;
2. conducting seminars, lectures and analysis on securities and futures investment;
3. publishing articles, reviews and reports on securities and futures investment consultation in the print media and providing securities and futures investment consultancy services through radio and television stations;
4. providing securities and futures investment consultancy services through telecommunication systems including telephone, facsimile and the internet; and
5. any other form or method as determined by the CSRC.

According to the PRC legal opinion issued by our PRC legal adviser, since our only subsidiary registered in the PRC, VBG Beijing, is engaged in business consulting relating to mergers and acquisitions, its operations do not fall within the provisions of the Procedures and hence a licence from CSRC is not required. As advised by our PRC legal advisers, pursuant to the PRC Securities Law (《中華人民共和國證券法》), securities refer to shares, corporate bonds and other securities prescribed by the PRC State Council in the PRC; and shares refer to certificates of title issued by joint stock companies, which are a kind of securities issued to their shareholders by joint stock companies for capital raising and as evidence of their shareholdings and right to receive dividends. As at the Latest Practicable Date, the PRC State Council had not prescribed any other securities which are subject to the regulation of the PRC Securities Law.

In accordance with the above, the equities of limited liability companies are different from shares of joint stock companies, and so investments, mergers and acquisitions relating to change of equities of limited liability companies are not subject to the regulatory regime of the PRC laws governing securities and futures (including the Procedures). The consultancy business which has been carried out by VBG Beijing is related to investments, mergers and acquisitions of equities of limited liability companies, and thus it is not subject to the regulation of the Procedures. Nevertheless, VBG Beijing does not have the licence from CSRC under the Procedures and cannot engage in the business of providing securities and futures investment analysis, prediction, recommendation or consultation in relation to shares issued by joint stock companies and corporate bonds in the PRC. Given that (i) VBG Beijing, being the operating subsidiary of our Group, used to operate its business subject to such regulatory limitation during the Track Record Period; and (ii) our Group has no plan to expand its business to provision of securities and futures investment analysis, prediction, recommendation or consultation in the PRC, whether with or without the use of the net proceeds from the Share Offer thereon, our Directors believe the regulatory limitation has no material adverse impact on our Group’s business and prospects in the PRC.

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## REGULATORY OVERVIEW

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In addition, based on the confirmation of State Administration for Industry and Commerce in Beijing, VBG Beijing has not in the past three years been penalised for any non-compliances due to laws and regulations relating to its business operations. In the light of the above, our Directors are of the view that (1) VBG Beijing is not required to be regulated by CSRC or the SAC by virtue of its business activities but is required to pay among others, enterprise income tax and business tax, if applicable; and (2) VBG Beijing has complied with the relevant PRC regulatory requirements and guidelines in all material respects and has obtained the material licences for its PRC operations.

### APPROVAL FOR THE REORGANISATION AND THE LISTING

On 7 March 2016, Jayden Wealth, our Company and VBG Capital have obtained approval from the SFC regarding the change of substantial shareholder in VBG Capital under the Reorganisation in preparation for the Listing. For details of reorganisation, please refer to the section headed “History, Reorganisation and corporate structure — Reorganisation” in this prospectus.

Save for the approval from the Stock Exchange, no other regulatory approval is required for the Listing.

For shareholder’s approval, please refer to the section headed “Written resolutions of the sole Shareholder passed on 4 May 2017” in Appendix IV to this prospectus.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### HISTORY AND DEVELOPMENT

#### Introduction

We are a financial services provider. During the Track Record Period, our business predominantly focused on provision of (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services, to customers which are listed on the Stock Exchange and non-listed customers mainly in Hong Kong, the PRC, Asia and Europe. VBG Capital, our principal operating subsidiary, has been licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO in Hong Kong since April 2009 and Type 1 (dealing in securities on the condition that it shall not engage in dealing activities other than those relating to corporate finance) regulated activity since September 2013. Our Group, through VBG Beijing, provides business consulting relating to mergers and acquisitions of equities of limited liability companies in the PRC; and through VBG Asia, provides business consulting services such as (i) reviewing potential customers' business, capital structure and corporate strategic plans; and (ii) recommending cross-border M&A opportunities in order to enhance customers' financial performance and shareholder value.

#### History

The establishment of our Group can be traced back to around the end of 2008 when Ms. Letty Wan entered into sale and purchase agreements with her father (“**Mr. Wan**”) to acquire the investment holding companies which then held VBG Capital, VBG Beijing and Ping An Securities. At that time when the financial tsunami had a material adverse impact on the Hong Kong capital market, Mr. Wan had a plan to retire whereas Ms. Letty Wan, having gained years of experience in the field of investment and financial management in Hong Kong as an executive director of a listed company, which was engaged in investment in listed and unlisted securities and property investment, from December 2004 to December 2009, considered to start her own business and thus she took over her father's abovementioned companies.

The acquisition was at an aggregate consideration of approximately HK\$4,631,155 based on the net asset value of such companies, as at 30 November 2008 (in respect of those companies acquired pursuant to the sale and purchase agreement dated 24 December 2008) and 28 February 2009 (in respect of those companies acquired pursuant to the sale and purchase agreement dated 2 January 2009) respectively.

The acquisition was completed in April 2009 after obtaining the relevant approval from the SFC on the change of shareholders of those companies which were then licensed corporations.

In May 2009, Mr. Wan and Baron Group Limited, which was then beneficially and wholly owned by Ms. Letty Wan, entered into an option agreement pursuant to which Mr. Wan granted an option to Baron Group Limited to acquire Joy Silver. Baron Group Limited exercised the option and acquired Joy Silver in November 2011 at a consideration of HK\$6,192,453 based on the net asset value of Joy Silver as at 31 October 2011.

Among the companies acquired by Ms. Letty Wan from her father as mentioned above, Joy Silver, VBG Capital, VBG Beijing, and Ping An Securities had business operations when Ms. Letty Wan acquired the said companies. As the financial tsunami had a material adverse impact on the Hong Kong capital market in 2008 and early 2009, the then management of our Group after Ms. Letty Wan's abovementioned acquisition would like to enhance our Group's competitive



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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edge by establishing a more streamlined operating platform focusing on provision of financial services so that the human and capital resources could be utilised in a more efficient manner. Taking into consideration that there were other shareholders which had equity interests in Ping An Securities (which was sold to Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited) (0231.hk) in September 2015) and Joy Silver was then involved in a commercial dispute, the management of our Group decided to use VBG Capital as the primary entity of our Group to carry on the regulated activities, with a focus on the provision of financial services in respect of domestic and cross-border M&A, and acting as sponsor for IPOs of companies and their listing on the Stock Exchange.

As such, VBG Capital, which was then licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance (with the conditions that VBG Capital was not allowed to advise on matters or transactions falling within the ambit of the Takeovers Code and the Code on Share Repurchases and to act as sponsor in respect of an application for the listing on a recognised stock market of any securities)) and Type 9 (asset management) regulated activities, applied in April 2013 for (i) a waiver of the conditions imposed on its licence; (ii) a licence to conduct Type 1 (dealing in securities) regulated activity; and (iii) to cease to operate Type 4 (advising on securities) and Type 9 (asset management) regulated activities. VBG Capital obtained the licence to conduct Type 1 regulated activity, the waiver of the conditions to which the licence was then subject as well as due approval to cease Type 4 (advising on securities) and Type 9 (asset management) regulated activities in September 2013.

Since then, we have strengthened our financial services team and work capacity of financial services by recruiting experienced financial services personnel to enhance our services to our customers, in particular, listed issuers and shareholders of and/or investors in listed companies. In this connection, our financial services team increased from 8 persons in September 2013 to 19 persons by the end of September 2015. At that time we had 6 responsible officers and 9 licensed representatives. Concurrently, our corporate finance advisory business as well as the placing and underwriting business have grown gradually. VBG Capital secured an engagement to act as the sponsor for a listing applicant on GEM for the first time in September 2013 where the applicant was successfully listed in January 2014. Since September 2013 and up to the Latest Practicable Date, we had acted as sponsor in five successful listing applications to the Stock Exchange. We also started to provide financial advisory services and give advice to our customers in connection with their proposed transactions under the Listing Rules, the GEM Listing Rules and the Takeovers Code.

Leveraging on our performance in the corporate finance advisory industry, VBG Capital commenced to provide placing and underwriting services to listed companies on the Stock Exchange. We first acted as an underwriter for a GEM listed applicant in September 2015.

As we aim to provide a wide range of advisory services to our customers, we also provide business consulting services to our customers. For the Track Record Period, we provided business consulting services to customers whose business operations were in Hong Kong, Macau, China as well as Europe.

With the effort expended by our financial services team, for the Track Record Period, the revenue generated from financial services mentioned above amounted to approximately HK\$13.4 million, HK\$56.0 million, HK\$57.4 million and HK\$15.4 million, respectively.

Further details on our business model and services are set out under the section headed “Business — Our business model and services” in this prospectus.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Throughout the Track Record Period and up to the Latest Practicable Date, VBG Capital, VBG Asia and VBG Beijing had remained as our Group's principal operating subsidiaries. Our Company was incorporated in the Cayman Islands on 5 February 2016 in accordance with the Companies Law as an exempted company in anticipation of the Listing. In preparation for the Listing, our Group including VBG Capital, VBG Asia and VBG Beijing has undergone a reorganisation, details of which are set out in the paragraph headed "Reorganisation" in this section.

### Milestones

Set out below are the major milestones of our Group's business:

Month/Year	Event
September 2013	VBG Capital was (i) licensed to conduct Type 1 (dealing in securities) regulated activity and (ii) admitted sponsor and permitted to advise on matters and transaction of the Takeovers Code and the Code on Share Repurchase falling within the ambit under its licence to conduct Type 6 (advising on corporate finance) regulated activity
November 2013	VBG Capital acted as a compliance advisor for the first time for YuanShengTai Dairy Farm Limited (1431.hk), a company listed on the Main Board
January 2014	the listing of Hong Wei (Asia) Holdings Company Limited (8191.hk) where VBG Capital acted as the sponsor for a GEM applicant for the first time
January 2015	the listing of King's Flair International (Holdings) Limited (6822.hk) where VBG Capital acted as the sponsor for a Main Board applicant for the first time
September 2015	the financial services team of VBG Capital was increased to 19 persons. At the time, we had 6 responsible officers and 9 licensed representatives  number of active engagements handled increased from 15 for the year ended 30 September 2014 to 34 for the year ended 30 September 2015  revenue increased from approximately HK\$13.4 million for the year ended 30 September 2014 to approximately HK\$56.0 million for the year ended 30 September 2015
October 2015	the listing of Ahsay Backup Software Development Company Limited (8290.hk) where VBG Capital acted as one of the underwriters for a GEM applicant for the first time
June 2016	the listing of Chuan Holdings Limited (1420.hk) where VBG Capital acted as one of the underwriters for a Main Board applicant for the first time

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Corporate development**

The following is a brief corporate development of our Company and major operating subsidiaries, which sets out their establishment, commencement of business and material changes in shareholdings during the Track Record Period before the Reorganisation.

#### ***Our Company***

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 5 February 2016 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. Upon the date of incorporation, one share was allotted and issued at par value of US\$1 to NovaSage Incorporations (Cayman) Limited, which transferred the said one share to Jayden Wealth on the same date at par value of US\$1. Jayden Wealth is a company incorporated in BVI and is wholly owned by Ms. Letty Wan.

#### ***VBG Capital***

On 16 June 2005, VBG Capital was incorporated in Hong Kong and was wholly and beneficially owned by Mr. Wan.

On 20 May 2008, Baron Group Limited transferred the 150,000 shares in VBG Capital to its wholly owned subsidiary, namely VBG Capital Holdings Limited, at a total consideration of HK\$1. From June 2008 to April 2014, VBG Capital had issued an aggregate of 10,850,000 shares to VBG Capital Holdings Limited and as at the Latest Practicable Date had an issued share capital of HK\$11,000,000 divided into 11,000,000 shares.

VBG Capital was licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities in November 2008 and Type 6 (advising on corporate finance) regulated activity in April 2009, respectively. In September 2013, it was also licensed to conduct Type 1 (dealing in securities) regulated activity and ceased to hold the licences to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities. It commenced business in June 2008.

#### ***VBG Asia***

On 12 December 1962, VBG Asia was incorporated in Hong Kong. On 26 March 2010 and 14 April 2010, Capital Builder Investments Limited acquired 998 shares and 1 share respectively in VBG Asia from Independent Third Parties at an aggregate consideration of approximately HK\$360,000. On 26 March 2010, Wan's Family Company Limited acquired one share in VBG Asia from an Independent Third Party at par value of HK\$1. At that time, VBG Asia was an investment holding company which held a corporate club membership and the consideration was based on the net asset value of VBG Asia as at 19 March 2010. Capital Builder Investments Limited was then wholly owned by Wan's Family Company Limited and Wan's Family Company Limited was in turn wholly and beneficially owned by Ms. Letty Wan at the time of the above transfers of shares in VBG Asia.

On 25 October 2013, Capital Builder Investments Limited transferred 999 shares in VBG Asia to Wan's Group Limited at an aggregate consideration of HK\$410,550 and Wan's Family Company Limited transferred one share in VBG Asia to Wan's Group Limited at par value of HK\$1.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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In May 2014, VBG Asia commenced the provision of business consulting services such as (i) reviewing potential customers' business, capital structure and corporate strategic plans; and (ii) recommending cross-border M&A opportunities in order to enhance customers' financial performance and shareholder value.

On 31 August 2015, Wan's Group Limited transferred 1,000 shares in VBG Asia to its then wholly owned subsidiary, VBG Consulting Holdings Limited, at a nominal consideration of HK\$1.

### ***VBG Beijing***

VBG Beijing was established on 21 September 2004 in the PRC. Upon its establishment, the registered capital was US\$200,000 and was paid up by Baron China Limited.

From November 2006 to October 2007, the registered capital of VBG Beijing was increased from US\$200,000 to US\$700,000 and the investment amount was increased from US\$280,000 to US\$1,000,000, which was contributed by Baron China Limited.

On 25 August 2008, Baron China Limited and Baron Asia Limited entered into an equity transfer agreement pursuant to which Baron China Limited transferred all the equity interest in VBG Beijing to Baron Asia Limited at a nominal consideration of HK\$1.

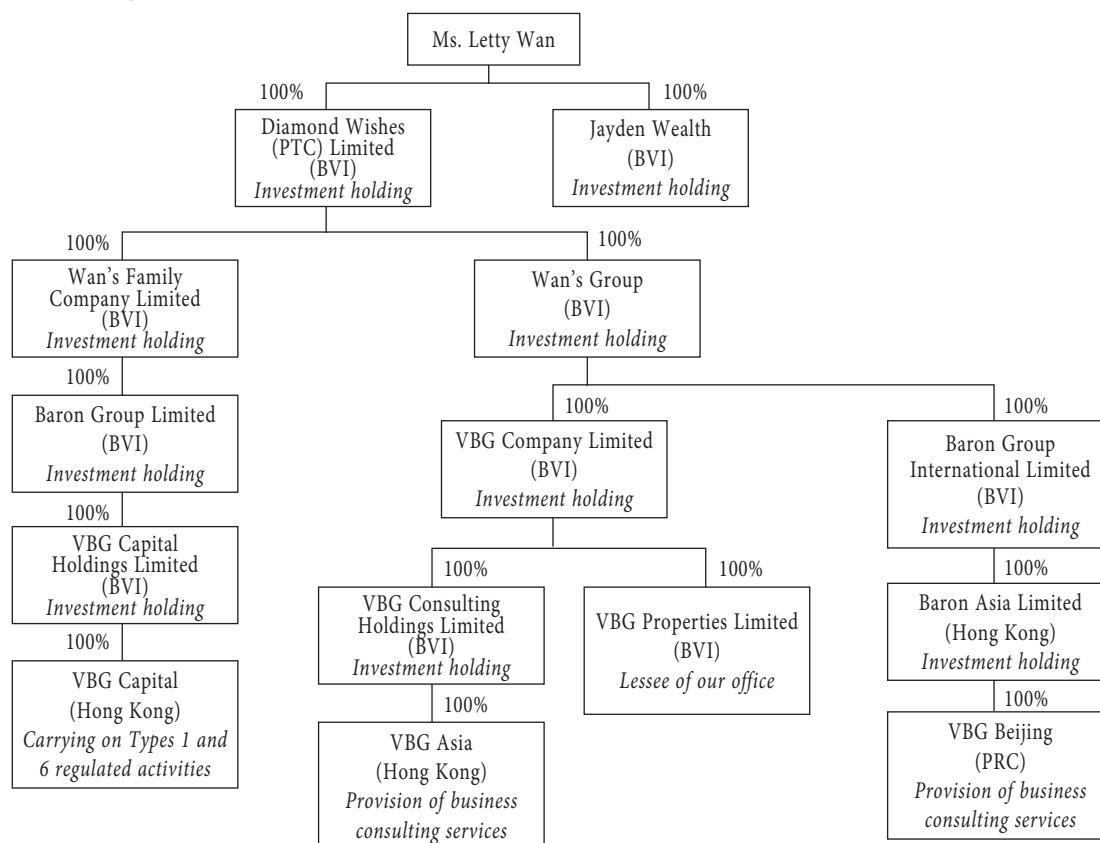
In September 2008, the registered capital of VBG Beijing increased from US\$700,000 to US\$1,300,000 and the investment amount was increased from US\$1,000,000 to US\$1,800,000, which was contributed by Baron Asia Limited. Baron Asia Limited was indirectly wholly and beneficially owned by Ms. Letty Wan at the time of the above transfers of equity interest in VBG Beijing.

VBG Beijing commenced business to provide business consulting relating to mergers and acquisitions of equities of limited liability companies in the PRC in May 2006.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### REORGANISATION

The following diagram sets out the shareholdings and corporate structure of our Group before the Reorganisation:



Our Group has undergone a reorganisation in preparation for the Listing which involved the following steps:

- On 5 February 2016, our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each, with one fully paid share issued to the initial subscriber. On the same date, the subscriber share was transferred to Jayden Wealth, which was then and is wholly owned by Ms. Letty Wan.
- On 5 February 2016, our Company acquired one share in VBG Company Limited, representing the entire issued share capital thereof, from Wan's Group Limited, at a nominal consideration of US\$1.
- On 14 March 2016, VBG Company Limited acquired one share in VBG Capital Holdings Limited, representing the entire issued share capital thereof, from Baron Group Limited, at a nominal consideration of US\$1.
- On 8 April 2016, VBG Asia entered into a transfer agreement with Baron Asia Limited in respect of the acquisition of the entire equity interest of US\$1,300,000 in VBG Beijing by VBG Asia from Baron Asia Limited at a consideration of US\$1,300,000, which was based on the registered capital of VBG Beijing. The said acquisition was completed on 20 May 2016.

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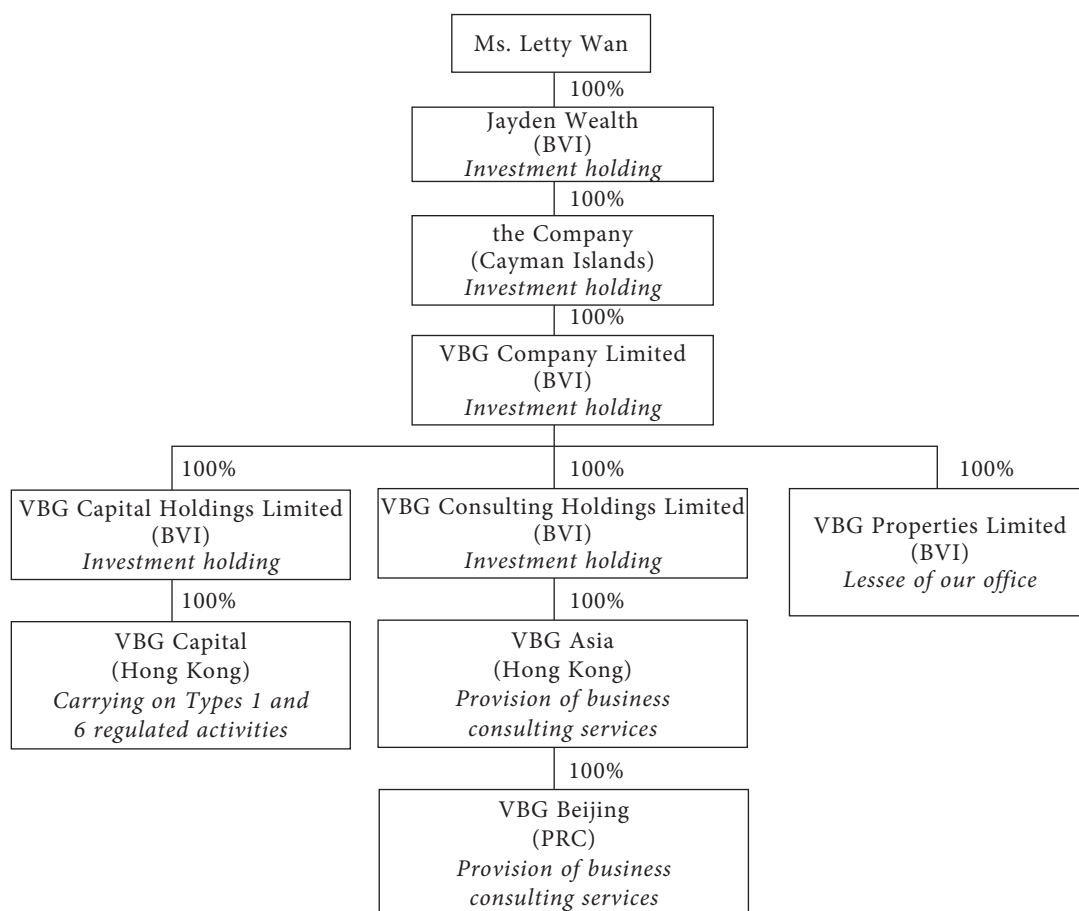
## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (e) On 26 August 2016, Gather Shine Investments Limited was incorporated in BVI and is authorised to issue a maximum of 50,000 shares with par value of US\$1 each. One share of Gather Shine Investments Limited was issued to VBG Asia on the same day. Gather Shine Investments Limited has not commenced any business activities since its incorporation and holds certain amount of shares in a BVI private company, representing 2.18% of its equity, which were issued to Gather Shine Investments Limited on 8 October 2016 as the consideration for the financial advisory services and business consulting services provided by our Group to the abovementioned BVI private company. Pursuant to a written resolution of the directors of our Company dated 17 February 2017, our Company declared an interim dividend which was partially satisfied by way of a distribution in specie of the one share of Gather Shine Investments Limited, representing its entire issued share capital, to Jayden Wealth.

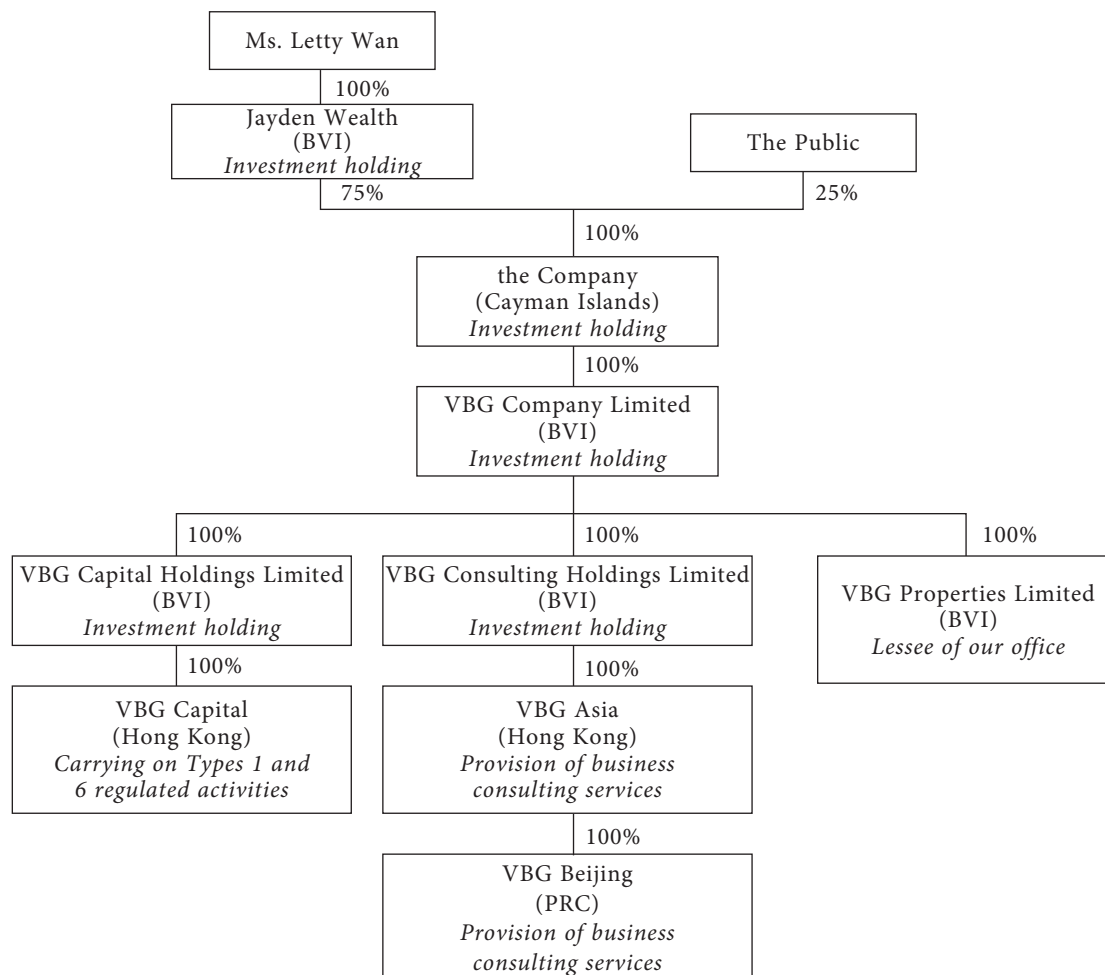
On 7 March 2016, Jayden Wealth, our Company and VBG Capital have obtained approval from the SFC regarding the change of substantial shareholder in VBG Capital under the Reorganisation in preparation for the Listing.

The following diagram sets out the shareholdings and corporate structure of our Group immediately following completion of the Reorganisation but before the Share Offer and the Capitalisation issue:



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following diagram sets out the shareholdings and corporate structure of our Group immediately following completion of the Share Offer and the Capitalisation Issue:



### Re-denomination of the share capital of our Company and the Capitalisation Issue

On 26 April 2017, the authorised and issued share capital of our Company was re-denominated by (i) increasing the authorised share capital by HK\$390,000 by the creation of 39,000,000 Shares of a par value of HK\$0.01 each; (ii) issuing 780 Shares to Jayden Wealth at HK\$0.01 per Share; (iii) repurchasing from Jayden Wealth the one issued share of US\$1.00 in the capital of our Company at an aggregate price of US\$1.00 (equivalent to HK\$7.80); and (iv) following the above repurchase, diminishing its authorised but unissued share capital by the cancellation of all unissued shares of US\$1.00 each in the capital of our Company. On 4 May 2017, our Company further increased its authorised share capital from HK\$390,000 to HK\$20,000,000. Conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors will be authorised to capitalise the amount of HK\$3,848,992.2 from the share premium account of our Company by applying such sum towards the paying up in full at par a total of 384,899,220 Shares for the allotment and issue to the then sole shareholder of our Company recorded on the register of members of our Company as at 4 May 2017, being Jayden Wealth.

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## BUSINESS

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### OVERVIEW

We are a financial services provider which provides (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services. Our financial advisory service fees during the Track Record Period were derived mainly from listed customers.

Our principal business activities are carried out through our operating subsidiaries, VBG Capital, VBG Asia and VBG Beijing. VBG Capital is licensed by the SFC to conduct Type 1 (dealing in securities on the condition that it shall not engage in dealing activities other than those relating to corporate finance) and Type 6 (advising on corporate finance) regulated activities under the SFO in Hong Kong since September 2013 and April 2009, respectively.

The services offered by VBG Capital 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;
- (ii) giving opinions or recommendations to the independent board committee and independent shareholders of our customers in the capacity of independent financial advisers;
- (iii) acting as sponsor in IPO exercises, advising companies on compliance requirements, and acting as compliance adviser to listed companies post-IPO; and
- (iv) acting as placing agent, lead manager and/or underwriter in primary and/or secondary market equity fund-raising exercise.

VBG Asia provides business consulting services such as (i) reviewing potential customers' business, capital structure and corporate strategic plans; and (ii) recommending cross-border M&A advisory in order to enhance customers' financial performance and shareholders' value. VBG Beijing is engaged in the business consulting relating to mergers and acquisitions of equities of limited liability companies in the PRC.

## BUSINESS

The table below sets out the revenue generated from three principal sources during the Track Record Period:

	For the year ended 30 September						For the five months ended			
	2014		2015		2016		29 February		28 February	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	2016	%	2017	%
Corporate finance advisory services	6,360	47.3	22,200	39.7	33,502	58.4	5,075	48.4	12,969	84.4
Placing and underwriting services	2,456	18.3	8,518	15.2	984	1.7	—	—	—	—
Business consulting services	4,617	34.4	25,237	45.1	22,891	39.9	5,400	51.6	2,390	15.6
Total	<u>13,433</u>	<u>100%</u>	<u>55,955</u>	<u>100%</u>	<u>57,377</u>	<u>100%</u>	<u>10,475</u>	<u>100%</u>	<u>15,359</u>	<u>100%</u>

### COMPETITIVE STRENGTHS

We believe that our Group enjoys the following competitive strengths which enable us to grow and differentiate ourselves from our competitors:

#### **We provide a range of financial advice and services to our customers**

During the Track Record Period, we offered a range of financial services to our customers, comprising (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services, to customers which are listed on the Stock Exchange and non-listed customers in Hong Kong, the PRC, Asia and Europe, thereby meeting the different needs of our customers. By offering a broad range of services, we also leverage our exposure to different segments of customers, whereby we are able to cross-sell our services and expand our overall business. We provide financial services to our customers and are committed to core values in (i) earning our customers' trust by delivering professional services, advice and solutions in their best interest; (ii) working in partnership with them with integrity and treating each other with respect; and (iii) maintaining a high quality environment that attracts, retains and develops the best people.

#### **Our management structure is streamlined and efficient**

We believe that our streamlined management structure enables us to maintain our threshold in the competitive corporate finance business. As opposed to hierarchical structures with multiple layers of approval processes, our Group adopts a direct reporting system whereby each team directly reports to and is supervised by our Directors, so that we are able to (i) provide fast and efficient services which, in particular, cater to the needs of small and medium-sized enterprises; and (ii) provide quick response to market changes, thus allowing us to capture new market opportunities and react to adverse market conditions in a timely manner.



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## BUSINESS

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### **We possess an experienced and competent management team and high quality workforce**

Our success depends largely on the outstanding leadership of our experienced and competent management team comprising our two executive Directors, each of whom has over ten years of industry experience in the corporate finance services and business consulting industry. They are primarily responsible for monitoring daily operations, formulating corporate strategies and overseeing compliance and financial performances of our Group.

Our management team has an all-round vision and efficient coordination and execution capabilities, enabling them to identify and capture market opportunities arising from the development of China's economics and regulatory environment. Moreover, they are also capable of soliciting business for our Group through the professional and personal network and connections and managing risks associated with the operation of our business. For detailed biographies of our management team, please refer to the section headed "Directors, senior management and employees" in this prospectus.

### **We maintain close and stable relationships with our customers**

We have established close and stable business relationships with our customers. Throughout the years, we have built up stable contacts with Hong Kong listed companies and their major shareholders. During the Track Record Period, out of all the active engagements, 18 were recurring clients. Such relationships allow us to understand the long-term business goals, strategies and preferences of our customers, thereby enabling us to provide tailored financial advices and services to our customers. Furthermore, maintaining close and stable relationships with our customers may allow us to match investor-investee needs concurrently. We believe that our market reputation and customers' confidence in our services allow us to obtain referrals from our existing customers and generate new financial services mandates for our Group.

## **BUSINESS STRATEGIES**

Our principal business objective is to further strengthen our position in the financial services industry in Hong Kong and explore further quality investment opportunities to enhance the Shareholders' wealth. We intend to achieve our future plans by adopting the following strategies:

### **To participate actively in placing and underwriting activities in primary and secondary market fund raising exercises**

Based on the statistics published in the Stock Exchange Fact Book 2016, equity funds raised in the Hong Kong stock market from IPO and post-IPO transactions were approximately HK\$1,115.6 billion and HK\$490.1 billion in 2015 and 2016, respectively, representing a decrease of approximately 56.1%. Our Directors believe that the size of our capital base is pivotal to our expansion plan.

Our placing and underwriting activities in primary and secondary market fund-raising exercises are limited by our capital resources which are subject to the capital requirement under the FRR from time to time. We intend to apply such net proceeds from the Share Offer for up to seven placing and underwriting transactions, each with a transaction value of approximately HK\$50.0 million. Upon completion of the Share Offer, our Directors consider that our Group will have a strengthened capital base and a higher profile to be better placed to participate in fund raising activities and that such transactions would complement our Group's existing corporate finance services. We will continue to maintain our existing business mix comprising (i) corporate finance advisory services; (ii) placing and underwriting services; and (iii) business consulting services; with our corporate finance advisory services and business consulting services to be enhanced by our business strategies mentioned below.

### **To enhance and strengthen our financial services business by maintaining and expanding our corporate finance team**

Our Directors believe that our experienced staff is one of the critical factors to our continuing success. We intend to further strengthening our corporate finance team and work capacity of corporate finance advisory services by maintaining high quality and recruiting experienced corporate finance staff to enhance our services to our customers, in particular, listed issuers and shareholders of and/or investors in listed companies.

For the three years ended 30 September 2016 and the five months ended 28 February 2017, our corporate finance advisory services contributed approximately 47.3%, 39.7%, 58.4% and 84.4% to our total revenue, respectively, and in particular our business consulting services contributed approximately 34.4%, 45.1%, 39.9% and 15.6% to our total revenue, respectively. Our Directors believe that by maintaining high quality and recruiting more experienced corporate finance staff, we will be able to execute more corporate finance engagements at the same time, thereby improving our profitability. The estimated expenditure for the implementation of this plan will be around HK\$6.9 million. We plan to finance the costs and expenses for implementing such plan with net proceeds from the Share Offer as set out in the section headed “Future plan and use of proceeds” in this prospectus.

### **To expand our network internationally and across the PRC**

With the objective to capture the business opportunities in the M&A market in the Greater China region and the business consulting market in the PRC, as referred in the paragraphs headed “Corporate finance advisory in Greater China region” and “Consulting service market in the PRC and Hong Kong” in the section headed “Industry overview” in this prospectus, we intend to further expand our overseas markets such as Europe and China for international expansion of our business. In this regard, we intend to focus on marketing our business consulting services to our overseas and PRC customers by providing advice on M&A and corporate re-structuring.

We intend to expand our geographic breadth and functions in the third quarter of 2017 by establishing overseas representative offices and/or forming joint ventures in European cities, such as Milan, and the cities in the PRC, such as Qianhai or Nansha. We expect that the overseas representative offices to be established will work with our headquarters in Hong Kong in providing our business consulting services to the customers in Europe and the PRC and the staff working in the overseas offices will enable our Group to respond the enquiries of the overseas and PRC customers, coordinate with all parties involved in the cross-border projects, and meet physically with the overseas and PRC customers and professional parties in a more effective and efficient manner. We expect some of these overseas locations to be in operation starting from the third quarter of 2017 for our business consulting business. Prior to implementing this expansion plan, we will conduct feasibility studies for each of these cities.

Taking into consideration of the onerous red tapes in obtaining relevant licences in the PRC and Europe for the provision of corporate finance advisory and placing and underwriting services, our Directors are of the view that it is not commercially viable to establish a financial service entity in the PRC and Europe for such purposes. Our Directors believe that the current business strategy to establish representative offices and/or form joint ventures in the PRC and Europe for the provision of business consulting services are sufficient to develop our Group’s future business.

During the year ended 30 September 2016, our Group completed two cross-border M&A transactions with Customer AF in the PRC and with Customer U in Italy. The nature of these two transactions is disclosed in the sub-paragraph headed “Business consulting services” in this section. Mr. Ringo Hui, who is our executive Director, was the primary personnel of our Group involved in the above two transactions. Leveraging our experience in these transactions and the network established with other professional parties involved in the transactions, our Group, as at the Latest Practicable Date, had three cross-border M&A advisory engagements and our Directors believe that these projects could be completed with revenue to be recognised in the financial year ending 30 September 2017.

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Leveraging on our regular contacts with partners and clients in Europe and the PRC and our proven track record in respect of cross-border M&A in Europe and the PRC, our Directors believe that we are well-positioned and will be able to continue to explore business opportunities in these overseas markets. We intend to proactively expand the overseas customer base through our existing and/or new network of business partners, especially those stationed in Europe.

### OUR CONTRACT BACKLOG

The table below sets out the monetary value movement of outstanding contract value of our corporate finance projects during the Track Record Period:

	Corporate finance advisory services HK\$'000	Placing and underwriting services HK\$'000	Business consulting services HK\$'000	Total HK\$'000 (Note 3)
<b>Outstanding contract value of mandates on hand as at 1 October 2013</b>	1,800	—	—	1,800
New contract value during the year ended 30 September 2014	10,910	2,456	6,599	19,965
Billed contract value during the year ended 30 September 2014	(6,360)	(2,456)	(4,617)	(13,433)
Terminated outstanding contract value/ discount by bargain/foreign currency translation during the year ended 30 September 2014 (Note 2)	—	—	—	—
<b>Outstanding contract value of mandates on hand as at 30 September 2014 and carried forward to 1 October 2014</b>	<b>6,350</b>	<b>—</b>	<b>1,982</b>	<b>8,332</b>
Project completion rate (%) (Note 1)	50.0%	100.0%	70.0%	61.7%
New contract value during the year ended 30 September 2015	37,700	8,518	47,438	93,656
Billed contract value during the year ended 30 September 2015	(22,200)	(8,518)	(25,237)	(55,955)
Terminated outstanding contract value/ discount by bargain/foreign currency translation during the year ended 30 September 2015 (Note 2)	(2,300)	—	—	(2,300)
<b>Outstanding contract value of mandates on hand as at 30 September 2015 and carried forward to 1 October 2015</b>	<b>19,550</b>	<b>—</b>	<b>24,183</b>	<b>43,733</b>
Project completion rate (%) (Note 1)	53.2%	100.0%	51.1%	56.1%
New contract value during the year ended 30 September 2016	65,469	984	30,816	97,269
Billed contract value during the year ended 30 September 2016	(33,502)	(984)	(22,891)	(57,377)
Terminated outstanding contract value/ discount by bargain/foreign currency translation during the year ended 30 September 2016 (Note 2)	(16,704)	—	(599)	(17,303)
<b>Outstanding contract value of mandates on hand as at 30 September 2016</b>	<b>34,813</b>	<b>—</b>	<b>31,509</b>	<b>66,322</b>
Project completion rate (%) (Note 1)	49.0%	100.0%	42.1%	46.4%

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	Corporate finance advisory services HK\$'000	Placing and underwriting services HK\$'000	Business consulting services HK\$'000	Total HK\$'000 (Note 3)
New contract value during the period ended 28 February 2017	12,665	—	3,540	16,205
Billed contract value during the period ended 28 February 2017	(12,969)	—	(2,390)	(15,359)
Terminated outstanding contract value/ discount by bargain/foreign currency translation during the period ended 28 February 2017 (Note 2)	(9,500)	—	—	(9,500)
<b>Outstanding contract value of mandates on hand as at 28 February 2017</b>	<b>25,008</b>	<b>—</b>	<b>32,658</b>	<b>57,666</b>
Project completion rate (%) (Note 1)	34.1%	0.0%	6.8%	21.0%

*Notes:*

- (1) The project completion rate is defined as the total billed contract value during the year divided by the total contract sum. The total contract sum represents the outstanding contract value of mandates carried forward plus new contract value during the year and deduct the terminated outstanding contract value/discount by bargain/foreign currency translation.
- (2) There are no outstanding receivables in connection with the terminated engagements.
- (3) Due to the business nature of our Group, we did not have any direct cost.

The table below further sets forth the outstanding contract value of active mandates on hand as at the Latest Practicable Date and the expected amount of such revenue to be recognised during the year ending 30 September 2017.

	No. of active mandates	Outstanding contract value as at the Latest Practicable Date HK\$'000	Outstanding contract value as at the Latest Practicable Date to be recognised during the year ending 30 September 2017 HK\$'000
Corporate finance advisory services	21	28,599	20,663
Placing and underwriting services	—	—	—
Business consulting services	9	32,658	23,650
<b>Total</b>	<b>30</b>	<b>61,257</b>	<b>44,313</b>

### OUR BUSINESS MODEL AND SERVICES

We are a financial services provider which provides (i) corporate finance advisory services (including sponsorship services, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services, to customers which are listed on the Stock Exchange and non-listed companies mainly in Hong Kong, the PRC, Asia and Europe.

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

We provide corporate finance advisory services to our customers which are listed companies, non-listed companies and potential listing applicants on the Stock Exchange. We have been licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO since April 2009.

Our corporate finance advisory 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; (ii) giving opinion or recommendation to the independent board committee and independent shareholders of our customers in the capacity of independent financial advisers; (iii) acting as sponsor in IPO exercises; (iv) advising companies on compliance requirements; and (v) acting as compliance adviser to listed companies post-IPO. For the three years ended 30 September 2016 and the five months ended 28 February 2017, fees from our corporate finance advisory services accounted for approximately 47.3%, 39.7%, 58.4% and 84.4% of our total revenue, respectively, and the project completion rate for our corporate finance advisory services was approximately 50.0%, 53.2%, 49.0% and 34.1%, respectively.

#### ***Financial adviser services***

As financial advisers to our customers, we generally give advice to our customers on the structure of the proposed transactions, and the relevant implications of the proposed transactions to the customers under the 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 are also in charge of 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.

#### ***Sponsor services***

We act as sponsor for proposed listing applicants on both the Main Board and GEM. Our primary responsibilities as sponsor include (i) advising and guiding proposed listing applicants as to the Listing Rules, the GEM Listing Rules and/or other relevant regulatory requirements; (ii) providing assurance to the Stock Exchange and the market that the proposed listing applicants comply with the Listing Rules, the GEM Listing Rules and other relevant regulatory requirements; and (iii) ensuring that the listing documents provide sufficient information for investors to make a properly informed assessment of the proposed listing applicants' shares, financial conditions and profitability.

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In addition, we, as a sponsor, introduce and liaise with a syndicate of underwriters to assist the proposed listing applicant in placing the offering shares to professional investors, institutional and individual investors and to underwrite such offering shares.

To ensure ongoing compliance in relation to the “Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks,” we would require the sub-underwriters and/or sub-placing agents to observe with the new guideline and that we would require the clients to consider the method of listing and recommend a public offer tranche in addition to a placing tranche and advise on the strategy of the placing and placee mix to ensure adequate spread of shareholders with a view to achieve an open market. We would also require the sub-underwriters and the sub-placing agents to provide proper documentation on the allocation of the placees.

During the Track Record Period, we were engaged by 19 companies with major business operations in Hong Kong, the PRC and Singapore to act as sponsor in their proposed listing applications to the Stock Exchange. Out of the 19 IPO cases, 6 listing applications had been made, 5 of which had been completed during the Track Record Period which have raised aggregate proceeds of approximately HK\$740.6 million.

Set out below are the transactions handled by us as financial adviser during the Track Record Period:

***For the year ended 30 September 2014***

Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Customer A ( <i>Note 1</i> )	Advising on compliance with the Listing Rules in relation to placing of new shares by a Hong Kong listed company	Financial adviser	250
Culture Landmark Investment Limited (0674.hk)	Acquisition of the entire issued shares capital of Longisland Tourism Investment & Development Limited involving issue of convertible bonds	Financial adviser	100
Customer B ( <i>Note 2</i> )	Feasibility study on seeking a listing status on a recognised stock exchange	Financial adviser	200
Customer C ( <i>Note 3</i> )	Advising on disclosure and compliance requirements pursuant to the Listing Rules, and reviewing relevant statutory announcements and documentation prepared	Financial adviser	1,200
Customer C ( <i>Note 3</i> )	Financial adviser documentation fee in connection with fund raising exercise	Financial adviser	300

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Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Acquisition of 94.86% equity interest in Madex Foshan Investment Company Limited for approximately HK\$535 million	Financial adviser	200
Customer B ( <i>Note 2</i> )	New listing	Sponsor ( <i>Note 4</i> )	1,500
Hong Wei (Asia) Holdings Company Limited (8191.hk) ( <i>Note 5</i> )	New listing	Sponsor	1,700

*Notes:*

- Customer A is a company incorporated in Hong Kong with limited liability. It is a wholly-owned subsidiary of a company listed on the Main Board of the Stock Exchange and is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.
- Customer B is a private limited company incorporated in Hong Kong. It was intended to act as the holding company for a business in Japan that provides information technology training.
- Customer C is a company incorporated in Bermuda with limited liability and is listed on the Main Board of the Stock Exchange. It is principally engaged in the trading of bio-cleaning materials, waste construction materials, the provision of waste processing services; and the production and trading of biodiesel.
- The role was terminated in April 2015 as a result of the voluntary winding up of Customer B.
- Dealings in the shares of this company on the Stock Exchange commenced on 8 January 2014.



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*For the year ended 30 September 2015*

Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Customer C ( <i>Note 1</i> )	Advising on disclosure and compliance requirements pursuant to the Listing Rules, and reviewing the statutory announcements and documentation prepared	Financial adviser	nil
Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Acquisition of 94.86% equity interest in Madex Foshan Investment Company Limited for approximately HK\$535 million	Financial adviser	1,000
Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Acquisition of the entire issued share capital in Grand Ahead Finance Limited for HK\$1,200 million involving issue of consideration shares and convertible note under the specific mandate, and issue of promissory notes	Financial adviser	1,200
Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Financial advisory and documentation fee relating to placing of convertible bonds of up to an aggregate principal amount of HK\$433 million	Financial adviser	600
Macro-Link International Land Limited	Unconditional mandatory cash offer for New Silkroad Culturaltainment Limited (formerly known as JLF Investment Company Limited ) (0472.hk) valued at approximately HK\$555.1 million on behalf of Macro-Link International Land Limited	Financial adviser	1,000
Customer D ( <i>Note 2</i> )	Advice on the implications of relevant Listing Rules	Financial adviser	200
Yongsheng Advanced Materials Company Limited (3608.hk)	Disposal of Hangzhou Xiaoshan Yongsheng Foreign Trading Company Limited and Yongsheng (HK) International Company Limited for RMB30.7 million and HK\$15.0 million, respectively	Financial adviser	150



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Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Customer E ( <i>Note 3</i> )	Advice on the implications of relevant Listing Rules	Financial adviser	3,000
Customer F ( <i>Note 4</i> )	Evaluation on the qualification of the company seeking a listing	Financial adviser	500
Customer B ( <i>Note 5</i> )	New listing/IPO	Sponsor ( <i>Note 6</i> )	nil
Ahsay Backup Software Development Company Limited (8290.hk) ( <i>Note 7</i> )	New listing/IPO	Sponsor	4,650
Chuan Holdings Limited (1420.hk) ( <i>Note 8</i> )	New listing/IPO	Sponsor	1,500
King's Flair International (Holdings) Limited (6822.hk) ( <i>Note 9</i> )	New listing/IPO	Sponsor	1,500
Customer G ( <i>Note 10</i> )	New listing/IPO	Sponsor ( <i>Note 11</i> )	150
Customer H ( <i>Note 12</i> )	New listing/Reverse takeover	Sponsor ( <i>Note 13</i> )	1,000
Customer I ( <i>Note 14</i> )	New listing/Reverse takeover	Sponsor ( <i>Note 15</i> )	2,800
Customer J ( <i>Note 16</i> )	New listing/IPO	Sponsor ( <i>Note 17</i> )	1,000

*Notes:*

- Customer C is a company incorporated in Bermuda with limited liability and is listed on the Main Board of the Stock Exchange. It is principally engaged in the trading of bio-cleaning materials and waste construction materials, the provision of waste processing services and the production and trading of biodiesel.
- Customer D is a natural person and was a substantial shareholder of a company listed on the Main Board of the Stock Exchange.
- Customer E is a natural person and was a controlling shareholder of a company listed on the Main Board of the Stock Exchange.
- Customer F is a private limited company incorporated in Hong Kong. It is principally engaged in the provision of design and installation services in the following areas: mechanical ventilation; air conditioning, electrical, fire services, plumbing and drainage.
- Customer B is a private limited company incorporated in Hong Kong. It was intended to act as the holding company for a business in Japan that provides information technology training.

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6. The role was terminated in April 2015 as a result of the voluntary winding up of Customer B.
7. Dealings in shares of this company on the Stock Exchange commenced on 8 October 2015.
8. Dealings in shares of this company on the Stock Exchange commenced on 8 June 2016.
9. Dealings in shares of this company on the Stock Exchange commenced on 16 January 2015.
10. Customer G is a private limited company incorporated in Hong Kong. It provides English courses to young children in Hong Kong.
11. The role lapsed in January 2016 due to a mutual agreement between VBG Capital and that customer.
12. Customer H is a company incorporated in the Cayman Islands with limited liability and is listed on the Main Board of the Stock Exchange. It is principally engaged in the development and promotion of education software products and provision of technical support services in the PRC; the sale of apparel in the PRC; and securities trading and investments in Hong Kong.
13. The role was eventually terminated in a later period because the parties to the proposed transaction were unable to agree on some of the terms relating to the proposed transaction.
14. Customer I is a company incorporated in Bermuda with limited liability and is listed on the Main Board of the Stock Exchange. It is principally engaged in the trading and manufacturing of garment products and the provision of quality inspection services.
15. The role was terminated in January 2016 due to a mutual agreement between VBG Capital and that customer.
16. Customer J is a company established in the PRC with limited liability. It mainly acts as the main contractor in the construction of infrastructure, the maintenance of facilities and greening projects.
17. The role was terminated in December 2015 due to a mutual agreement between VBG Capital and that customer.

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*For the year ended 30 September 2016*

Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Customer D (Note 1)	Advice on the implications of relevant Listing Rules	Financial adviser	nil
Customer F (Note 2)	Evaluation on the qualifications of Customer F seeking a listing	Financial adviser	nil
Customer K (Note 3)	Advising on potential business opportunities by way of acquisition, joint venture or cooperation (this has not been announced)	Financial adviser	500
Chinese Estates Holdings Limited (0127.hk)	Disposal of the entire issued share capital (and other assets) of Keep Speed Company Limited and Jumbo Grace Limited valued at a cap amount of HK\$10 million and HK\$12 billion, respectively	Financial adviser	450
Zhongtian International Limited (2379.hk)	Acquisition of the entire issued share capital of Golden Century Trade Limited for RMB155 million involving issuance of consideration shares and a whitewash waiver	Financial adviser	600
Elegance Optical International Holdings Limited (0907.hk)	Advice on major and connected transactions in relation to the disposal of all issued shares in and loan due from Million Wave Limited and possible continuing connected transaction	Joint financial adviser	200
Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Advice on major and connected transactions in relation to the disposal of subsidiaries	Financial adviser	800
Customer L (Note 4)	Advice on a proposed group reorganisation with an objective of seeking a listing on a stock exchange	Financial adviser	600
Lee & Man Handbags Holding Limited (1488.hk)	Advice on the compliance of the relevant provisions in the Takeovers Code of Lee & Man Handbags Holding Limited as an offeree company	Financial adviser	800

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Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Tesson Holdings Limited (1201.hk)	Advice on open offer and major transaction in relation to the purchases of machines	Financial adviser	700
WLS Holdings Limited (8021.hk)	Advice on pre-conditional voluntary conditional securities exchange and cash offer by VBG Capital on behalf of Favourite Number Limited to acquire all the issued shares of L&A International Holdings Limited (8195.hk) (other than those already owned by Favourite Number Limited and parties acting in concert with it) and very substantial acquisition of WLS Holdings Limited	Financial adviser	1,700
Favourite Number Limited	Advice on pre-conditional voluntary conditional securities exchange and cash offer by VBG Capital on behalf of Favourite Number Limited to acquire all the issued shares of L&A International Holdings Limited (8195.hk) (other than those already owned by Favourite Number Limited and parties acting in concert with it) and very substantial acquisition of WLS Holdings Limited	Financial adviser	750
Customer M (Note 5)	Advice on the implication of the relevant provisions in the Takeovers Code of a potential disposal of controlling interest in a company listed on the Stock Exchange	Financial adviser	3,500
Customer E (Note 6)	Advice on the implication of the relevant provisions in the Takeovers Code in relation to his interest in a company listed on the Stock Exchange	Financial adviser	3,000
Ahsay Backup Software Development Company Limited (8290.hk) (Note 7)	New listing/IPO	Sponsor	nil
Chuan Holdings Limited (1420.hk) (Note 8)	New listing/IPO	Sponsor	2,400
Customer G (Note 9)	New listing/IPO	Sponsor (Note 10)	nil
Customer H (Note 11)	New listing/Reverse takeover	Sponsor (Note 12)	nil

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Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
Customer I (Note 13)	New listing/Reverse takeover	Sponsor (Note 14)	nil
Customer J (Note 15)	New listing/IPO	Sponsor (Note 16)	nil
AL Group Limited (8360.hk) (Note 17)	New listing/IPO	Sponsor	4,000
Customer N (Note 18)	New listing/IPO	Sponsor	1,000
Customer O (Note 19)	New listing/IPO	Sponsor	1,000
Customer P (Note 20)	New listing/IPO	Sponsor	500
Customer Q (Note 21)	New listing/IPO	Sponsor	1,000
Customer L (Note 22)	New listing/IPO	Sponsor	2,200
Customer R (Note 23)	New listing/IPO	Sponsor	1,200
Customer S (Note 24)	New listing/IPO	Sponsor	1,250
Customer T (Note 25)	New listing/IPO	Sponsor	750

*Notes:*

- Customer D is a natural person and was a substantial shareholder of a company listed on the Main Board of the Stock Exchange.
- Customer F is a private limited company incorporated in Hong Kong. It is principally engaged in the provision of design and installation services in the following areas: mechanical ventilation, air conditioning, electrical, fire services, plumbing and drainage.
- Customer K is a company incorporated in Bermuda with limited liability and is listed on the Main Board of the Stock Exchange. It is principally engaged in the provision of genetic testing services, distribution of bio-industrial products, provision of health care management services, trading of beauty products and securities investment.
- Customer L is a private limited company incorporated in Hong Kong. It is principally engaged in the provision of financial and commercial printing services in Hong Kong.
- Customer M is a natural person and is a controlling shareholder of a company listed on the Main Board of the Stock Exchange. The negotiation for the potential disposal between Customer Y and the potential purchaser was terminated in September 2016.
- Customer E is a natural person and was a controlling shareholder of a company listed on the Main Board of the Stock Exchange.
- Dealings in shares of this company on the Stock Exchange commenced on 8 October 2015.
- Dealings in shares of this company on the Stock Exchange commenced on 8 June 2016.
- Customer G is a private limited company incorporated in Hong Kong. It provides English courses to young children in Hong Kong.
- The role lapsed in December 2015 due to a mutual agreement between VBG Capital and that customer.

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11. Customer H is a company incorporated in the Cayman Islands with limited liability and is listed on the Main Board on the Stock Exchange. It is principally engaged in the development and promotion of education software products and provision of technical support services in the PRC; the sale of apparel in the PRC; and securities trading and investments in Hong Kong.
12. The role was terminated in April 2016 because the parties to the proposed transaction were unable to agree on some of the terms relating to the proposed transaction.
13. Customer I is a company incorporated in Bermuda with limited liability and is listed on the Main Board on the Stock Exchange. It is principally engaged in the trading and manufacturing of garment products and the provision of quality inspection services.
14. The role was terminated in January 2016 due to a mutual agreement between VBG Capital and that customer.
15. Customer J is a company established in the PRC with limited liability. It mainly acts as the main contractor in the construction of infrastructure, the maintenance of facilities and greening projects.
16. The role was terminated in December 2015 due to a mutual agreement between VBG Capital and that customer.
17. Dealings in shares of this company on the Stock Exchange commenced on 12 July 2016.
18. Customer N is a private limited company incorporated in the BVI. It is principally engaged in food and beverage business in Hong Kong, the PRC and Taiwan.
19. Customer O is a private limited company incorporated in Hong Kong. It is principally engaged in the development and wholesale of police equipment products and manufacturing of electronic products through its subsidiary.
20. Customer P is a private limited company incorporated in Singapore. It is an integrated automobile and financing provider in Singapore.
21. Customer Q is a private limited company incorporated in Hong Kong. It is principally engaged in the provision of construction works in Hong Kong.
22. Customer L is a private limited company incorporated in Hong Kong. It is principally engaged in the provision of financial and commercial printing services in Hong Kong.
23. Customer R is a limited liability company established in the PRC. It is principally engaged in the sale and manufacture of power supply products in the PRC.
24. Customer S is a limited liability company established in the PRC. It is principally engaged in the production and sale of wheat flour in the PRC.
25. Customer T is a company incorporated in Japan. It is principally engaged in the provision of interior design in Japan.

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*For the five months ended 28 February 2017*

Customer (stock code)	Nature of the transaction	Our role	Revenue recognised by our Group HK\$'000
WLS Holdings Limited (8021.hk)	Advice on pre-conditional voluntary conditional securities exchange and cash offer by VBG Capital on behalf of Favourite Number Limited to acquire all the issued shares of L&A International Holdings Limited (8195.hk) (other than those already owned by Favourite Number Limited and parties acting in concert with it) and very substantial acquisition of WLS Holdings Limited	Financial Adviser	2,500
Favourite Number Limited	Advice on pre-conditional voluntary conditional securities exchange and cash offer by VBG Capital on behalf of Favourite Number Limited to acquire all the issued shares of L&A International Holdings Limited (8195.hk) (other than those already owned by Favourite Number Limited and parties acting in concert with it) and very substantial acquisition of WLS Holdings Limited	Financial Adviser	550
Customer E (Note 1)	Advice on the implication of the relevant provisions in the Takeovers Code in relation to his interest in a company listed on the Stock Exchange	Financial Adviser	2,285
Elegance Optical International Holdings Ltd (0907.hk)	Advice on major and connected transactions in relation to the disposal of all issued shares in and loans due from Million Wave Limited and possible continuing connected transaction	Financial Adviser	1,100
Chinese Estate Holdings Limited (0127.hk)	Advice on major and connected transaction in relation to a disposal of a subsidiary	Financial Adviser	450
Customer O (Note 2)	New listing/IPO	Sponsor	300
Customer P (Note 3)	New listing/IPO	Sponsor	2,000
Customer AO (Note 4)	New listing/IPO	Sponsor	800

*Notes:*

- Customer E is a natural person and was a controlling shareholder of a company listed on the Main Board of the Stock Exchange.
- Customer O is a private limited company incorporated in Hong Kong. It is principally engaged in the development and wholesale of police equipment products and manufacturing of electronic products through its subsidiary.
- Customer P is a private limited company incorporated in Singapore. It is an integrated automobile and financing provider in Singapore.
- Customer AO is a Singapore listed company engaged in the leasing of workers and student accommodations and manufacturing of optical storage media business in Singapore, Malaysia, Australia and the United Kingdom.

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### *Independent financial adviser services*

Under the relevant rules and regulations (including the Listing Rules, the 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 their 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 an independent financial adviser, we conduct reviews and analyses 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.

Set out below are all transactions handled by us as independent financial adviser during the Track Record Period:

#### *For the year ended 30 September 2014*

We did not have any independent financial adviser engagements during the year ended 30 September 2014.

#### *For the year ended 30 September 2015*

<b>Customer (stock code)</b>	<b>Nature of the transaction</b>	<b>Revenue recognised by our Group</b>
		<i>HK\$'000</i>
Broad Greenstate International Company Limited (1253.hk)	Issuance of a redeemable fixed coupon promissory note due 2016 with a principal amount of US\$40.0 million to a connected person for financing general working capital	120
China Minsheng Financial Holding Corporation Limited (formerly known as China Seven Star Holdings Limited 0245.hk)	Acquisition of 100% equity interest in YGD Securities (HK) Limited and Yuan Asset Management Limited for a total consideration of not exceeding HK\$30 million, issue of new shares to strategic investors, and application of whitewash waiver by the concert group	150
Geely Automobile Holdings Limited (0175.hk)	Establishment of a parcel of arrangements among connected persons for promoting the sale of Volvo-branded vehicles in the PRC	100
ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited, 0185.hk)	Unconditional mandatory cash offer for Heng Fai Enterprises Limited valued at approximately HK\$1,332.4 million by Joy Town Inc.	300



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*For the year ended 30 September 2016*

Customer (stock code)	Nature of the transaction	Revenue recognised by our Group <i>HK\$'000</i>
ENM Holdings Limited (0128.hk)	Issuance of an opinion on a continuing connected transaction exceeding the tenure of three years as stipulated under the Listing Rules	60
Great Harvest Maeta Group Holdings Limited (3683.hk)	Acquisition of the entire issued share capital of Top Build Group Ltd. for a total consideration of US\$54 million to be settled by way of convertible bonds	250
REXLot Holdings Limited (0555.hk)	Disposal of a wholly owned subsidiary and assignment of shareholder's loan at an aggregate cash consideration of HK\$2,150.0 million	260
ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited, 0185.hk)	Acquisition of property project valued at HK\$405.0 million to be satisfied by issuance of consideration shares	180
ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited, 0185.hk)	Entering into a master services agreement with a connected person for the provision of construction, engineering and related services	180
China Minsheng Financial Holding Corporation Limited (formerly known as China Seven Star Holdings Limited) (0245.hk)	Acquisition of 100% equity interest in YGD Securities (HK) Limited and Yuan Asset Management Limited for a total consideration of not exceeding HK\$30 million, issue of new shares to strategic investors, and application of whitewash waiver by the concert group	150
Geely Automobile Holdings Limited (0175.hk)	Establishment of a parcel of arrangements among connected persons for promoting the sale of Volvo-branded vehicles in the PRC	180

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Customer (stock code)	Nature of the transaction	Revenue recognised by our Group <i>HK\$'000</i>
Xiezhong International Holdings Limited (3663.hk)	Discloseable and connected transaction in relation to the acquisition arrangement to acquire 100% equity interest in 北京協眾汽車空調有限公司 (Beijing Auto HVAC Co., Ltd*) and major and connected transaction in relation to the disposal of 50% equity interest in Nanjing Xiezhong Auto-Airconditioner (Group) Co., Ltd.	330
Softpower International Limited (0380.hk)	Discloseable and continuing connected transaction in relation to a loan transaction	100
Biosino Bio-Technology and Science Incorporation (8247.hk)	Connected transactions in relation to the issue of new domestic shares under general mandate	70
Steed Oriental (Holdings) Company Limited (8277.hk)	Unconditional mandatory cash offers on behalf of the joint offerors to acquire all the issued shares and to cancel all outstanding share options of Steed Oriental (Holdings) Company Limited (other than those already owned by the joint offerors and parties acting in concert with either or both of them)	270
Guangshen Railway Company Limited (0525.hk)	Continuing connected transaction in relation to the conditional comprehensive services framework agreement entered into between Guangshen Railway Company Limited and the 中國鐵路總公司 (China Railway Corporation*)	218
Aluminum Corporation of China Limited (2600.hk)	Discloseable and connected transaction in relation to the acquisition of 60% equity interest in 中鋁(上海)有限公司 (Chinalco (Shanghai) Co., Ltd.*)	230
REXLot Holdings Limited (0555.hk)	Major and connected transaction in relation to the supplemental agreement relating to a disposal and an assignment of loan of Multi Glory Limited	220

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*For the five months ended 28 February 2017*

Customer (stock code)	Nature of the transaction	Revenue recognised by our Group <i>HK\$'000</i>
Guangshen Railway Co. Ltd. (0525.hk)	Continuing connected transactions contemplated under the conditional comprehensive services framework agreement entered into between Guangshen Railway Company Limited and the 中國鐵路總公司 (China Railway Corporation*) and its connected companies and the proposed annual caps for the three years ending 31 December 2019	229
Kingsoft Corporation Limited (3888.hk)	Continuing connected transactions between Kingsoft Corporation Limited and Xiaomi Corporation and its subsidiaries in relation to provision of cloud services and promotion services by Kingsoft Corporation Limited, and joint operation of games provided by Kingsoft Corporation Limited	130
LT Commercial Real Estate Limited (0112.hk)	Major transaction in relation to acquisition of 50% equity interest in joint venture and major and connected transaction involving provision of financial assistance to connected person	290
Nan Hai Corporation Limited (0680.hk)	Discloseable and connected transaction in relation to the transfer of 10% equity interest in 廣東大地影院建設有限公司 (Guangdong Dadi Cinema Construction Limited*)	250
Affluent Partners Holdings Limited (formerly known as Man Sang Jewellery Holdings Limited, 1466.hk)	Mandatory unconditional cash offer by Emperor Capital Limited on behalf of Crown City Inc Limited to acquire all issued shares of Affluent Partners Holdings Limited (other than those already owned or agreed to be acquired by crown city inc limited and parties acting in concert with it)	280

\* For identification purpose only

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Customer (stock code)	Nature of the transaction	Revenue recognised by our Group  <i>HK\$'000</i>
China Shengmu Organic Milk Limited (1432.hk)	Continuing connected transactions in relation to milk supply framework agreement	150
United Pacific Industries Limited (0176.hk)	Voluntary conditional cash offer by VMS Securities Limited for and on behalf of Super Fame Holdings Limited to acquire all the issued shares of United Pacific Industries Limited	250
Tai United Holdings Limited (0718.hk)	Discloseable and connected transaction in relation to acquisition of the target and issue of consideration shares pursuant to specific mandate	200
ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited, 0185.hk)	Continuing connected transactions in relation to supplemental agreement to the master services agreement and revision of annual caps	90

### ***Compliance adviser services***

We provide compliance advisory services to issuers newly listed on the Stock Exchange. Pursuant to the Listing Rules and the GEM Listing Rules, each newly listed issuer is required to engage a compliance adviser in order to ensure their compliance with the said rules for the period commencing from the date of initial listing of the listed issuer's equity securities and ending on the date on which the listed issuer complies with (i) the Listing Rules requirements in respect of its financial results for the first full financial year commencing after the date of its initial listing; or (ii) the GEM Listing Rules requirements in respect of its financial results for the second full financial year commencing after the date of its initial listing, as the case may be. In particular, our responsibilities as compliance adviser included (i) ensuring that our customers were properly guided and advised as to compliance with the Listing Rules, the GEM Listing Rules and all other applicable laws, rules, codes and guidelines; (ii) providing our customers with advice on their operating performance and financial condition with reference to the customers' business objective(s) as stated in their listing documents; (iii) ensuring our customers' compliance with any undertakings provided by our customers and their directors at the time of listing and with the terms and conditions of any waiver granted to our customers by the Stock Exchange; (iv) providing our customers with advice and guidance on compliance with the Listing Rules and the GEM Listing Rules in relation to their regulatory announcements, circulars and financial reports; and (v) providing regular updates on any material changes of or supplements to the Listing Rules and the GEM Listing Rules to customers' directors and senior management.

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Set out below are all transactions handled by us as compliance adviser during of the Track Record Period:

***For the year ended 30 September 2014***

<b>Customer (stock code)</b>	<b>Principal business</b>	<b>Revenue recognised by our Group</b>
		<i>HK\$'000</i>
YuanShengTai Dairy Farm Limited (1431.hk)	Production and sale of raw milk in the PRC	550
Hong Wei (Asia) Holdings Company Limited (8191.hk)	Manufacturing and selling of particle boards	360

***For the year ended 30 September 2015***

<b>Customer (stock code)</b>	<b>Principal business</b>	<b>Revenue recognised by our Group</b>
		<i>HK\$'000</i>
King's Flair International (Holdings) Limited (6822.hk)	Designing, developing and supplying kitchenware products, including tools and gadgets, drinkware, bakeware and accessories, food preparation products and storage and accessories for international kitchenware brandowner customers	450
YuanShengTai Dairy Farm Limited (1431.hk)	Production and sale of raw milk in the PRC	350
Hong Wei (Asia) Holdings Company Limited (8191.hk)	Manufacturing and selling of particle boards	480

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*For the year ended 30 September 2016*

<u>Customer (stock code)</u>	<u>Principal business</u>	<b>Revenue recognised by our Group</b> <i>HK\$'000</i>
Ahsay Backup Software Development Company Limited (8290.hk)	Provision of online backup software solutions to customers via internet	540
Modern Dental Group Limited (3600.hk)	Provision of dental prosthetic device with a focus on providing custom-made prostheses to customers in the growing prosthetic industry	180
King's Flair International (Holdings) Limited (6822.hk)	Designing, developing and supplying kitchenware products, including tools and gadgets, drinkware, bakeware and accessories, food preparation products and storage and accessories for international kitchenware brandowner customers	520
Hong Wei (Asia) Holdings Company Limited (8191.hk)	Manufacturing and selling of particle boards	344
Chuan Holdings Limited (1420.hk)	Provision of earthworks and related services and general construction in Singapore	200
AL Group Limited (8360.hk)	Provision of interior design and fit out solutions as well as overall project management in Hong Kong	120

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*For the five months ended 28 February 2017*

<u>Customer (stock code)</u>	<u>Principal business</u>	<b>Revenue recognised by our Group</b> <i>HK\$'000</i>
Hong Wei (Asia) Holdings Company Limited (8191.hk)	Manufacturing and selling of particle boards	60
King's Flair International (Holdings) Limited (6822.hk)	Designing, developing and supplying kitchenware products, including tools and gadgets, drinkware, bakeware and accessories, food preparation products and storage and accessories for international kitchenware brandowner customers	200
Modern Dental Group Limited (3600.hk)	Provision of dental prosthetic device with a focus on providing custom-made prostheses to customers in the growing prosthetic industry	180
Ahsay Backup Software Development Company Limited (8290.hk)	Provision of online backup software solutions to customers via internet	225
Chuan Holdings Limited (1420.hk)	Provision of earthworks and related services and general construction in Singapore	250
AL Group Limited (8360.hk)	Provision of interior design and fit out solutions as well as overall project management in Hong Kong	200

### ***Pricing policy and payment***

Our corporate finance advisory fees were determined on a case-by-case basis with reference to the scope of our work in the engagements, the nature of the transaction, the complexity of the transactions and the expected length of time to be involved from the first engagement until completion of the transaction. Our fees and payment schedule for different types of corporate finance advisory services vary.

In relation to the provision of sponsorship services, we charge the proposed listing applicant a fixed sponsorship fee which is determined after negotiation with the proposed listing applicant with reference to, amongst other things, the nature of the principal business, the geographical locations where the proposed listing applicant has business operations, the total number of companies/entities involved in the listing application and the estimate time and human resources required for the purpose of conducting due diligence exercise pursuant to the relevant rules and regulations. The sponsorship fee is usually paid in stages with reference to the milestone of the relevant listing applications. The payment of the sponsorship fee by the proposed listing applicant is generally divided into four stages, being (i) upon signing of the engagement letter; (ii) upon filing of submission of the listing application to the Stock Exchange and SFC; (iii) upon the listing application hearing being conducted by the Listing Committee or the Listing Division of the Stock Exchange, as the case may be; and (iv) upon listing.

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In addition to the sponsorship fee, we, when acting as a sponsor, are entitled to receive a praecipium if we participate in arranging the formation of syndicate of underwriters. Upon a proposed listing applicant having passed the hearing conducted by the Listing Committee or the Listing Division of the Stock Exchange as the case may be, we introduce and liaise with a syndicate of underwriters and/or placing agent to assist the proposed listing applicant in placing the offer shares to professional investors, institutional investors and high net worth individuals and to underwrite such offer shares. We and the syndicate of underwriters would agree among ourselves that a certain percentage of the underwriting commission is to be paid by the proposed listing applicant to the syndicate of the underwriters will be allocated to us in the capacity of sponsor by way of praecipium.

We usually determine the fees for financial advisory and independent financial advisory on a case-by-case basis and generally with reference to the scope of work in the engagement, the nature of the transaction, the complexity of the transaction and the expected length of time to be involved from the first engagement until completion of the transaction.

When VBG Capital acts as a compliance adviser to a listed issuer, it charges its customer a monthly fixed fee for providing general compliance advice pursuant to the relevant requirements of the Listing Rules or the GEM Listing Rules. The monthly fixed fee is usually determined with the customer with reference to the duration of the service and the business nature and scale of operation of the listed issuer.

During the Track Record Period, the advisory fee charged by our Group for acting as: (i) financial advisers ranged from approximately HK\$100,000 to HK\$3.5 million; (ii) sponsors ranged from approximately HK\$1.5 million to HK\$7.8 million; (iii) independent financial advisers ranged from approximately HK\$60,000 to HK\$450,000; and (iv) compliance advisers ranged from HK\$12,000 per month to HK\$50,000 per month. The range of our fee reflects the respective fees as stipulated in the relevant engagement letters. Due to delay or termination of certain transactions, we may not receive the entire amount of engagement fee in the respective period.

### ***Our operation procedures***

For illustration purposes, the operation procedures for our services generally involve the following:

### ***Identification of potential engagements***

Referrals are the major source of our potential business opportunities. In addition to referrals from our recurring customers and other professional parties we have previously worked with, our executive Directors also leverage on their experience in the industry and personal network to explore business opportunities. We will typically conduct preliminary discussions with the prospective customers to understand the background and the feasibility of the contemplated transactions.



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### *Know your customer procedures (for new customers)*

Before proceeding to initiate further negotiation with prospective customers with whom we have had no previous engagement, we obtain the background information of new customers such as financial information, shareholding structure, the identify of management and principal shareholders and operation from public domain for listed customers. In the case of non-listed customers, we will ascertain such information by reviewing the corporate documents and the audited financial information of them.

### *Deal assessment procedures*

Prior to entering into an engagement, we assess the deal to ensure that the relevant transaction is feasible and that the engagement with the relevant customer will not give rise to conflict of interest. To ascertain the potential risks and feasibility of a transaction, we take into consideration of the background of a customer, the nature of the transaction and the type of advice, the time available to complete the transaction and the availability of suitable personnel. We will not accept an engagement unless we are satisfied that we have experienced and qualified personnel available to carry out the work to the required standard within the time limit. We typically carry on internal discussion in respect of the complexity of the contemplated transaction and determine the optimal manpower arrangement to ensure high quality service. Furthermore, a conflict check is conducted against existing transactions, customers and staff to safeguard against conflicts of interest.

In respect of independent financial adviser role, an additional check must be completed before acceptance of engagements to ensure our independence from the prospective customer and the other relevant parties to the transactions.

Prior to acceptance of any new engagement, the approval of our deal assessment committee which comprises our executive directors and the proposed transaction team must be sought. Where potentially significant risk is identified during this procedure, we typically decline from entering into the deal so as to minimise our risk exposure.

### *Preparation and execution of engagements*

If a deal is approved in the deal assessment committee procedures, we proceed to draft an engagement letter in which salient terms of appointment including the scope of work, the service fee and the schedule of payment are set out. The engagement letters must be signed by the executive director. Once the engagement letter is executed, a transaction team with the relevant experience and expertise will be formed to advise on the transaction.

### *Obtain information and conduct due diligence*

Upon execution of the engagement letters for financial adviser, or independent financial adviser, we commence our works for the transaction which typically include:

- Schedule and hold meetings with our customers to discuss the structure of the transactions and the relevant regulatory implication requirements stipulated under the Stock Exchange, SFC and/or Takeovers Code;

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- Obtain information from the customers regarding the transactions to prepare the relevant documents of the customers according to the regulatory requirements;
- Request for and review the relevant documents of the customers such as the public announcements, press releases, circulars, financial statements, agreements or supporting documents of the relevant transactions ;
- Review the terms of the relevant transactions; and
- Discuss with the management of the customers and their relevant professional experts and/or independent board committee regarding the issues or findings and implications of the transactions.

### *Delivery of relevant transaction document or letter of advice*

Our designated transaction team prepares and/or reviews draft transaction-related documents, ranging from announcements, circulars, reports, executive summaries, and other submission documents to be submitted to regulators. To ensure that factual and important information is included in those documents, we typically discuss our draft documents or letters of advice with the management and/or independent board committee of our customers and seek review of relevant professional parties before making submissions to the regulators, in particular, the Stock Exchange and/or the SFC (if required).

### *Seek clearance of relevant documents or letter of advice from the Stock Exchange and/or the SFC (if required)*

After the relevant transaction documents or letters of advice are delivered to the Stock Exchange and/or the SFC, we assist the customer in maintaining principal channel of communication with the Stock Exchange and/or the SFC with an aim to obtain their clearance on the transaction documents or letter of advice. When the Stock Exchange and/or the SFC raise questions on the transaction or the relevant documents, we are also responsible for responding to their questions after discussing with our customer and/or other professional parties involved in the transaction. This procedure is not applicable to our business consulting services but we hold discussion with other professional parties before delivery of final report to our customer in completing of our engagement.

### *Billing and settlement*

We issue debit notes for our services rendered to the customers in accordance with the fee schedule set out in the engagement letter. In financial advisory and independent financial advisory engagements, instalments are typically required at the time of appointment, at certain milestones and upon completion of the transaction respectively.

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

Our Group provides placing and underwriting services by acting as underwriter, sub-underwriter, placing agent or sub-placing agent in fund raising activities conducted for companies listed or to be listed on the Stock Exchange. We also assist companies listed or to be listed on the Stock Exchange in securing investors. During the Track Record Period, the types of major fund

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raising activities in which we participated in include IPOs of our sponsorship clients and share placements in respect of secondary fund raising of our corporate customers or other licensed corporations.

Fund raising activities are normally conducted either on a best effort basis or on a fully underwritten basis. When we are engaged as a placing agent or sub-placing agent on a best effort basis, we have no commitment to purchase or acquire any of the securities offered by the listed issuers or securities-sellers. We are paid placing fees for each successful placement with investors. No placing fees will be received by us if the fund raising activity is not well received or for other reasons cancelled.

When we are engaged as an underwriter or sub-underwriter on a fully underwritten basis, we commit to purchasing the securities offered by the listed issuers or securities-sellers and in such number as agreed by us in advance, and we are therefore obliged to take up any unsubscribed portion of the securities for our own account. Accordingly, we also act in the capacity as a placing agent to place as many as shares we can to the effect that no underwriting obligation will be triggered. In this regard, we are entitled to receive an underwriting commission for the shares we underwrite and a placing fee for the shares we successfully placed. During the Track Record Period and up to the Latest Practicable Date, our Group did not take up any unsubscribed portion of securities in fund raising activities due to under-subscription.

In providing placing and underwriting services to our customers, we used to engage other brokerage firms to act as sub-placing agents in order to leverage their distribution capabilities to increase the chances of success in the fund raising exercise and to share the risk of under-subscription among syndicate members. For placing at best effort, our Group used to procure clients through our own personal network and connections with high net worth individual and/or corporate clients. Save and except that we did not have any placing and underwriting engagements during the five months ended 28 February 2017, the project completion rates for our placing and underwriting services during the Track Record Period were 100.0%.

Going forward, we will continue to engage sub-underwriters and/or sub-placing agents in respect of our placing and underwriting services. The role of such sub-underwriters and sub-placing agents will solely be to distribute the securities through their network without undertaking the underwriting commitments while our Group, after the Listing, shall undertake the underwriting commitments as our Group has more financial resources to satisfy the FRR requirement for the underwriting services.

To ensure ongoing compliance in relation to the “Joint statement regarding the price volatility of GEM stocks” and the “Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks”, we would require the clients or the sub-underwriters and/or the sub-placing agents and their respective clients to provide with the relevant know-your client documentation and ensure the allocation procedures to allot GEM IPO shares for our placing and underwriting services as follows:

- a) Ensure all relevant know-your client documentation is in place;
- b) Cross-check duplication of addresses, sources of funding and relationship to ensure the the clients or the sub-underwriters and/or the sub-placing agents and their respective clients is not a nominee or acting in concert with any other person;
- c) Work with sponsor and other underwriters to ensure fair and orderly allocation of GEM IPO shares;

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- d) Allocation to be in line with the bases of the Public Offer tranche and in the sole discretion of the Compliance Officer or the designated responsible officer in the event a conflict of interest arises; and
- e) Address any concerns raised by sponsor or regulators with respect to the placee list.

If the clients or the sub-underwriters/sub-placing agents and their respective clients fail to provide the information and documentation in a satisfactory manner, our Group will not allot any shares to the clients or the sub-underwriters and/or the sub-placing agents and their respective clients. There would be no margin financing or other forms of financing from our Group, our Directors, and/or any associates of our Controlling Shareholders or our Directors to clients, sub-underwriters and/or sub-placing agents for GEM IPO shares.

The business engagements within our Group with respect to underwriting and placing were, and are expected by us to continue to be, driven by our Group's engagements as sponsor or financial adviser under our corporate finance advisory services.

Our Group undertook a total of eight placing and underwriting transactions during the Track Record Period, of which five were primary market transactions and three were secondary market transactions. The five primary market transactions in which our Group acted as joint bookrunner, joint lead manager or sub-underwriter in the relevant initial public offerings were all soft underwriting transactions. The three secondary market transactions in which our Group acted as placing agent were on best effort basis.

During the Track Record Period, other than the above eight placing and underwriting transactions, there was one placing transaction that had lapsed and one placing transaction that was terminated by agreement with the customer, which resulted in no placing services being provided.

The following table sets out the placing and underwriting transactions that our Group undertook during the Track Record Period:

***For the year ended 30 September 2014***

<b>Customer (stock code)</b>	<b>Our role</b>	<b>Total fund raising size</b>	<b>Revenue recognised by our Group <i>HK\$'000</i></b>
Convoy Investment Services Limited	Sub-underwriter	Sub-underwriting of 92 million shares of a Hong Kong listed company at HK\$0.36 per share	713
Customer C	Placing agent	Placing of convertible bonds of up to an aggregate principal amount of HK\$30 million	1,050
Hong Wei (Asia) Holdings Company Limited (8191.hk)	Joint bookrunners	Placing of 177,780,000 shares at HK\$0.39 per share	693

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### *For the year ended 30 September 2015*

Customer (stock code)	Our role	Total fund raising size	Revenue recognised by our Group HK\$'000
New Silkroad Culturaltainment Limited (formerly known as JLF Investment Company Limited, 0472.hk)	Placing agent	Placing of a maximum of 600 million new shares at HK\$0.66 per share	1,980
Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Placing agent	Placing of convertible bonds of up to an aggregate principal amount of HK\$433 million	6,538

### *For the year ended 30 September 2016*

Customer (stock code)	Our role	Total fund raising size	Revenue recognised by our Group HK\$'000
Ahsay Backup Software Development Company Limited (8290.hk)	Joint lead managers	Placing of 500 million new shares at HK\$0.20 per share	negligible (Note)
Chuan Holdings Limited (1420.hk)	Joint global coordinators, joint bookrunner and joint lead manager	Global offering of 250 million shares at HK\$0.88 per offer share and the full exercise of an over-allotment option of 37.5 million offer shares at the same offer price	600
AL Group Limited (8360.hk)	Joint bookrunner and joint lead manager	Share offer of 120 million shares at HK\$0.64 per offer share	384

*Note:* We managed to underwrite only one board lot of shares of Ahsay Backup Software Development Company Limited at the time of its IPO in accordance with the underwriting agreement we entered into. We also acted as sponsor of the listing of its shares on GEM and received a sponsorship fee of HK\$4,650,000.

### *For the five months ended 28 February 2017*

We did not have any placing and underwriting engagements during the five months ended 28 February 2017.

### *Pricing policy*

The placing and underwriting commission rates charged by our Group are determined on a case-by-case basis taking into account various factors, including but not limited to, the fund raising size, the perceived likely demand for the shares to be placed or underwritten by us, number of shares to be placed or underwritten by us, number of underwriters and/or placing agents involved, prevailing market conditions and relationship with the relevant customers. For fund raising activities conducted on a best effort basis, the placing and underwriting commission received by us are calculated based on the aggregate placing price of the number of securities successfully placed by us; whereas for fund raising activities conducted on a fully underwritten basis, the commission to be received by our Group are calculated based on the aggregate offer price of the number of securities underwritten by us regardless of the value of securities actually placed by our Group. Our Directors confirmed that the placing and underwriting commission rates charged by our Group are largely in line with the market rates. During the Track Record Period, the commission rate for placing and underwriting transactions we undertook, after deduction of the commission rate for sub-placing and sub-writing, ranged from 0.5% to 3.5%.

### **(iii) Business consulting services**

Our customers for whom we provide business consulting services are mainly individuals and/or entities. In our business consulting services, we offer one-stop-shop approach. We are committed to creating values for our customers through providing a wide range of tailored advisory services as well as cross-border administrative management consulting services to satisfy their various needs throughout their business life-cycle, including pre-IPO preliminary advice, corporate re-structuring and bespoke direct investment opportunities.

As a business consultant, we help to, among others, (i) identify and facilitate potential business development and mergers and acquisition opportunities; (ii) devise a proper business and organisational structure for our customers to pursue opportunities; (iii) introduce potential business cooperation and collaboration for the purpose of business development; (iv) advise the terms and conditions of the target opportunities; (v) introduce potential joint venture partners, suppliers, and market players in pursuance of business development opportunities; and assist and advise in the negotiation with the potential partners. In addition, we assist customers in improving and transforming business performance through strategic and operational re-engineering. We help develop strategies relating to, for example, finance transformation, cost optimisation and business integration.

We also help customers to improve operation of their business performance through a range of services such as margin enhancement, finance functions and process improvement, post-merger integration, cost optimisation and performance measurement.

We believe business performance transformation can help our customer improve their operating margins by focusing on both cost management and process efficiency and also assist customers to make informed decisions such as outsourcing, shared services and joint venture possibilities. As better operating practices are incorporated across the enterprise, this can help provide greater confidence to external investors, business partners and the markets. Moreover, we help customers navigate administrative functions such as tax, regulatory, accounting, and risk management issues that can arise in their business operations. For the three years ended 30 September 2016 and the five months ended 28 February 2017, the project completion rate for our business consulting services was approximately 70.0%, 51.1%, 42.1% and 6.8%.

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Set out below are the transactions handled by our Company in relation to business consulting services during the Track Record Period:

### *For the year ended 30 September 2014*

<u>Customer</u>	<u>Industry/Background of customer</u>	<u>Nature of transaction</u>	<u>Revenue recognised by our Group</u> <i>HK\$'000</i>
Customer U	Owners of machine tools manufacturers in overseas/Italy	Disposal of the entire issued share capital of an Italian joint-stock company to a purchaser	4,527
Customer V	Provider of value-added telecommunications services in the PRC	Provision of administrative service including the provision of office support and financial service in Hong Kong	90

### *For the year ended 30 September 2015*

<u>Customer</u>	<u>Industry/Background of customer</u>	<u>Nature of transaction</u>	<u>Revenue recognised by our Group</u> <i>HK\$'000</i>
Customer W	Conglomerate involving in toys manufacturing, retail and commercial real estate in the PRC	Group structure and reorganization, business operation and feasibility for overseas expansion and technology enhancement	6,000
Customer X	Exhibition and event marketing services provider and conference and show management	Business operation review, recommendation and advice on proposed disposal of assets	3,500
Customer Y	Manufacturing and trading of optical frame and sunglasses	Group re-structuring and business operation review	3,500
Customer Z	Manufacturing and sale of handbags	Group re-structuring and business operation review	1,000
Customer AA	Management of columbarium and funeral service	Advising on a business and organisational structure for the purpose of introducing joint venture partner and negotiation terms and conditions of the joint venture partnership documents	5,000

## BUSINESS

<u>Customer</u>	<u>Industry/Background of customer</u>	<u>Nature of transaction</u>	<b>Revenue recognised by our Group</b> <i>HK\$'000</i>
Customer AB	Investment holding	Analysis and advice on acquisition of listed and/or unlisted assets, business and organizational structure to support funding of expansion plans	2,400
Customer AC	Manufacture of high-end metallic products for household kitchen and bathroom use, commodity goods and plastic products	Identification of private equity investors, structuring and negotiation of terms and conditions of associated legal documents, due diligence exercise and overall project manager	3,640 (Note)
Customer AD	Technological research and development on manufacture of aviation and national defence related equipment	Feasibility study of a cross border M&A in aviation and national defense knowhow transfer in Italy and advice on corporate restructuring	77 (Note)
Customer V	Provider of value-added telecommunications services in PRC	Provision of administrative service including the provision of office support and financial service in Hong Kong	120

*Note:* The amount represented the services rendered in the PRC.

### ***For the year ended 30 September 2016***

<u>Customer</u>	<u>Industry/Background of customer</u>	<u>Nature of transaction</u>	<b>Revenue recognised by our Group</b> <i>HK\$'000</i>
Customer AE	3D printing and jewelry manufacturing tool businesses	Evaluation of business expansion plan to Europe, North America, negotiations of strategic partners and associated joint venture agreements	3,000
Customer AF	A Computer Numerical Controlled (CNC) machine tools and lathe manufacturer in the PRC	Preparation of a legal and financial due diligence report in connection with an acquisition of assets in Italy and review and negotiation of terms and conditions of associated legal documents	2,170



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Customer	Industry/Background of customer	Nature of transaction	Revenue recognised by our Group <i>HK\$'000</i>
Customer AG	Manufacturing of high quality apparel with fine workmanship offering a wide variety of ladies sportswear, casual wear and suit pieces under international brands ( <i>Note 1</i> )	Advice on structural streamlining, reorganisation of internal business units, measures for stringent cost control and efficiency enhancement	200
Customer AG	Manufacturing of high quality apparel with fine workmanship offering a wide variety of ladies sportswear, casual wear and suit pieces under international brands	Advice on current business structure, restructuring, macroeconomic trends of the garment industry and PRC market	2,000
Customer V	Provider of value-added telecommunications services in the PRC	Provision of administrative service including the provision of office support and financial service in Hong Kong	30
Customer AH	Toy manufacturer in the PRC	Formulation of business plan and strategies and preparation of business presentation materials	3,000
Customer AI	Operator of branded restaurant chains in the Greater China Region	Advice on corporate structure, business model feasibility and qualifications for seeking a listing on a stock exchange	3,236
Customer AJ	Operator of an online platform for the sale and delivery of ingredients for Chinese cuisine meals, hot pot ingredients, barbeque, organic food and maternity meals in Hong Kong	Advice on potential business opportunities including divestment, formation of joint venture or sale of equity interest	800
Customer AK	Manufacturer of high quality jewellery accessories and equipment	Preparation of a feasibility study on the formation of a joint venture in the jewellery manufacturing industry in the PRC	2,000
Customer AL	Distributor of high quality precious metals, jewellery accessories, plating solutions, appliances, tools and equipment and machines	Advice on the formation of a joint venture with a one-stop shop for quality precious metals and jewellery making supplies in the United Kingdom	1,500
Customer AM	Natural person	Advice on the possibility to form a joint venture in respect of a water treatment project	1,200

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<u>Customer</u>	<u>Industry/Background of customer</u>	<u>Nature of transaction</u>	<b>Revenue recognised by our Group</b> <i>HK\$'000</i>
Customer AN	Investment, property development and logistic business	Advice on corporate reorganisation and fund raising activities for its logistic business	2,000
Customer U	Owners of machine tools manufactures in overseas/Italy	Advice on the disposal of the entire issued share capital of Disposal of the entire issued share capital of an Italian joint-stock company to a purchaser an Italian joint-stock company to a new purchaser and assist in due diligence exercise and review of sale and purchase agreement for the proposed sale	1,653
Customer AD	Technological research and development on manufacture of aviation and national defence related equipment	Advice on a possible cross-border merger and acquisition transaction	102 (Note 2)

*Notes:* 1. The role lapsed in December 2015 due to a mutual agreement between our Group and that customer  
2. The amount represented the services rendered in the PRC

### ***For the five months ended 28 February 2017***

<u>Customer</u>	<u>Industry/Background of customer</u>	<u>Nature of transaction</u>	<b>Revenue recognised by our Group</b> <i>HK\$'000</i>
Customer AG	Manufacturing of high quality apparel with fine workmanship offering a wide variety of ladies sportswear, casual wear and suit pieces under international brands	Advice on business review and group restructuring	800
Customer AP	A prominent provider of logistics and related services in the global market with business currently spanning Asia Pacific, Europe and North America	Advice on business restructuring and the setup of an internal control system	90
Customer AQ	a supplier of building materials and hardware products in Hong Kong	Advice on business restructuring and the setup of an internal control system	1,500

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## BUSINESS

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### *Pricing policy*

The business consulting services fees charged by our Group are determined on a case-by-case basis taking into account various factors, including but not limited to, the scope of our work in the engagements, the nature of transactions, the complexity of the transactions and the expected length of time to be involved, the estimated time commitment of our workforce, geographic location, general market conditions and relationship with the relevant customers.

For cross-border M&A, during the Track Record Period, the commission rate for the M&A transactions in respect of our business consulting services ranged from approximately 3% to approximately 5% of the consideration of the transaction.

For pre-IPO preliminary advisory, corporate re-structuring and bespoke direct investment opportunities during the Track Record Period, the service fees ranged from HK\$500,000 to HK\$6,000,000. The fees are determined on a case-by-case basis with reference to the nature of the consulting work, expected time and human resources to be allocated based on the complexities and uniqueness of the transaction, relevant market conditions, profitability of the customer and the relationship with the customer.

For other business consulting services, the fees can be charged from HK\$10,000 per month to a one-off payment of HK\$6.0 million.

## CUSTOMERS

Our customers are mainly companies listed on the Stock Exchange, non-listed customers and potential listing applicants on the Stock Exchange mainly in Hong Kong, the PRC, Asia and Europe.

### **Our top five customers**

For the three years ended 30 September 2016 and the five months ended 28 February 2017, revenue generated from our top five customers, in aggregate, accounted for approximately 91.1%, 51.2%, 40.7% and 61.1% of our Group's total revenue, respectively, among which, our largest customer for the respective period accounted for approximately 33.7%, 16.7%, 7.8% and 16.3% of our Group's total revenue, respectively.

## BUSINESS

The tables below set out the revenue generated from our top five customers, our services and the duration of business relationship with our Group for the Track Record Period. Please refer to paragraphs headed “Our business model and services” in this section for backgrounds on the businesses of our top five customers.

### *Year ended 30 September 2014*

Rank	Customer (stock code)	Type of services provided	Revenue contributed to our Group <i>HK\$'000</i>	Percentage of total revenue %	Length of relationship with our Group
1	Customer U	Business review on a disposal of the entire issued share capital of an Italian joint-stock company to a purchaser	4,527	33.7	One-off
2	Hong Wei (Asia) Holdings Company Limited (8191.hk)	Sponsor, compliance adviser and joint bookrunners	2,753	20.5	Since September 2013
3	Customer C	Financial adviser and placing agent	2,550	19.0	One-off
4	Customer B	Financial adviser and sponsor	1,700	12.7	One-off
5	Convoy Investment Services Limited	Sub-underwriter	713	5.3	One-off
<b>Total:</b>			<b>12,243</b>	<b>91.1</b>	

### *Year ended 30 September 2015*

Rank	Customer (stock code)	Type of services provided	Revenue contributed to our Group <i>HK\$'000</i>	Percentage of total revenue %	Length of relationship with our Group
1	Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited, 0231.hk)	Financial adviser and placing agent	9,338	16.7	Since October 2014
2	Customer W	Group structure and reorganisation, business operation and feasibility for overseas expansion and technology enhancement	6,000	10.7	Since May 2014
3	Customer AA	Advising on potential M&A business opportunities	5,000	8.9	Since September 2015

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Rank	Customer (stock code)	Type of services provided	Revenue contributed to our Group <i>HK\$'000</i>	Percentage of total revenue %	Length of relationship with our Group
4	Ahsay Backup Software Development Company Limited (8290.hk)	Sponsor and joint lead manager	4,650	8.3	Since March 2015
5	Customer AC	Feasibility study on seeking a new listing on the Stock Exchange	3,640	6.5	Since April 2015
<b>Total:</b>			<u>28,628</u>	<u>51.2</u>	

### *Year ended 30 September 2016*

Rank	Customer (stock code)	Type of services provided	Revenue contributed to our Group <i>HK\$'000</i>	Percentage of total revenue %	Length of relationship with our Group
1	AL Group Limited (8360.hk) (Note 1)	Sponsor, joint bookrunner, joint lead manager and compliance adviser	4,504	7.8	Since December 2015
2	Customer M	Financial adviser	3,500	6.1	Since September 2016
3	Customer AI	Advice on corporate structure, business model feasibility and qualifications for seeking a listing on a stock exchange	3,236	5.6	Since June 2016
4	Chuan Holdings Limited (1420.hk) (Note 2)	Sponsor, joint global coordinator, joint bookrunner, joint lead manager and compliance adviser	3,200	5.6	Since May 2015
5	Customer AE	Strategic and operational re-engineering, potential pre-IPO investor identification and joint venture possibility	3,000	5.2	Since November 2015
5	Customer E	Financial adviser	3,000	5.2	Since October 2014
5	Customer AH	Formulation of business plan and strategies and preparation of business presentation materials	3,000	5.2	Since April 2016
<b>Total:</b>			<u>23,440</u>	<u>40.7</u>	

#### *Notes:*

- Dealings in shares of this company on the Stock Exchange commenced on 12 July 2016
- Dealings in shares of this company on the Stock Exchange commenced on 8 June 2016

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### *Five months ended 28 February 2017*

Rank	Customer (stock code)	Type of services provided	Revenue contributed to our Group <i>HK\$'000</i>	Percentage of total revenue %	Length of relationship with our Group
1	WLS Holdings Limited (8021.hk)	Financial adviser	2,500	16.3	Since July 2016
2	Customer E	Financial adviser	2,285	14.9	Since October 2014
3	Customer P	Sponsor	2,000	13.0	Since November 2015
4	Customer AQ	Business consulting service	1,500	9.8	Since February 2017
5	Elegance Optical International Holdings Ltd (0907.hk)	Financial adviser	1,100	7.2	Since September 2015
<b>Total:</b>			<u>9,385</u>	<u>61.1</u>	

To the best knowledge of our Directors, none of our Directors, chief executives, or any person who owns more than 5% of the issued share capital of our Company or any of its subsidiaries, or any of their respective close associates, has had or has any interest in any of our top five customers during the Track Record Period. All of our top five customers for the three years ended 30 September 2016 and the five months ended 28 February 2017 are Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, we had no long-term agreements with any of our top five customers.

### **Salient terms of engagement letters**

Set out below is a summary of the salient terms in the legally-binding contracts between our Group and our major customers in provision of our services.

### ***Scope of work, deliverables and term of contract***

Our contracts with our customers specify the scope of work and particular deliverables, such listing documents and advice letters, to be provided by us as sponsor, financial adviser, placing agent or underwriter, as the case may be. During the Track Record Period, while some did not provide a specific period as the term of the contract, our customer contracts for corporate finance advisory services were generally for a period of three to twelve months.

### ***Fee structure and payment***

Fees for sponsor services rendered by us are usually paid in four instalments in accordance with the customer contracts, whilst placing/underwriting commission is payable upon completion of the relevant transaction. Placing or underwriting fees are usually payable by our customers by way of deduction from the aggregate proceeds raised in the fund raising exercises.

Further, our customers are generally required to pay through telegraphic transfer into a designated account.

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### *Confidentiality*

As performance of our works would likely entail obtaining from customers price sensitive information, our Group is often required to comply with confidentiality obligations, save in the situation where we are required by applicable laws, rules or regulations to report or surrender information to government authorities.

### *Termination and indemnity*

Customer contracts mostly provide for events under which the said contracts would be terminated. Often either party is allowed to terminate the contract via written notice to the other party. Customers are in general required to indemnify our Group where our Group sustains any loss due to the relevant transaction.

### **Payment method**

Our Group generally does not grant credit terms to our customers. We usually issue an invoice to our customers of corporate finance advisory services after a pre-defined milestone under the mandate is achieved or upon completion of a transaction. Payments are required to be made within a reasonable period of time after the issue of an invoice and are usually settled by cheques or via wire transfer.

### **SUPPLIERS**

Due to the nature of our principal activities, we do not have any major suppliers.

### **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.

### **SALES AND MARKETING**

For the corporate finance advisory services, the sales and marketing function is performed by our Directors and execution team who maintain a good relationship with the management of listed companies and other business partners in the financial services industry such as professional parties involved in transactions completed by us. We also sponsor congratulatory advertisement on newspapers for listing exercises for which various services are engaged.

Our Directors believe that the Listing will have a positive impact on our Group's brand image and our Group will continue enhancing public awareness toward its services and brand, which will enable it to attract more customers and enrich its customer profile. We generate new business through referrals from existing customers, professional firms (including consulting firms, law firms and accounting firms) and personal network of our executive Directors and execution team. In relation to the introduction of our services to potential customers, during the Track Record Period, our Group had entered into formal engagement and paid introduction fees to three Independent Third Parties. Such fee amount varied depending on the business background and network of such persons and was arrived at after arm's-length negotiation on a case by case basis. To the best of their knowledge, information and understanding, our Directors are of the views that such bases are consistent with industry norms. Our Group incurred introduction fees to three

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Independent Third Parties, who were acquaintances of our executive Directors, of approximately HK\$1.9 million, HK\$1.5 million, nil and nil for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively. Such three Independent Third Parties include:

1. an offshore company which had introduced a customer to us in relation to a cross border M&A opportunities which was a disposal of an Italian joint-stock company. The fee of approximately HK\$1.9 million paid was arrived at after taking into consideration of its assistance in execution of the disposal which generated revenue of approximately HK\$4.5 million during the Track Record Period;
2. an offshore company wholly owned by an individual who had marketed the businesses of VBG Capital in Hong Kong during the year ended 30 September 2015. The fee of approximately HK\$1.4 million paid in lump sum was arrived at after taking into consideration of the length of marketing services in respect of our corporate finance advisory services. During the marketing servicing period, revenue amounted to approximately HK\$3.2 million was generated by the business opportunities leading by this offshore company during the Track Record Period; and
3. an individual who had marketed the businesses of VBG Capital in Hong Kong for a period of six months from 1 April 2015 to 30 September 2015. The fee of approximately HK\$0.1 million paid was arrived at after taking into consideration of the length of marketing services provided. No revenue was generated by the business opportunities leading by this individual during the marketing servicing period.

Our Directors considered that since we have been using our “VBG” brand to carry out our businesses for more than a year, we are able to market our services with our internal human resources going forward. As such, we have ceased to engage other third parties to introduce our services to potential customers.

## LEGAL AND REGULATORY MATTERS

We are primarily subject to the rules and regulations promulgated by the SFC and other relevant regulatory authorities in Hong Kong and the PRC, among others, the Companies Ordinance, the SFO, the Listing Rules, the GEM Listing Rules and the Takeovers Code. Such laws, rules and regulations are subject to amendments or changes from time to time.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, except as disclosed in the paragraph headed “Risk management and internal control procedures — (iii) Legal and regulatory compliance” below in Hong Kong and the PRC, we had complied with all applicable laws and regulations, permits and licences requirements and guidelines in all material respects, and had obtained all permits and licenses to our operation. We renew all our business licenses and permits from time to time to comply with the relevant laws and regulations.

To the best knowledge of our Directors after due inquiry, our Directors confirmed that there were no outstanding regulatory issues involving us, our Directors, senior management or other employees during the Track Record Period and up to the Latest Practicable Date that could threaten our ability to maintain the licences necessary for our operations in the jurisdictions (being Hong Kong and the PRC) in which we operate.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with relevant Hong Kong and the PRC regulatory requirements and guidelines in all material respects, and had obtained the material licences for our operations



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pursuant to applicable Hong Kong and the PRC laws and regulations. Since our establishment, we have not experienced any difficulties in renewing any of our licenses or have had any such licences revoked.

Under the SFO, a licensed corporation shall not carry on any regulated activity unless not less than two responsible officers are approved by the SFC in relation to the regulated activity. Our Directors confirm that during the Track Record Period, VBG Capital has had not less than two responsible officers in relation to each of the regulated activities approved to be carried out by the SFC.

We have established and implemented a policy for the recruitment, licensing and training of our staff to ensure that they are properly recruited, appointed, licensed and trained. The following table sets out the number of licensed persons in each of the regulated activities approved by the SFC as at the Latest Practicable Date:

Regulated activity	Number of responsible officers	Number of licensed representatives
Type 1	4	5
Type 6	6	12

The following table sets out the responsible officers and licensed representatives for each of the regulated activities approved by the SFC as at the Latest Practicable Date:

Regulated activity	As at the Latest Practicable Date Responsible officers	Licensed representatives
Type 1	Mr. Hui Ringo Wing Kun Mr. Ng Sai Leung Ms. Wong Yue Tak Ms. Yau Wai	Ms. Lau Yan Ki Mr. Leung Hei Tung, Hitomi Ms. Li Jie Ms. Tam Chit Wa Ms. Wan Ka Yan Vivian
Type 6	Mr. Hui Ringo Wing Kun Ms. Li Man Kiu Mr. Ng Sai Leung Ms. Sing Ruoh Chi Ms. Wong Yue Tak Ms. Yau Wai	Ms. Chan Laam Chi Mr. Chan Yip Pang Ms. Lau Yan Ki Mr. Leung Hei Tung, Hitomi Ms. Li Jie Mr. Lui Kwan Ho Mr. Ng Sheuk Sze Felix Mr. So Winton Wayne Tung Ms. Tam Chit Wa Ms. Wan Ka Yan Vivian Mr. Wong Siu Hung Mr. Yu Kwan Nam Gabriel

In addition, all licensed corporations are required under section 145 of the SFO to have a minimum level of paid-up share capital and liquid capital in respect of the regulated activities for which the application for license is made and to maintain at all times such minimum level of paid-up share capital and liquid capital. Please refer to the section headed “Regulatory overview — Key on-going obligations of licensed corporation — Minimum capital requirements” in this prospectus for further details.

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Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, VBG Capital maintained the requisite paid-up share capital and liquid capital under the FRR in order to engage in each of the abovementioned two types of regulated activities under the SFO.

### COMPETITION

Competition in the financial services industry in Hong Kong has been and is likely to remain intense due to relatively large number of market players in the corporate finance advisory services. According to the SFC, as at 31 December 2016, there were 288 licensed corporations carrying on Type 6 (advising on corporate finance) regulated activity, approximately one third were eligible to provide listing sponsorship service. Our Group considers companies seeking to list, as well as any listed company, to be our potential clients. In 2016, there were 126 new listing companies, including 6 transfers from GEM to the Main Board. The number of listed companies on the Stock Exchange was 2,009 as of 31 March 2017. According to the CIC Report, the Hong Kong IPO market is highly concentrated. The top five corporate finance houses took up approximately 68.7% of the total IPO fundraising amount in 2016. Our Group ranked fifth among all Hong Kong-based corporate finance houses or 25th among all corporate finance houses in Hong Kong in terms of IPO fund raising in 2016, as well as ranked 22nd in terms of number of deals completed in 2016. Accordingly, we face intense competition.

We face intense competition on many fronts, such as quality and scope of services, market reputation, business network, pricing, human and financial resources. 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.

Since establishment, we have experienced intense price competition in some of our businesses. Under intense price competition, (i) potential customers have requested us for a fee reduction in the negotiation process to conclude mandate; or (ii) potential customers opt for cheaper alternatives in the market. In order to compete with our peers, we adopt a flexible pricing policy as described in the sub-paragraphs headed “Pricing policy and payment” and “Pricing policy” in the paragraph headed “Our business model and services” in this section, after taking into account the prices quoted by our peers and/or competitors, for each of our business segments on a case-by-case basis. The fees we charge therefore may have material differences for similar transactions at different times and/or with different clients. We believe that we will continue to experience downward pricing pressure in the future as some of our competitors, in particular, the new entrant players, seek to win market share through competitive pricing, for example in independent financial advisory services transactions.

We also face competition in attracting and retaining talent. The competition among financial service providers for sponsor principals is very intense. Our ability to continue to compete effectively will depend on our ability to retain and motivate our existing workforce and attract new talents.

For more details on the industry our Group operates in and the competition we currently face, please refer to the section headed “Industry overview” of this prospectus.

### RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

#### (i) Overview of our internal control system

Pursuant to the Code of Conduct, a licensed corporation should have internal control procedures and financial and operational capabilities which can be reasonably expected 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.

Our Group has in place overall internal control systems which are administered by the compliance officer. The compliance officer monitors our Group's overall compliance with applicable regulatory requirements and reports in this regard to the board of Directors from time to time.

Our compliance officer is also responsible for setting the internal control policy and procedure which are contained in our operations and compliance manuals. In order to align our system with our practical operational needs, our compliance officer conducts periodic evaluation on our control standards and the implementation of the same.

In preparation of the Listing, we engaged an independent internal control adviser (the “**Internal Control Adviser**”) in April 2016 as our independent external adviser to perform a review of our internal control system (the “**Internal Control Review**”). The work scope of the Internal Control Review included documentation, testing and assessment of our procedures, systems and controls in respect of our operation and corporate governance. Through an initial review during April 2016, our Internal Control Adviser identified some findings in our internal control system, and considered that the likelihood and extent of the adverse impact of the relevant findings upon the business operations or resources utilisation of our Group was relatively low. It also recommended certain measures to be implemented by us. Based on such recommendations, we implemented the measures to improve our internal control system. According to the results of the follow-up review performed by the Internal Control Adviser in May 2016, our Group has adopted and implemented all recommendations of the Internal Control Adviser.

Based on the Internal Control Review by the Internal Control Adviser and the responses and remedial actions taken by our Group, our Directors believe, and the Sole Sponsor concurs that, the various internal control policies and procedures adopted by our Group are adequate and effective.

Our Directors confirmed that no material violation of our compliance manuals and internal control policies by any of our staff members had occurred during the Track Record Period and up to the Latest Practicable Date.

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Set out below are some of our major internal control systems in regards to our business activities.

**(ii) Key internal controls on our placing and underwriting services and/or corporate finance advisory services**

***Restricted list and conflict checks***

In order to prevent potential conflicts of interest arising amongst our customers and our staff, the head of our corporate finance advisory department updates and circulates to all staff the restricted list once a potential project involving any listed companies is identified. Our staff is strictly prohibited from trading the securities of the listed companies enlisted on the restricted list. After a potential project is identified, a conflict of interest check or independence check has to be conducted before any engagement for our corporate finance advisory services is accepted. 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. Staff members must avoid any actual or potential conflict of interest. Management must be alerted when a conflict of interest arises and relevant information is to be disclosed to all parties at stake. Under all circumstances, staff members should act in the best interest of our customers.

We have established the Chinese Wall as and when required to prevent the flow of confidential information or price sensitive information between the corporate finance activities and other business activities. This system should include physical separation between, and different staff employed for, the various business activities. Our employees are brought on-side in corporate finance or any deals on a “need-to-know” basis. Employees should not pass or discuss any unpublished price-sensitive information with fellow employees other than those directly involved in the deals.

***Staff dealing***

We maintain a restricted dealing list of securities, the issuers of which our Group may have received material information or has been retained to provide advice. Such a restricted dealing list is maintained and updated from time to time. The trading of securities on the restricted dealing list for our Group’s own accounts and for employees and related accounts are strictly prohibited. Licensed staff are required to obtain the prior written consent from the compliance officer to be in compliance of Rule 12.2 of the SFC Code of Conduct before opening a securities or commodities trading account with other licensed person. All employees have to provide their monthly statement of securities trading account regularly to the compliance officer when they deal or trade in securities opened with any financial institutions or securities firms.

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

In compliance with relevant legal and regulatory requirements, we have in place internal control policies for detecting and preventing money laundering and counter-terrorist financing activities. With reference to the Anti-Money Laundering Guideline, our

checking mechanism encompasses four main components: (i) customer due diligence; (ii) on-going monitoring; (iii) suspicious transaction reporting; and (iv) record keeping.

Our licensed staff are required to regularly check the updated information on the SFC website against their records, and immediately report any suspicious transactions or relationships that they have or have had with the named person or entities to the responsible officer of our Group. Where the responsible officer determines that the matter is reportable, it must be reported to the JFIU. The compliance officer should keep a written record of all suspicious transaction reports received including information and other matters leading to the making of the report.

Please refer to the section headed “Risk factors — Risks relating to our business — We may not be able to fully identify money laundering activities and/or other illegal or improper activities in our business operations” in this prospectus for details on risks associated with money laundering activities.

### ***Customer due diligence***

Customer identification is an important part of our customer due diligence review. With the support of data or information from an independent and reliable source, our licensed representatives and account executives must verify the identity of beneficial owners of our securities trading account in conducting customer due diligence.

### ***On-going monitoring***

Documents, data and information concerning our customers are reviewed on a regular basis and their trading activities are monitored on a real-time basis. As for our corporate finance advisory services, each working team is supervised by a project manager who is either a principal or a responsible officer.

### ***Suspicious transaction reporting***

Our staff members must immediately notify our compliance officer where any suspicious transaction is detected and will report to the JFIU once he/she has reasonable grounds to justify suspicion towards the transaction and/or the customer concerned.

### ***Record keeping***

For all transactions conducted by our Group, we maintain proper books and records (which are kept by us for at least seven years) so that we are able to trace and return to each individual transaction if need be and compile a financial profile of suspicious accounts/customers. During the Track Record Period, we were not aware of any transaction or account/customer that causes suspicion of conducting money laundering and terrorist financing activities.

All customer identification documents and accounts documents and business correspondence (in particular those from our corporate finance engagements as well as placing and underwriting transactions) are regularly reviewed by our responsible officers. Further, our accounts department is responsible for properly updating all accounting

records with reference to copies of documents such as invoices, engagement letters, underwriting agreements and placing letters submitted to them from our operational departments.

***Measures to ensure ongoing compliance in response to the “Joint statement regarding the price volatility of GEM stocks” and the “Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks”***

In response to the “Joint statement regarding the price volatility of GEM stocks” and the “Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks”, our Group has updated the operation manual and provided guidance to all staffs in March 2017 to ensure that the securities of the sponsor and/or the underwriting clients who are GEM IPO clients have would have an open market.

For sponsorship service in relation to GEM IPO clients, we would request the clients to consider the method of listing and recommend a public offer tranche in addition to a placing tranche and advise on the strategy of the placing and placee mix to ensure adequate spread of shareholders with a view to achieve an open market. We would also require the sub-underwriters and the sub-placing agents to provide documentation on the allocation of the placees.

For underwriting and placing service in relation to GEM IPO securities, we would require the clients or the sub-underwriters and/or the sub-placing agents and their respective clients to provide with the relevant know-your client documentation and ensure the allocation procedures to allot GEM IPO shares for our placing and underwriting services as follows:

- a) Ensure all relevant know-your client documentation is in place;
- b) Cross-check duplication of addresses, sources of funding and relationship to ensure the the clients or the sub-underwriters and/or the sub-placing agents and their respective clients is not a nominee or acting in concert with any other person;
- c) Work with sponsor and other underwriters to ensure fair and orderly allocation of GEM IPO shares;
- d) Allocation to be in line with the bases of the Public Offer tranche and in the sole discretion of the compliance officer or the designated responsible officer in the event a conflict of interest arises; and
- e) Address any concerns raised by sponsor or regulators with respect to the placee list.

If the clients or the sub-underwriters/sub-placing agents and their respective clients fail to provide the information and documentation in satisfactory manner, our Group will not allot any shares to the clients or the sub-underwriters and/or the sub-placing agents and their respective clients. There would be no margin financing or other forms of financing from our Group to clients, sub-underwriters and/or sub-placing agents for GEM IPO

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shares. The Internal Control Adviser is of the view that our Group's updated procedures has ensured the ongoing compliance with the "Joint statement regarding the price volatility of GEM stocks" and the "Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks."

Our Director believe that all the existing customers who are pursuing for IPO would not change their plan, so there shall be no material impact.

### (iii) Legal and regulatory compliance

Our Directors confirmed, having made all relevant enquiries, that we have complied with all applicable laws and regulations in all material respects in Hong Kong and the PRC which are material to the business and operations of our Group, and no disciplinary action had been taken against any members of our Group, our Directors, responsible officers, licensed representatives and our staff during the Track Record Period and up to the Latest Practicable Date.

During the inspection visit by the SFC in November 2015, the SFC had completed a limited-scope review of specific aspects of internal controls and systems of VBG Capital relevant to our sponsor work, which reviews might not reveal all breaches, deficiencies and irregularities that might exist, in our internal control system. VBG Capital received comments on due diligence work in acting as the sponsor of an IPO project in March 2016. Set out below is a summary of SFC's comments and our rectification actions taken in respect of its comments:

Area of concern from SFC	Deficiency	Our remedial measures implemented
Deficient record keeping system	Insufficient documentation on internal discussions and actions taken on significant matters	VBG Capital has a revised policy on documentation keeping and will maintain and save all the documents and correspondence records of all internal and external discussions involved in order to demonstrate our due diligence work done and to provide a proper trail of all work done in IPO projects

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

### (iv) Policies and procedures on investment management

During the Track Record Period, our Group adopted a diversified investment management policy in terms of risk tolerance and rate of return. Nevertheless, our Group acquired only two available-for-sale financial assets during the Track Record Period as we were familiar with the business of the two available-for-sale financial assets. We have policies and procedures pursuant to which only certain directors of VBG Capital and VBG Asia are authorised to make stock trade orders subject to pre-set trading objective, risk tolerance level and trading limit. Our Group has



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no intention to continue investing in available-for-sale financial assets after the Listing, except that we may receive consideration shares from customers for provision of our services which shall be recognized as available-for-sale financial assets because of the non-trading and non-recurrent in nature and out of the ordinary and usual course of business of our Group.

### COMPLAINTS RECEIVED BY OUR GROUP

Our Group has established certain procedures for handling complaints. Complaints received by our employees will be passed to our Group's compliance officer. After receiving a complaint, our Group's compliance officer will conduct further investigation. Where necessary, complaints may be escalated to the board of Directors. We maintain a register of complaints received, the results of investigations and the actions taken to address the complaints.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from any of our customers about our Group or our employees.

### LITIGATION

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance were known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

### INSURANCE COVERAGE

Our Group has taken out and maintained different insurance policies.

During the Track Record Period and up to the Latest Practicable Date, we took out (i) employees' compensation insurance in accordance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and property insurance coverage for our principal place of business in Hong Kong and medical insurance for our employees. All of our policies are underwritten with reputable insurance providers and we review our insurance policies annually. The aggregate premium of all of our insurance policies amounted to approximately HK\$87,000, HK\$120,000, HK\$103,000 and HK\$39,000 for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

Certain types of risks, such as the risk in relation to the collectability of our trade receivables and liabilities arising from events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks.

Our Directors believe that our insurance coverage is adequate and in line with the industry standard for the operations of our Group and confirm that payments under all existing insurance policies have been duly paid. During the Track Record Period and up to the Latest Practicable Date, there were no material insurance claims.



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### DOMAIN NAME AND INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we are the registered owner of the domain name “**www.vbg-group.com**”, which was registered on 13 July 2015 and is due to expire on 13 July 2018, subject to renewal. The registration prevents others from using our domain name during the subsisting registration period.

We have been conducting our business using the “VBG” brand name. As at the Latest Practicable Date, our Group had registered VBG and 建泉 trademarks in Hong Kong, details of which are set out in the paragraph headed “B. Further information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus. Further details of the intellectual property rights of our Group are set out in the paragraph headed “B. Further information about our business — 2. Intellectual property rights of our Group” under Appendix IV to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings with regard to, and we had not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved in either as a claimant or respondent which would have had a material impact on our business, financial conditions or results of operations.

### PROPERTIES

As at the Latest Practicable Date, our Group did not own any properties. We leased from Independent Third Parties the following properties in Hong Kong and the PRC for our business and office and keeping of records purposes.

Address	Use of property	Monthly rent	Term of tenancy
<i>Hong Kong:</i> 18/F, Prosperity Tower, 39 Queen’s Road Central, Hong Kong	Office	HK\$359,172 <sup>Note</sup>	3 years from 1 May 2015 to 30 April 2018, both days inclusive
<i>PRC:</i> Rooms 902 and 1107, Commercial Building, Nos. 15 and 14 North of Nanfaxinqian Street, Shunping Road, Shunyi District, Beijing (北京市順義區南法信順平路北側15和14號商業辦公樓902和1107室)	Office	RMB32,933 <sup>Note</sup>	1 year and 2 months from 20 September 2016 to 19 November 2017, both days inclusive

*Note:* Exclusive of government rent, rates, and air-conditioning and management fees.

No valuation report for these office spaces have been included in this prospectus as they are exempted under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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### EMPLOYEES

The table below sets forth a breakdown of the number of our employees by business function as of 30 September 2014, 30 September 2015, 30 September 2016, 28 February 2017 and the Latest Practicable Date:

Function	As at 30 September			As at	As at
	2014	2015	2016	28 February 2017	the Latest Practicable Date
Director and senior management	4	4	4	4	4
Financial services personnel	10	19	20	21	20
Finance and accounts	3	3	2	2	2
General administrative	5	4	4	4	4
Total	<u>22</u>	<u>30</u>	<u>30</u>	<u>31</u>	<u>30</u>

All of our employees are employed under employment contracts, which set out fully, among other things, the employee's responsibilities, remuneration and ground for termination. Generally, employee salaries are determined based on the employee's qualifications, experience, position and seniority. We assess our employee remuneration on an annual basis to determine whether any salary adjustments are required to be made.

During the Track Record Period, our Group had not experienced any significant difficulties in recruiting employees, and had not experienced any significant staff or labour disputes. Our Directors confirm that our Group's relationship with our employees is satisfactory in general. Our Directors consider that the management policies, working environment, career prospect and benefits extended to our employees have contributed to building a good employee relations and employee retention. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by our employees.

### Training policies

Our Group is subject to the SFO and the majority of our employees are licensed as responsible officer or licensed representative. 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 the relevant regulated activities.

We constantly collect information on the changing regulatory requirement by attending seminars and studying enforcement news of the SFC. From time to time, we provide updates on changes or development in the financial industry including the revisions of rules and regulations to keep our relevant employees updated by way of subscribing online automatic alerts from the websites of the SFC and the Stock Exchange.

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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 in Appendix I to this prospectus and not merely rely on the information contained in this section. Our Group's combined financial statements have been prepared in accordance with the HKFRSs. The figures in this section have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row.*

*The following discussion and analysis contain 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 headed "Risk factors" in this prospectus.*

### OVERVIEW

We are a financial services provider which provides (i) corporate finance advisory services (including sponsorship, compliance advisory, financial advisory and independent financial advisory); (ii) placing and underwriting services; and (iii) business consulting services. Our financial advisory service fees during the Track Record Period were derived mainly from listed customers.

For non-listed customers, we assist them in improving and transforming business performance through strategic and operational re-engineering and developing strategies relating to, for example, finance transformation, cost optimisation and business integration. For listed customers, we advise them on transactions and/or compliance matters under the Listing Rules, the GEM Listing Rules or Takeovers Code in the capacity of financial adviser and/or compliance adviser. We give 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 service fee accounted for approximately 47.3%, 39.7%, 58.4% and 84.4% of our total revenue for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

We have achieved rapid growth and enhanced our profitability during the Track Record Period. Our revenue increased by approximately 3.3 times from approximately HK\$13.4 million for the year ended 30 September 2014 to approximately HK\$57.4 million for the year ended 30 September 2016.

For the three years ended 30 September 2016 and the five months ended 28 February 2017, our net (loss)/profit amounted to approximately HK\$(4.4) million, HK\$36.4 million, HK\$14.9 million and HK\$2.8 million, respectively. In addition, as at 30 September 2014, 2015, and 2016 and 28 February 2017, we had total assets of approximately HK\$10.4 million, HK\$58.7 million, HK\$42.5 million and HK\$34.4 million, respectively.

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### **BASIS OF PRESENTATION OF FINANCIAL INFORMATION**

Our Company was incorporated in the Cayman Islands on 5 February 2016 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 sections headed “History, Reorganisation and corporate structure — Reorganisation” and “A. Further information about our Company — 4. 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 Guidelines 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. Preparation of the financial information of our Group was in accordance with the HKFRs issued by the HKICPA on the basis of presentation as set out in note 2 to the Accountants’ Report in Appendix I to this prospectus.

### **SIGNIFICANT ACCOUNTING POLICIES**

Our Group’s financial information has been prepared in accordance with the HKFRSs. Significant accounting policies adopted by our Group are set forth in detail in note 3 in section B of the Accountants’ Report in Appendix I to this prospectus. Some of the accounting policies involve subjective judgements, estimates, and assumptions made by our senior 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.

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## FINANCIAL INFORMATION

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For details of the significant accounting policies and estimates relating to our Group's financial information, please refer to note 3 in section B of the Accountants' Report set out in Appendix I to this prospectus.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS**

Due to the business nature of our Group, our financial performance highly relates to the number of our engagements and the size of the transactions which we secure from time to time and the then prevailing markets sentiments and environments. As our business mainly focuses on capital markets in Hong Kong and the PRC, our Directors believe that the major factors affecting our Group's results of operations include:

#### **Performance of Hong Kong and the PRC market and economic conditions**

Our revenue is generated mainly from the provision of corporate finance advisory services, placing and underwriting services, and business consultation services in Hong Kong and the PRC. Our Directors believe that our financial performance highly relates to the overall performance of Hong Kong and the PRC market, which may be affected by many unpredictable factors, including the PRC, Hong Kong and international economic and political conditions, and changes in the macro-economic conditions and environment.

The stock market turnover of Hong Kong 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 annual trading turnover value in 2012 reached the bottom and amounted to approximately HK\$13,301 billion as a result of the uncertainties arisen from the European debt crisis. IPO market in 2015 also experienced the similar downturn that the total fund raised from IPO dropped significantly to approximately HK\$90 billion in 2012 from HK\$449 billion in 2010. As the majority of our revenue was derived from our corporate finance advisory services, hence, our opportunities in securing engagements are highly dependent on the activeness of the markets in Hong Kong, and in particular, the implementation of the cross border investment channel brought by the Shanghai-Hong Kong Stock Connect in the last quarter of 2014. This pilot scheme enables investors in Hong Kong and the PRC to trade a specified range of listed stocks in each other's market through their respective local securities companies, thereby helping to promote and strengthening the connection between Hong Kong and the PRC capital markets. With the unstable and unpredictable conditions, our financial performance may be volatile.

#### **Intensity of competition in the financial advisory industry**

Our results of operations are, to some extent, susceptible to the intensity of competition in the corporate finance advisory service 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.

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There is a large number of market participants in the Type 6 (advising on corporate finance) regulated activity. Based on the statistics of the SFC, as at 31 December 2016, there were 288 licensed corporations and 33 registered institutions conducting such regulated activity. This may lead to competitive pricing for services. As at 31 December 2016, there was an increase of 13 licensed corporations but a reduction of 2 registered institutions, respectively. Such intense competition may affect our market share in the financial advisory service industry in Hong Kong and our results of operations.

### **Changes in the laws and regulations governing the financial services industry in Hong Kong and the PRC as well as the PRC's fiscal policies**

Our business is bounded by a number of promulgation, laws and regulation, including the Listing Rules, the GEM Listing Rules, the Takeovers Code, Companies Ordinance and relevant fiscal policies of the PRC's government. Any change on these promulgations, laws and regulations may affect our target customers' abilities to implement corporate exercises and action plans including primary and secondary market equity fund-raising and M&A strategic planning and, in turn, will affect our revenue.

### **Changes in the movement of interest rates**

Since Hong Kong's interest rate environment is primarily determined by the US Federal Reserve, whose decisions to raise interest rate may have an adverse impact on the financial markets, especially the stock market, and the market sentiment, which may indirectly affect our Group's results of operations adversely.

### **Key management and executives**

Our management team comprising our two executive Directors, each of whom has over ten years of industry experience in the corporate finance services and business consulting industry and possess in-depth knowledge in their respective areas of expertise. They have made significant contributions to our business development and are responsible for implementing our business strategies. We believe that the expertise and experience of our management team is a major contributing factor to our Group's success and future growth. For this reason, any change in the composition of our management team, which could arise from time to time, may have an impact on our Group's results of operations in short term.

## FINANCIAL INFORMATION

### RESULTS OF OPERATIONS OF OUR GROUP

The following table sets forth our combined statements of profit or loss and other comprehensive income for the Track Record Period as extracted from the Accountants' Report in Appendix I to this prospectus.

#### Combined statements of profit or loss and other comprehensive income

	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	13,433	55,955	57,377	10,475	15,359
Other income/(expense)	45	10,738	153	83	(3)
Impairment loss on available-for-sale financial assets	—	—	(3,760)	—	—
Administrative expenses and other operating expenses	(17,837)	(28,276)	(33,188)	(10,168)	(11,574)
<b>(Loss) Profit before income tax</b>	(4,359)	38,417	20,582	390	3,782
Income tax expense	—	(2,060)	(5,725)	—	(1,026)
<b>(Loss) Profit for the year/period</b>	(4,359)	36,357	14,857	390	2,756
<b>Other comprehensive income (expense):</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value gain (loss) on available-for-sale financial assets	—	10,242	(3,760)	(280)	880
Impairment loss on available-for-sale financial assets	—	—	3,760	—	—
Reclassification adjustment upon disposals of available-for-sale financial assets	—	(10,242)	—	—	—
<b>Other comprehensive (expense) income for the year/period</b>	—	—	—	(280)	880
<b>Total comprehensive (expense) income for the year/period</b>	<u>(4,359)</u>	<u>36,357</u>	<u>14,857</u>	<u>110</u>	<u>3,636</u>

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### PRINCIPAL COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

We generated revenue of approximately HK\$13.4 million, HK\$56.0 million, HK\$57.4 million and HK\$15.4 million for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

Our revenue was derived from three principal sources — corporate finance advisory services, placing and underwriting services, and business consulting services. The following table sets forth a breakdown of our revenue during the Track Record Period:

	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Corporate finance advisory services	6,360	22,200	33,502	5,075	12,969
Placing and underwriting services	2,456	8,518	984	—	—
Business consulting services	4,617	25,237	22,891	5,400	2,390
<b>Total</b>	<b>13,433</b>	<b>55,955</b>	<b>57,377</b>	<b>10,475</b>	<b>15,359</b>

#### *Corporate finance advisory services*

Our revenue from corporate finance advisory services was derived mainly from (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; (ii) giving opinions or recommendations to the independent board committee and independent shareholders of our listed customers in the capacity of independent financial adviser; (iii) acting as sponsor for them in IPO exercise; (iv) advising companies on compliance requirements; and (v) acting as compliance adviser to listed companies post-IPO. For more details, please refer to the section headed “Business” of this prospectus.

Our revenue from corporate finance advisory services accounted for approximately 47.3%, 39.7%, 58.4% and 84.4% of our total revenue for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.



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The following table shows a breakdown of our revenue derived from corporate finance advisory services by types during the Track Record Period:

	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sponsor services	3,200	12,600	15,300	2,000	3,100
Financial advisory services	2,250	7,650	13,600	1,300	6,885
Independent financial advisory services	—	670	2,698	1,110	1,869
Compliance advisory services	910	1,280	1,904	665	1,115
	<u>6,360</u>	<u>22,200</u>	<u>33,502</u>	<u>5,075</u>	<u>12,969</u>

### *Placing and underwriting services*

We derive placing and underwriting fee from acting either as a placing agent for our customers in share placements or as a lead manager and/or underwrite for our customers in connection with IPOs and other equity fund raising activities.

Our revenue from placing and underwriting services accounted for approximately 18.3%, 15.2%, 1.7% and nil of our total revenue for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

### *Business consulting services*

Our business consulting service fee was derived mainly from (i) reviewing potential customers' business, capital structure and corporate strategic plans; and (ii) recommending cross-border M&A advisory in order to enhance customers' financial performance and shareholders' value. For more details, please refer to the section headed "Business" of this prospectus.

Our revenue from business consultation services accounted for approximately 34.4%, 45.1% 39.9% and 15.6% of our total revenue for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

### **Other income**

Our other income primarily comprised interest income from licensed banks in Hong Kong and dividend income from equity securities listed in Hong Kong, net realised gain or loss from sale of investment and net unrealised gain or loss on financial assets at fair value, which are insignificant compared to our revenue. However, our other income increased tremendously for the year ended 30 September 2015 because of a one-off gain on disposal of available-for-sale financial assets and intangible assets during the year.

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	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend income from investments	—	7	4	—	—
Net realised (loss) gain from sale of investments at fair value through profit or loss	—	(366)	89	89	—
Net unrealised (loss) gain on financial assets at fair value through profit or loss	—	(150)	45	(14)	(19)
Interest income	41	13	8	1	2
Gain on disposal of available-for-sale financial assets	—	10,242	—	—	—
Gain on disposal of intangible assets	—	975	—	—	—
Others	4	17	7	7	14
	<u>45</u>	<u>10,738</u>	<u>153</u>	<u>83</u>	<u>(3)</u>

### ***Dividend income from investments***

Dividend income was derived from listed equity securities held by our Group.

### ***Net realised loss/gain from sale of investments at fair value through profit or loss***

Net realised loss/gain from sale of investments at fair value through profit or loss represented loss/gain incurred from sale of listed equity securities net of transaction costs.

### ***Net unrealised loss/gain on financial assets at fair value through profit or loss***

Net unrealised loss/gain on financial assets at fair value through profit or loss represented the resulting loss/gain recognised and charged to profit and loss when the market value of listed equity securities held by our Group is lower/higher than their acquisition cost at the end of each reporting period.

### ***Gain on disposal of available-for-sale financial assets***

Gain on disposal of available-for-sale financial assets represented the profit derived from the disposal by our Group of shares listed on the Stock Exchange.

### ***Gain on disposal of intangible assets***

Gain on disposal of intangible assets represented the profit derived from the disposal of a club membership by our Group to an Independent Third Party.

### ***Administrative expenses and other operating expenses***

Our administrative expenses and other operating expenses mainly comprised staff costs and related expenses, rental expenses, professional fees, advertising and recruitment expenses, other operating expenses and the Listing expenses.

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Our administrative expenses and other operating expenses included the following during the Track Record Period:

	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs and related expenses	9,668	18,514	16,754	6,777	8,313
Rental expenses	4,226	4,265	4,586	1,963	1,934
Professional fees	2,065	1,887	155	78	39
Advertising and recruitment expenses	9	1,400	1,238	358	8
Other operating expenses	1,869	2,210	2,363	992	1,083
Subtotal	17,837	28,276	25,096	10,168	11,377
Listing expenses	—	—	8,092	—	197
	<u>17,837</u>	<u>28,276</u>	<u>33,188</u>	<u>10,168</u>	<u>11,574</u>

Staff costs and related expenses comprised of salaries, bonus, contribution to defined contribution retirement plans and other benefits. These accounted for approximately 54.2%, 65.5%, 50.5% and 71.8% of our total administrative expenses and other operating expenses, respectively for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

Rental expenses represented the leasing of our office premises in Hong Kong and in the PRC. These accounted for approximately 23.7%, 15.1%, 13.8% and 16.7% of our total administrative expenses and other operating expenses for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

Professional fees mainly represented the introduction fees to the Independent Third Parties in relation to business consulting revenue. Professional fees accounted for approximately 11.6%, 6.7%, 0.5% and 0.3% of our total administrative expenses and other operating expenses for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

Advertising and recruitment expenses mainly represented the recruitment expenses for recruiting our staffs. These accounted for approximately 0.1%, 5.0%, 3.7% and 0.1% of our total administrative expenses and other operating expenses for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

Listing expenses represented the fees and costs incurred for the Share Offer in connection with the Listing and the Share Offer. Listing expenses accounted for approximately nil, nil, 24.4% and 1.7% of our total administrative expenses and other operating expenses for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

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Other operating expenses primarily include building management fee, government rent and rates, overseas travelling, depreciation, exchange loss/gain and other miscellaneous expenses.

	For the year ended 30 September			For the five months ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Building management fee	523	523	539	220	227
Government rent and rates	172	183	198	78	87
Overseas travelling	254	212	516	219	160
Depreciation	184	216	233	97	104
Exchange loss/(gain)	131	145	(19)	—	90
Others	605	931	896	378	415
	<u>1,869</u>	<u>2,210</u>	<u>2,363</u>	<u>992</u>	<u>1,083</u>

### Income tax expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of our Group are domiciled and operate.

Our Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations of those jurisdictions.

For our operations based in Hong Kong, we are liable to Hong Kong Profits Tax at the rate of 16.5% on our Group's estimated assessable profits for the Track Record Period.

For our operations in the PRC, our subsidiary was subject to Enterprise Income Tax of the PRC at a statutory rate of 25% for the Track Record Period.

Our effective tax rates were approximately nil, 5.4%, 27.8% and 27.1% for the three years ended 30 September 2016 and the five months ended 28 February 2017, respectively.

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## FINANCIAL INFORMATION

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Year ended 30 September 2015 compared to year ended 30 September 2014

##### *Revenue*

Our revenue increased by approximately HK\$42.5 million, or approximately 3.2 times from approximately HK\$13.4 million for the year ended 30 September 2014 to approximately HK\$56.0 million for the year ended 30 September 2015. The increase was attributable to increases in revenue from corporate finance advisory services, placing and underwriting services, and business consulting services of approximately HK\$15.8 million, HK\$6.1 million and HK\$20.6 million, respectively, under the active stock market since April 2015. The number of active engagements handled by our Group increased from 15 for the year ended 30 September 2014 to 34 for the year ended 30 September 2015.

	For the year ended 30 September	
	2014	2015
	Number of active engagements	Number of active engagements
Corporate finance advisory services	10	22
Placing and underwriting services	3	2
Business consulting services	2	10
	<hr/>	<hr/>
Total	15	34
	<hr/>	<hr/>

We had a financial turn-around and recorded a revenue and a profit of approximately HK\$56.0 million and HK\$36.4 million, respectively, for the year ended 30 September 2015, which was primarily due to the following factors:

- (i) there was a time lag for deriving revenue as a result of the streamlining of our operating structure after the acquisition by Ms. Letty Wan. For details of the streamlining of our operating structure, please refer to the sections headed “History, Reorganisation and corporate structure” and “Financial information — Accumulated losses/retained profits” in this prospectus;
- (ii) we expanded the financial services team to cope with the increase of business opportunities. Please refer to the section headed “History, Reorganisation and corporate structure” for details;
- (iii) we have become more established and our reputation has been improved; and
- (iv) there was an active stock market in Hong Kong in 2015.

Our Directors considered that a streamlined corporate structure, an expanded team and improved reputation together contributed to our growth in revenue and profit for the year ended 30 September 2015. We began hiring personnel for our financial services team after we had not have sufficient principals for sponsorship works from 11 August 2014 to 23 January 2015. Ms. Letty Wan was primarily responsible for the initiatives for streamlining the operations and reducing costs within our Group, as well as for the recruitment of directors for our finance service team.

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With additional financial services team members and upon successful recruitment and registration of principals for sponsorship works since 23 January 2015, we have been eligible to provide sponsorship services and compliance advisory services. Mr. Ringo Hui, who is responsible for business development of our Group, carried out more active business development and client management activities by promoting awareness of our service capabilities in IPOs, M&A, capital markets and business consulting initiatives to our potential and existing clients, which led to the relevant deal flows being enhanced. In addition, we were engaged by listed companies such as China Minsheng Financial Holding Corporation Limited (formerly known as China Seven Star Holdings Limited)(0245.hk), Chinese Estates Holdings Limited (0127.hk), Geely Automobile Holdings Limited (0175.hk), Aluminum Corporation of China Limited (2600.hk), Kingsoft Corporation Limited (3888.hk) and Nine Dragons Paper (Holdings) Limited (2689.hk), which each has a market capitalisation of more than HK\$10 billion during the Track Record Period and up to the Latest Practicable Date, and our Directors considered that such clientele benefits our Group's market exposure and reputation. Our new financial services team members originated and/or assisted to execute transactions which generated revenues of approximately HK\$26.4 million and HK\$34.7 million for the financial years ended 30 September 2015 and 2016, respectively.

In addition, due to the active stock market in 2015, we managed to procure and complete two placings for the year ended 30 September 2015, which generated revenue of approximately HK\$8.5 million.

Our Directors believed that in addition to the existing engagements carried forward from the financial year ended 30 September 2014 and the organic growth based on the static financial services team size in the financial year ended 30 September 2015, the track record of transactions executed by our Group, in particular, the first successful IPO transactions on GEM and Main Board in January 2014 and January 2015, respectively, in respect of which we acted as sponsor, enabled us to procure new customers during the period of the active stock market in 2015.

Save for the performance of the stock market in Hong Kong, the factors underlying the significant improvement in our financial performance are principally under the control of our management. For risk factors relating to our business, which may affect our financial performance, please refer to the section headed "Risk factors — Risks relating to our business" in this prospectus.

The favourable turn-around performance was mainly due to the increase in the number of high value transactions for over HK\$1 million from 5 active engagements for the year ended 30 September 2014 to 14 active engagements for the year ended 30 September 2015.

	For the year ended 30 September	
	2014	2015
	Number of active engagements	Number of active engagements
For transaction revenue recognised		
HK\$3,000,001 or above	1	7
between HK\$1,000,001 — HK\$3,000,000	4	7
HK\$1,000,000 or below	10	20
	<u>15</u>	<u>34</u>

*Note:* Active engagements refer to the engagements from which our Group had derived revenue during the relevant financial year.

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For details of the major transactions of each business segment, please refer to the discussion of our major transactions for each business segment under the section headed “Business — Our business model and services” and the table for our top five customers during the Track Record Period under the section headed “Business — Customers” in this prospectus.

### ***Other income***

Our other income increased by approximately HK\$10.7 million, or approximately 237.6 times from approximately HK\$45,000 for the year ended 30 September 2014 to approximately HK\$10.7 million for the year ended 30 September 2015. The increase was related to the occurrence of a few non-recurring transactions during the year, namely disposal of available-for-sale financial assets and disposal of intangible assets, which contribute to other income of approximately HK\$10.2 million and HK\$1.0 million, respectively.

As disclosed in note 15 to the Accountants’ Report set out in Appendix I to the prospectus, the purchases of available-for-sale financial assets from Ping An Securities and from a related company were settled through current account with immediate holding company. The consideration was determined based on a 10% discount to the closing price of the available-for-sales financial assets immediately before the transaction date with reference to twelve months of trading pattern of the relevant stock. Our Directors considered that the transaction was conducted on an arm’s-length basis. Furthermore, our Directors believed that the purchases would bring probable future economic benefit in the long run.

During the Track Record Period, our Group adopted a diversified investment management policy in terms of risk tolerance and rate of return. Nevertheless, our Group acquired only two available-for-sale financial assets during the Track Record Period as we were familiar with the business of the two available-for-sale financial assets.

The purchases of such available-for-sale financial assets were made directly from Ping An Securities and another related company instead of the open market in order to save the time in dealing in large block securities trading on board and brokerage or other transaction costs that may be incurred.

### ***Administrative expenses and other operating expenses***

Our administrative and other operating expenses increased by approximately HK\$10.4 million, or 58.5%, from approximately HK\$17.8 million for the year ended 30 September 2014 to approximately HK\$28.3 million for the year ended 30 September 2015.

The increase was mainly because of (i) the increase in staff costs and related expenses by approximately HK\$8.8 million, or 91.5%, over the period when the headcount of execution team increased by approximately 90% over the period; and (ii) the increase in the advertising and recruitment expenses by approximately HK\$1.4 million for the recruitment for the year ended 30 September 2015.

### ***Income tax expenses***

No income tax expense was charged for the year ended 30 September 2014 as our Group incurred a taxation loss. For the year ended 30 September 2015, income tax expenses amounted to approximately HK\$2.1 million and the effective tax rate was approximately 5.4%.

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### *Profit for the year*

As a result of the foregoing, our profit for the year ended 30 September 2015 increased by approximately HK\$40.7 million from a loss of approximately HK\$4.4 million for the year ended 30 September 2014.

### **Year ended 30 September 2016 compared to year ended 30 September 2015**

#### *Revenue*

Our revenue increased by approximately HK\$1.4 million, or 2.5%, from approximately HK\$56.0 million for the year ended 30 September 2015 to approximately HK\$57.4 million for the year ended 30 September 2016.

Following the turn-around performance for the year ended 30 September 2015, we maintained a stable growth in revenue for year ended 30 September 2016. The number of active engagements handled by our Group further increased from 34 for the year ended 30 September 2015 to 59 for the year ended 30 September 2016.

	<b>For the year ended 30 September</b>	
	<b>2015</b>	<b>2016</b>
	<b>Number of active engagements</b>	<b>Number of active engagements</b>
Corporate finance advisory services	22	42
Placing and underwriting services	2	3
Business consulting services	10	14
	<u>          </u>	<u>          </u>
Total	<u>          34          </u>	<u>          59          </u>

Among the increased number of active engagements handled by our Group, the number of high value transactions for over HK\$1 million further increased from 14 engagements for the year ended 30 September 2015 to 18 engagements for the year ended 30 September 2016.

	<b>For the year ended 30 September</b>	
	<b>2015</b>	<b>2016</b>
	<b>Number of active engagements</b>	<b>Number of active engagements</b>
For transaction revenue recognised		
HK\$3,000,001 or above	7	3
between HK\$1,000,001 — HK\$3,000,000	7	15
HK\$1,000,000 or below	20	41
	<u>          </u>	<u>          </u>
Total	<u>          34          </u>	<u>          59          </u>

For details of the major transactions of each business segment, please refer to the discussion of our major transactions for each business segment under the section headed “Business — Our business model and services” and the table for our top five customers during the Track Record Period under the section headed “Business — Customers” in this prospectus.



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The stable financial improvement was mainly attributable to the streamlined and efficient platform, solid financial services team and improving reputation against the dampened investment environment since July 2015.

Our Directors believe that our business is sustainable mainly due to the following reasons:

- (i) we had been engaged by reputable large-sized listed companies during the Track Record Period and up to the Latest Practicable Date; During the Track Record Period, our Group had been engaged by listed companies which each has a market capitalisation of more than HK\$10 billion, such as China Minsheng Financial Holding Corporation Limited (formerly known as China Seven Star Holdings Limited) (0245.hk), Chinese Estates Holdings Limited (0127.hk), Geely Automobile Holdings Limited (0175.hk), Aluminum Corporation of China Limited (2600.hk), Kingsoft Corporation Limited (3888.hk) and Nine Dragons Paper (Holdings) Limited (2689.hk);
- (ii) we have experiences in providing more IFA services and advising transactions such as a FA in a mandatory general offer for an offeror for the purpose of the Takeovers Code; and
- (iii) we have returning customers for our corporate financial services. In addition to the compliance advisor works resulted from our sponsor works, Chinese Estate Holdings Limited (0127.hk), Ping An Securities Group (Holdings) Limited (formerly known as Madex International (Holdings) Limited) (0231.hk), a former controlling shareholder of a Main Board listed company (i.e. Customer E), ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) (0185.hk) and REXLot Holdings Limited (0555.hk) have all engaged our Group as financial adviser or independent financial adviser more than once during the Track Record Period and up to the Latest Practicable Date.

Our Directors considered that the above factors are to a great extent in the control of our Group and if our Group could continue to (i) maintain or further improve the relationship with the clients; (ii) maintain our Group's key management and professional personnel, such factors will continue to exist. In addition, after the Listing, our Group will be able to undertake more underwriting transactions to earn more underwriting commission to further improve our financial performance.

### ***Other income***

Our other income decreased by approximately HK\$10.5 million or approximately 98.1% from approximately HK\$10.7 million for the year ended 30 September 2015 to approximately HK\$0.2 million for the year ended 30 September 2016. The decrease was due to the disposal of available-for-sale financial assets and the disposal of intangible assets during the year ended 30 September 2015, which was non-recurring in nature and contributed to other income of approximately HK\$10.2 million and HK\$1.0 million, respectively.

### ***Administrative and other operating expenses***

Our administrative and other operating expenses increased by approximately HK\$4.9 million, or 17.3%, from approximately HK\$28.3 million for the year ended 30 September 2015 to approximately HK\$33.2 million for the year ended 30 September 2016.

The increase was mainly due to the Listing expenses of nil and approximately HK\$8.1 million which accounted for nil and approximately 24.4% of our total administrative and other operating expenses for the year ended 30 September 2015 and 2016, respectively.

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Except for the Listing expenses, our total administrative and other operating expenses decreased by approximately HK\$3.2 million, or 11.3% from approximately HK\$28.3 million for the year ended 30 September 2015 to approximately HK\$25.1 million for the year ended 30 September 2016.

The decrease was mainly because of (i) the decrease of staff costs and related expenses due to the resignation of one of our five highest paid individuals during the year ended 30 September 2016; and (ii) the decrease of professional fees due to the absence of referral fees for the year ended 30 September 2016.

### *Income tax expenses*

Our income tax expenses increased by approximately HK\$3.7 million, or 177.9%, from approximately HK\$2.1 million for the year ended 30 September 2015 to approximately HK\$5.7 million for the year ended 30 September 2016. The effective tax rate was approximately 5.4% and 27.8%, for the year ended 30 September 2015 and 2016, respectively. The increase was mainly due to no utilization of previously unrecognized tax losses for the year ended 30 September 2016 than that for the year ended 30 September 2015.

### *Profit for the year*

As a result of the foregoing, our profit for the year ended 30 September 2016 decreased by approximately HK\$21.5 million from approximately HK\$36.4 million for the year ended 30 September 2015 to approximately HK\$14.9 million for the year ended 30 September 2016.

### **Five months ended 28 February 2017 compared to five months ended 29 February 2016**

#### *Revenue*

Our revenue increased by approximately HK\$4.9 million, or 46.6%, from approximately HK\$10.5 million for the five months ended 29 February 2016 to approximately HK\$15.4 million for the five months ended 28 February 2017.

Following the turn-around performance for the year ended 30 September 2015 and the stable growth in revenue for the year ended 30 September 2016, we continued to maintain a stable growth in revenue for the five months ended 28 February 2017.

	<b>For the five months ended</b>	
	<b>29 February 2016</b>	<b>28 February 2017</b>
	<i>Number of active engagements</i>	<i>Number of active engagements</i>
Corporate finance advisory services	15	23
Placing and underwriting services	1	—
Business consulting services	4	3
	<hr/>	<hr/>
Total	20	26
	<hr/> <hr/>	<hr/> <hr/>

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Among the active engagements handled by our Group, the number of transactions with recognised revenue of HK\$1 million or above further increased from two engagements for the five months ended 29 February 2016 to five engagements for the five months ended 28 February 2017.

	<b>For the five months ended</b>	
	<b>29 February 2016</b>	<b>28 February 2017</b>
	<i>Number of active engagements</i>	<i>Number of active engagements</i>
For recognised revenue		
HK\$3,000,001 or above	—	—
Between HK\$1,000,000 — HK\$3,000,000	2	5
HK\$1,000,000 or below	18	21
	<hr/>	<hr/>
Total	20	26
	<hr/> <hr/>	<hr/> <hr/>

For details of the transactions of each business segment participated by our Group during the Track Record Period and the transactions involving our top five customers during the Track Record Period, please refer to the section headed “Business — Our business model and services” and “Business — Customers” in this prospectus.

The growth was mainly resulted from the factors attributed to the increase in the number of active engagements with higher fees during the five months ended 28 February 2017.

### ***Other income***

Our other income decreased from approximately HK\$83,000 for the five months ended 29 February 2016 to a loss of approximately HK\$3,000 for the five months ended 28 February 2017. The amount of other income for the five months ended 29 February 2016 and for the five months ended 28 February 2017 was very insignificant and the decrease was mainly due to no listed securities were sold during the five months ended 28 February 2017.

### ***Administrative and other operating expenses***

Our administrative and other operating expenses increased by approximately HK\$1.4 million, or 13.8%, from approximately HK\$10.2 million for the five months ended 29 February 2016 to approximately HK\$11.6 million for the five months ended 28 February 2017.

The increase was mainly because of the increase of staff costs and related expenses by approximately HK\$1.5 million, or 22.7%, over the period with the headcount of staff increased by 14.8% over the period.

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### *Income tax expenses*

Our income tax expenses increased by approximately HK\$1.0 million, from nil for the five months ended 29 February 2016 to approximately HK\$1.0 million for the five months ended 28 February 2017. The effective tax rate was approximately nil and 27.1%, for the five months ended 29 February 2016 and for the five months ended 28 February 2017, respectively. The increase was mainly resulted from the increase in profit before income tax over the period.

### *Profit for the period*

As a result of the foregoing, our profit for the five months ended 28 February 2017 increased by approximately HK\$2.4 million from approximately HK\$0.4 million for the five months ended 29 February 2016 to approximately HK\$2.8 million for the five months ended 28 February 2017.

### **PROFIT BEFORE TAX AFTER ADJUSTMENTS FOR ONE-OFF TRANSACTIONS AND LISTING EXPENSES**

Except for the loss before tax of approximately HK\$4.4 million for the year ended 30 September 2014, since the financial performance turn-around, our profit before tax was approximately HK\$38.4 million, HK\$20.6 million and HK\$3.8 million for the year ended 30 September 2015 and 2016 and the five months ended 28 February 2017, respectively.

To compare our profitability, certain one-off transactions and the Listing expenses were excluded and the table below sets out the calculation of the adjusted profit before tax for the year ended 30 September 2015 and 2016 and the five months ended 28 February 2017:

	<b>For the year ended 30 September</b>		<b>For the five months ended 28 February</b>
	<b>2014</b>	<b>2015</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	13,433	55,955	57,377
(Loss) Profit before tax for the year/period	(4,359)	38,417	20,582
Adjustments:			
— Gain on disposal of available-for-sale financial assets	—	(10,242)	—
— Gain on disposal of intangible assets	—	(975)	—
— Impairment loss on available-for-sale financial assets	—	—	3,760
— Listing expenses	—	—	8,092
Adjusted (loss) profit before tax for the year/period	(4,359)	27,200	32,434
Adjusted profit margin	n/a	48.6%	56.5%
Unadjusted profit margin	n/a	68.7%	35.9%

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For illustrative purpose, the adjusted profit margin is calculated by adding the profit before tax adjusted for gain on disposal of available-for-sale financial assets, gain on disposal of intangible assets, impairment loss on available-for-sale financial assets and the Listing expenses. The adjusted profit before tax increased by approximately HK\$5.2 million, or 19.1% from approximately HK\$27.2 million for the year ended 30 September 2015 to approximately HK\$32.4 million for the year ended 30 September 2016. The increase was mainly because of (i) the increase in revenue of approximately HK\$1.4 million; and (ii) the decrease in our total administrative and other operating expenses of approximately HK\$3.2 million excluding the Listing expenses. The adjusted profit margin decreased from approximately 56.5% for the year ended 30 September 2016 to approximately 25.9% for the five months ended 28 February 2017 mainly because of the unevenly distributed project completion date, which is a condition for recognising revenue, over the financial year.

### ACCUMULATED LOSSES/RETAINED PROFITS

Our Group recorded accumulated losses as at 1 October 2013, 30 September 2014 and 30 September 2016 in our combined statements of changes in equity:

		As at			
	1 October	30 September	30 September	30 September	28 February
	2013	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Accumulated losses)/retained profits	(13,646)	(18,005)	7,352	(2,211)	24,717

The accumulated losses as at 1 October 2013 comprised accumulated losses brought forward from 30 September 2012 of approximately HK\$8.6 million and the loss for the year ended 30 September 2013 of approximately HK\$5.0 million. The accumulated losses as at 30 September 2014 comprised accumulated losses brought forward from 30 September 2013 of approximately HK\$13.6 million and the loss for the year ended 30 September 2014 of approximately HK\$4.4 million.

#### *Reasons for the accumulated losses as at 1 October 2013*

The accumulated losses of our Group were mainly attributed to those accumulated losses of VBG Beijing, VBG Capital and VBG Capital Holdings Limited. At the time of the acquisition of companies, including VBG Beijing, VBG Capital and VBG Capital Holdings Limited, by Ms. Letty Wan from her father in 2009, these three companies had recorded substantial accumulated losses. The losses mainly resulted from staff costs, rental expenses and other office and operating expenses incurred in setting up these companies and establishing a business network. During that relevant time, VBG Beijing, as a discrete operating unit, mainly engaged in (i) the provision of business consulting services relating to mergers and acquisitions of equities of limited liability companies in the PRC; and (ii) recommending cross-border M&A opportunities in order to enhance customers' financial performance and shareholder's value. VBG Capital Holdings Limited was the holding company of VBG Capital. VBG Capital was still at the development stage after its incorporation in 2005 and in the process for application to be a licensed corporation under the SFO.

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At that time, VBG Beijing as a discrete operating unit was expanding its financial services team and establishing its business network. However, the human resources and expenses relating to establishing business network were not justified by the contracts obtained. The revenue underperformed and became worse under the adverse capital market conditions after the financial tsunami in 2008.

VBG Capital Holdings Limited was a holding company of VBG Capital. VBG Capital mainly provided services related to asset management to related companies. The revenues and costs of VBG Capital Holdings Limited and VBG Capital at that period were insignificant except that for a significant write off of investment in a then subsidiary of VBG Capital which mainly engaged in services ancillary to VBG Capital's business due to the financial tsunami in 2008. For details of the acquisition, please refer to the section headed "History, Reorganisation and corporate structure — History" in this prospectus. As at 30 September 2014, the accumulated losses of VBG Beijing, VBG Capital and VBG Capital Holdings Limited were approximately HK\$10.1 million, HK\$6.0 million and HK\$2.4 million, respectively.

### *Measures to improve our financial performance*

Since the abovementioned acquisition, we commenced streamlining the operating structure with an aim to increase the efficiency of our operations and improve our financial performance. To improve the operational efficiency, the management of our Group adopted cost control strategies under which (i) the financial services team of VBG Beijing together with its office size had gradually been reduced to the minimum level considered viable in order to cope with the adverse impact of the financial tsunami in 2008; (ii) there was a re-designation of the function of each operating company so that (a) VBG Capital is the primary entity of our Group to carry on SFO regulated activities, acting as sponsor for IPOs of companies listing on the Stock Exchange; (b) VBG Asia focuses more on the provision of financial services for domestic and cross-border M&A as well as the business consulting services; and (c) VBG Beijing, instead of operating on a standalone basis, is more collaborative in supporting VBG Asia in provision of financial services in respect of domestic and cross-border M&A in addition to the provision of business consulting services relating to mergers and acquisitions of equities of limited liability companies in the PRC.

Our Directors believes that human resources are crucial when our business is, by nature, human resources-intensive. As a result, our Directors carefully selected high-calibre finance team members with a more solid experience and relevant business network to establish the more streamlined operating platform by professional and detailed recruitment process. However, our result of operations could not be immediately improved significantly under the challenging economic environment after the financial tsunami and the time required for the implementation and adaption of the streamlining process. Due to the time generally required for financial service contracts to be pitched, negotiated and concluded and the services to be rendered, the improvement in our revenue was subsequently reflected in the year ended 30 September 2015 and onwards. For details of the resulting improved performance and the factors leading to the financial turn-around, please refer to the section headed "Financial information – Period to period comparison of results of operations — the year ended 30 September 2015 compared to year ended 30 September 2014 — Revenue" in this prospectus.

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### *Our Group's goal to maintain competitiveness and profitability*

We believe that certain factors leading to our financial turn-around during the Track Record Period were a result of our certain competitiveness strengths developed through our operation during such period. As such, we consider that it is our goal to maintain our competitive strengths as well as profitability by adopting our business strategies in the following manner:

- **To maintain a range of financial advices and services, with a strategy to participate actively in placing and underwriting activities in primary and secondary market fund raising exercises**

During the Track Record Period, we offered a range of financial services to our customers. By offering a range of financial services, we leverage our exposure to different segments of customers, whereby we are able to cross-sell our services and expand our overall business. Upon completion of the Share Offer, our Directors consider that our Group will have a strengthened capital base and a higher profile to be better placed to participate in placing and underwriting activities in primary and secondary market fund raising exercises and that such transactions would complement our Group's existing corporate finance services.

- **To maintain an experienced, competent high quality workforce, with a strategy to expand our corporate finance team**

With additional financial services team members and upon successful recruitment and registration of principals for sponsorship works since 23 January 2015, we have been eligible to provide sponsorship services and compliance advisory services and therefore the relevant deal flows were enhanced. Our corporate finance service team have new members originated and/or assisted to execute transactions. As such, we target to enhance and strengthen our financial services business by maintaining and expanding our corporate finance team

- **To maintain close and stable relationships with our customers, with a strategy to implement international expansion**

We have established close and stable business relationships with our customers. Throughout the years, we have built up stable contacts with Hong Kong listed companies and their major shareholders. We will focus on our market reputation and maintain customers' confidence in our services so that we may obtain referrals from our existing customers and generate new financial services mandates for our Group. Moreover, leveraging on our regular contacts with partners and clients in Europe and the PRC and our proven track record in respect of cross-border M&A in Europe and the PRC, we target to explore business opportunities in these overseas markets. We intend to proactively expand the overseas customer base through our existing and/or new network of business partners, especially those stationed in Europe.

Please refer to the paragraphs headed "Competitive strengths" and "Business strategies" under the section headed "Business" in this prospectus for further details on our competitive strengths and business strategies.

Moving forward, the net proceeds from the Share Offer will help us in the implementation of our plans as disclosed in the section headed "Future plans and use of proceeds" in this prospectus.



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With reference to the financial results for the two years ended 30 September 2016, our Group recorded a stable profit for the year ended 30 September 2016 after the turn-around performance for the year ended 30 September 2015. Our Group clearly demonstrated that our performance is sustainable despite the volatility in the stock market. Our solid financial performance for the two years ended 30 September 2016 shall be sufficiently representative for investors to assess our Group's future operating results.

### LIQUIDITY AND CAPITAL RESOURCES

Our working capital and other capital requirements were principally satisfied by cash generated from our operations.

The following table summarises our cash flows during the Track Record Period:

	For the year ended 30 September			For the five months ended 28 February 2017
	2014	2015	2016	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash and cash equivalents at the beginning of year/period</b>	8,879	6,014	11,313	8,314
Net cash (used in) from operating activities	(2,733)	(42,309)	10,414	10,510
Net cash (used in) from investing activities	(132)	23,608	(87)	(49)
Net cash from (used in) financing activities	—	24,000	(13,326)	(7,300)
Net (decrease) increase in cash and cash equivalents	(2,865)	5,299	(2,999)	3,161
<b>Cash and cash equivalents at the end of year/period</b>	<b>6,014</b>	<b>11,313</b>	<b>8,314</b>	<b>11,475</b>

### 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 payment for staff salaries, system support and maintenance, as well as other general working capital requirement 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 plant and equipment, interest expense and income, dividend income from investment, loss on disposal of plant and equipment, and the effects of changes in general working capital such as increase or decrease in other assets, deposits, prepayments and other payables.



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### **Net cash used in/from operating activities**

For the year ended 30 September 2014, net cash used in operating activities of approximately HK\$2.7 million was primarily due to (i) loss before tax of approximately HK\$4.4 million which was primarily adjusted for depreciation of approximately HK\$184,000; (ii) increase in trade and other receivables of approximately HK\$334,000; (iii) increase in other payables of approximately HK\$706,000; and (iv) increase in amounts due to related companies of approximately HK\$1.1 million.

For the year ended 30 September 2015, net cash used in operating activities of approximately HK\$42.3 million was primarily due to (i) profit before tax of approximately HK\$38.4 million which was primarily adjusted for depreciation of approximately HK\$216,000, gain on disposal of intangible assets of HK\$975,000 and gain on disposal of available-for-sale financial assets of approximately HK\$10.2 million; (ii) increase in trade and other receivables of approximately HK\$31.8 million; (iii) increase in other payables of approximately HK\$252,000; (iv) increase in financial assets at fair value through profit or loss of approximately HK\$500,000; and (v) increase in amounts due from related companies of approximately HK\$37.9 million.

For the year ended 30 September 2016, net cash from operating activities of approximately HK\$10.4 million was primarily due to (i) profit before tax of approximately HK\$20.6 million which was primarily adjusted for depreciation of approximately HK\$233,000; (ii) impairment loss on available-for-sale financial assets of approximately HK\$3.8 million; (iii) decrease in trade and other receivables of approximately HK\$4.3 million; (iv) decrease in other payables of approximately HK\$617,000; (v) decrease in financial assets at fair value through profit or loss of approximately HK\$219,000; and (vi) settlement to immediate holding company of approximately HK\$17.9 million.

For the five months ended 28 February 2017, net cash from operating activities of approximately HK\$10.5 million was primarily due to (i) profit before tax of approximately HK\$3.8 million which was primarily adjusted for depreciation of approximately HK\$104,000; (ii) decrease in trade and other receivables of approximately HK\$8.8 million; and (iii) increase in other payables of approximately HK\$555,000.

### **Net cash used in/from investing activities**

Net cash used in/from investing activities mainly represented (i) payment for the purchase of fixtures, fittings and equipment during the Track Record Period; (ii) proceeds from the disposal of available-for-sale financial assets of approximately HK\$22.5 million during the year ended 30 September 2015; and (iii) proceeds from the disposal of intangible assets of approximately HK\$1.3 million during the year ended 30 September 2015. During the year ended 30 September 2016 and the five months ended 28 February 2017, net cash used in/from investing activities represented payment for the purchase of fixtures, fittings and equipment.

### **Net cash from/used in financing activities**

Net cash from financing activities represented (i) payment of dividends of HK\$11.0 million; and (ii) proceeds from contribution from ultimate controlling party of HK\$35.0 million during the year ended 30 September 2015. During the year ended 30 September 2016, net cash used in financing activities represented payment of dividend of HK\$13.3 million. During the five months ended 28 February 2017, net cash used in financing activities represented payment of dividends of HK\$7.3 million.

## FINANCIAL INFORMATION

### STATEMENT OF NET CURRENT ASSETS/LIABILITIES

The following table sets out our current assets, current liabilities and net current assets/liabilities as at 30 September 2014, 2015 and 2016, 28 February 2017 and 31 March 2017:

	As at 30 September			As at 28 February 2017	As at 31 March 2017
	2014	2015	2016		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
<b>Current assets</b>					
Financial assets at fair value through profit or loss	—	350	176	157	151
Trade and other receivables	2,663	34,431	26,866	18,075	13,913
Due from a related company	—	11,183	—	—	—
Bank balances and cash	6,014	11,313	8,314	11,475	13,734
	<u>8,677</u>	<u>57,277</u>	<u>35,356</u>	<u>29,707</u>	<u>27,798</u>
<b>Current liabilities</b>					
Other payables	821	1,073	456	1,303	3,231
Due to related companies	15,901	1,495	—	—	—
Income tax payables	—	2,060	7,688	5,973	5,630
	<u>16,722</u>	<u>4,628</u>	<u>8,144</u>	<u>7,276</u>	<u>8,861</u>
<b>Net current (liabilities)/assets</b>	<u>(8,045)</u>	<u>52,649</u>	<u>27,212</u>	<u>22,431</u>	<u>18,937</u>

Our financial position improved from net current liabilities of approximately HK\$8.0 million as at 30 September 2014 to net current assets of approximately HK\$52.6 million, HK\$27.2 million and HK\$22.4 million as at 30 September 2015, 30 September 2016 and 28 February 2017, respectively.

Our net current liabilities position of approximately HK\$8.0 million as at 30 September 2014 was mainly attributable to the amounts due to related companies of approximately HK\$15.9 million as at 30 September 2014. Following the improvement in our financial results for the year ended 30 September 2015 with a net profit amounting to approximately HK\$36.4 million, the contribution from Controlling Shareholders amounting to HK\$35.0 million and dividend of HK\$11.0 million paid during the year ended 30 September 2015, our net financial position was improved from net current liabilities position of approximately HK\$8.0 million as at 30 September 2014 to net current assets position of approximately HK\$52.6 million as at 30 September 2015.

Our net current assets position decreased by approximately HK\$25.4 million from approximately HK\$52.6 million as at 30 September 2015 to approximately HK\$27.2 million as at 30 September 2016 primarily due to (i) the repayment of amount due from a related company of approximately HK\$11.2 million; (ii) paid out of dividend in cash of approximately HK\$13.3 million; and (iii) the acquisition of available-for-sale financial assets of approximately HK\$6.4 million was settled through current account with immediate holding company.

## FINANCIAL INFORMATION

Our net current assets position decreased by approximately HK\$4.8 million from approximately HK\$27.2 million as at 30 September 2016 to approximately HK\$22.4 million as at 28 February 2017 primarily due to (i) repayment of trade and other receivables of approximately HK\$8.8 million; (ii) paid out of dividend in cash of approximately HK\$7.3 million; and (iii) tax paid of approximately HK\$2.7 million.

Our Directors confirmed that we had no default or delay in settlement of debts or payables during the Track Record Period that would have material impact on our business, financial condition or results of operations. We will keep on monitoring our liquidity requirements on a regular basis to ensure that sufficient working capital is maintained. As at 31 March 2017, our net current asset position was HK\$18.9 million, no material change as compared to that as at 28 February 2017.

### ANALYSIS OF VARIOUS ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represented market value of equity securities listed in Hong Kong and held for trading as at the end of reporting date. As at 30 September 2014, 2015 and 2016 and 28 February 2017, financial assets at fair value through profit or loss amounted to approximately nil, HK\$350,000, HK\$176,000 and HK\$157,000, respectively.

#### Trade and other receivables

The following table sets forth a breakdown of our trade and other receivable as at the end of each reporting period:

	As at 30 September			As at
	2014	2015	2016	28 February
	HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000
Trade receivables	80	31,420	25,659	13,744
Prepayment	501	646	2,261	2,351
Deposits and other receivables	2,082	2,365	2,182	1,980
	2,663	34,431	30,102	18,075
Less: Long term trade receivables	—	—	(3,236) <sup>#</sup>	—
	2,633	34,431	26,866	18,075

<sup>#</sup> The amounts represent trade receivable in the form of consideration shares allotted by a customer which was issued in October 2016 and classified as available-for-sale financial assets.

The settlement terms of trade receivables are determined in accordance with the contract terms, usually within 1 month after the provision of service.

## FINANCIAL INFORMATION

The ageing analysis of the trade receivables at the end of each reporting period, based on the invoice date, is as follows:

	As at 30 September			As at
	2014	2015	2016	28 February
	HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000
Within 30 days	40	28,400	24,449	2,642
31 to 60 days	40	140	380	4,887
61 to 90 days	—	1,040	400	65
Over 90 days	—	1,840	430	6,150
	80	31,420	25,659	13,744

As at the Latest Practicable Date, approximately 74.4% of the trade receivables as at 28 February 2017 had been subsequently settled.

### Prepayment represented prepaid operating expenses

Deposits and other receivables comprised mainly of security deposit paid for office premises and other deposits paid for utilities, such as water and electricity.

### Amount due from a related company

	As at 30 September			As at
	2014	2015	2016	28 February
	HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000
Baron Group Limited	—	11,183	—	—

The amount due from a related company was non-trade in nature, unsecured, interest-free and repayable on demand. As at the Latest Practicable Date, there was no amount due from a related company.

### Bank balances and cash

Our bank balances and cash amounted to approximately HK\$6.0 million, HK\$11.3 million, HK\$8.3 million and HK\$11.5 million as at 30 September 2014, 30 September 2015 and 30 September 2016 and 28 February 2017, respectively.

### Other payables

Other payables mainly included receipt in advance from customers.

## FINANCIAL INFORMATION

### Amounts due to related companies

The following table sets forth a breakdown of our amounts due to related companies at the end of each reporting period:

	As at 30 September			As at
	2014	2015	2016	28 February
	HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000
<b>Related companies</b>				
Baron Group Limited	13,305	—	—	—
Wan's Group Limited	2,596	1,495	—	—
	<u>15,901</u>	<u>1,495</u>	<u>—</u>	<u>—</u>

Our amounts due to related companies decreased from approximately HK\$15.9 million as at 30 September 2014 to approximately HK\$1.5 million as at 30 September 2015 as our Company settled its amount due to Baron Group Limited during the year ended 30 September 2015.

The amounts due to related companies are non-trade in nature, unsecured, interest-free and repayable on demand. As at the Latest Practicable Date, there was no amount due to related companies.

### Borrowings

During the Track Record Period and up to the Latest Practicable Date, our Group had no banking facilities and no borrowings.

### WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration of our internal resource and the estimated net proceeds from the Share Offer, we have sufficient working capital and financial resources to meet our present requirements for at least 12 months from the date of this prospectus.

### INDEBTEDNESS

Apart from intra-group liabilities and normal trade payables, our Group did not have any mortgages, charges, debt securities, term loans, other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptances credits, hire purchase commitments, or any guarantees or other material contingent liabilities outstanding at the close of business on 31 March 2017.

Our Group did not have any outstanding bank loans or facilities during the Track Record Period and up to the Latest Practicable Date. Our Directors have confirmed that we did not experience any default in payment of trade and other payables and had not experienced difficulties in meeting obligations during the Track Record Period and up to the Latest Practicable Date.

### CONTINGENT LIABILITIES

As at 31 March 2017, being the latest practicable date for the purpose of this statement of indebtedness, our Group did not have any material contingent liabilities.

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## FINANCIAL INFORMATION

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Our Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of our Group since 1 April 2017 and up to the date of this prospectus.

Our Directors have confirmed that as at the date of this prospectus, we had no external financing plans and no material covenants relating to our overdraft facilities. In addition, our Directors have confirmed that there have been no material defaults in payment during the Track Record Period.

### COMMITMENTS

#### Operating lease commitments

As at 30 September 2014, 30 September 2015, 30 September 2016 and 28 February 2017, our Group as lessee, had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	As at 30 September			As at 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,625	4,624	4,804	4,598
In the second to third years inclusive	11	6,824	2,514	718
	<u>2,636</u>	<u>11,448</u>	<u>7,318</u>	<u>5,316</u>

Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group did not renew any tenancy agreement with a future lease payment under non-cancellable operating lease within one year non in the second to third years inclusive.

#### Capital commitments

As at 28 February 2017, our Group did not have any significant capital commitment.

Save as aforesaid or as otherwise disclosed herein this prospectus, apart from intra-group liabilities and normal trade payables in the normal course of business, our Group did not have at the close of business on 28 February 2017 and 31 March 2017, any loan capital issued and outstanding or agreed to be issued, bank loans or 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 has been no material change in indebtedness, capital commitment and contingent liabilities of our Group since 1 April 2017, being the 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 the Listing.

## FINANCIAL INFORMATION

### CAPITAL EXPENDITURE

Our capital expenditure for the three years ended 30 September 2016 and the five months ended 28 February 2017 amounted to approximately HK\$132,000, HK\$240,000, HK\$91,000 and HK\$49,000 respectively, mainly comprising additions of leasehold improvements and computer equipment.

### OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

Save as disclosed in the section headed “Financial information — Indebtedness”, as at the Latest Practicable Date, we did not have any off-balance arrangement or commitments.

### SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the three years ended 30 September 2016 and the five months ended 28 February 2017 and should be read in conjunction with the Accountants’ Report.

	As at/For the year ended 30 September			As at/For the five months ended 28 February 2017
	2014	2015	2016	
Net profit margin <sup>(1)</sup>	(32.4)%	65.0%	25.9%	17.9%
Current ratio <sup>(2)</sup>	0.5 times	12.4 times	4.3 times	4.1 times
Gearing ratio <sup>(3)</sup>	N/A	N/A	N/A	N/A
Net debt to equity ratio <sup>(4)</sup>	Net cash position	Net cash position	Net cash position	Net cash position
Return on total assets <sup>(5)</sup>	N/A	62.0%	35.0%	8.0%
Return on equity <sup>(6)</sup>	N/A	67.3%	43.3%	10.2%

*Notes:*

- (1) Net profit margin is calculated by the profit for the year/period divided by the revenue for the respective period and multiplied by 100%.
- (2) Current ratio is calculated based on total current assets divided by the total current liabilities as at the respective period end.
- (3) Gearing ratio is calculated based on interest-bearing debts divided by the total equity as at the respective period end.
- (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 respective period end.
- (5) Return on total assets is calculated by the profit for the year/period divided by the total assets as at the respective period end and multiplied by 100%.
- (6) Return on equity is calculated by the profit for the year/period divided by the total equity as at the respective period end and multiplied by 100%.

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## FINANCIAL INFORMATION

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### Net profit margin

Net profit margins for the two years ended 30 September 2015 were approximately (32.4)% and 65.0%, respectively. The increase was mainly due to the increase in our revenue and the increase in our other income. For the year ended 30 September 2015, we recorded an increase in revenue of approximately 3.2 times while an increase in administrative and other operating expenses of approximately 58.5%.

The decrease in net profit margin for the year ended 30 September 2016 was mainly due to the absence of the non-recurring other income and the Listing expenses incurred for the year ended 30 September 2016.

### Current ratio

Our current ratio increased from approximately 0.5 times as at 30 September 2014 to approximately 12.4 times as at 30 September 2015. Such increase was primarily attributable to the increase in trade receivables.

As at 30 September 2016 and 28 February 2017, our current ratio decreased to approximately 4.3 times and 4.1 times respectively, mainly due to a decrease in current assets during the year ended 30 September 2016 and the five months ended 28 February 2017. Our Group has been striving to maintain adequate liquidity and working capital position to cope with our operation needs, and we believe that the current ratio of our Group has been maintained at a healthy level during the Track Record Period.

### Gearing ratio

Gearing ratio was zero as we did not have any interest-bearing debts as at 30 September 2014, 2015 and 2016 and 28 February 2017.

### Net debt to equity ratio

Net debt to equity ratio is not calculated since we were in net cash position as at 30 September 2014, 2015 and 2016 and 28 February 2017.

### Return on total assets

A loss is reported for the year ended 30 September 2014. Our return on total assets was approximately 62.0%, 35.0%, and 8.0% for the years ended 30 September 2015 and 2016 and the five months ended 28 February 2017, respectively. Further details on our financial performance are set out in the section headed “Financial information — Results of operations of our Group” in this prospectus.

### Return on equity

A loss is reported for the year ended 30 September 2014. Our return on equity was approximately 67.3%, 43.3%, and 10.2% for the years ended 30 September 2015 and 2016 and the five months ended 28 February 2017, respectively.



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## FINANCIAL INFORMATION

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### RELATED PARTIES TRANSACTIONS

During the Track Record Period, our Group had entered into certain related party transactions. Except for the remuneration for key management personnel, no other transactions are expected to be entered into upon Listing. For further details of the related party transactions, please refer to Note 24 headed “Related parties transactions” in the Accountants’ Report as set out in Appendix I to this prospectus.

### FINANCIAL AND CAPITAL RISK MANAGEMENT

#### **Financial risk management**

Our business activities exposed us to certain financial risks including credit risk, market price 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.

#### ***Credit risk***

We are exposed to credit risk which will cause a financial loss due to failure of our customers to settle in full of our corporate finance advisory services rendered.

In order to minimise the credit risk, we have delegated a finance division responsible for monitoring procedures to ensure that follow-up action is taken to recover the outstanding financial advisory fees. In addition, we review the recoverable amount of each customer periodically to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on liquid funds is limited because the counterparties are authorised financial institutions 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 authorised financial institutions with high credit ratings, we do not have any other significant concentration of credit risk.

#### ***Market price risk***

Our Group is exposed to market price risk arising from the listed equity securities included under available-for-sale financial assets and financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to market price risk.

At 30 September 2015 and 2016 and 28 February 2017, if the quoted market prices of the listed equity securities held for trading had been 10% higher or lower while all other variables were held constant, our Group’s profit before taxation for the year would increase/decrease by approximately HK\$35,000, HK\$18,000 and HK\$16,000, respectively. At 30 September 2016 and 28 February 2017, if the quoted market prices of the listed equity securities classified as available-for-sale financial assets had been 10% higher or lower while all other variables were held constant, the investment revaluation reserve would be credited/debited by HK\$264,000 and HK\$352,000 respectively.

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## FINANCIAL INFORMATION

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### *Liquidity risk*

The ultimate responsibility for liquidity risk management rests with our Directors, who have built an appropriate liquidity risk management framework to meet our funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### **Capital risk management**

Our objective in managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for Shareholders. Our overall strategy remains unchanged throughout the Track Record Period.

Our capital structure consists of net of bank balances and cash and equity attributable to owners of our Company, comprising issued share capital and reserves. At the end of the Track Record Period, we did not have any borrowings and therefore, had 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 or sale of assets to reduce debts.

### **UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following unaudited pro forma statement of 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 our Group attributable to the equity owners of our Company as of 28 February 2017 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 our Group had the Share Offer been completed as of 28 February 2017 or at any future dates following the Share offer.

	<b>Audited combined net tangible assets of our Group as at 28 February 2017</b>	<b>Estimated net proceeds from the Share Offer</b>	<b>Unaudited pro forma adjusted combined net tangible assets of our Group</b>	<b>Unaudited pro forma adjusted combined net tangible assets of our Group per Share</b>
	<i>HK\$'000</i> (Note 1)	<i>HK\$'000</i> (Note 2)	<i>HK\$'000</i>	<i>HK\$</i> (Note 3)
Based on the Offer Price of HK\$0.68 per Offer Share	27,141	69,731	96,872	0.19
Based on the Offer Price of HK\$0.88 per Offer Share	27,141	93,595	120,736	0.24

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## FINANCIAL INFORMATION

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*Notes:*

1. The audited combined net tangible assets of our Group at 28 February 2017 is based on the audited combined net assets of our Group at 28 February 2017 of approximately HK\$27,141,000, extracted from the Accountants' Report as set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on 128,300,000 new shares and the indicative Offer Price of HK\$0.68 and HK\$0.88 per Share respectively, being the low-end and high-end of the Offer Price, after the deduction of the estimated underwriting commissions and fees and other listing related expenses (excluding approximately HK\$8,289,000 of the Listing expenses which have been accounted for prior to 28 February 2017) expected to be incurred by our Group subsequent to 28 February 2017.
3. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 513,200,000 Shares, being the number of Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer.
4. No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 28 February 2017.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission of the Share Offer, and other fees incurred in connection with the Listing and the Share Offer. Assuming an Offer Price of HK\$0.78 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.68 and HK\$0.88 per Offer Share, approximately HK\$26.7 million is expected to be incurred of which approximately HK\$11.0 million is directly attributable to the issue of new Shares to the public and is to be accounted for as an equity deduction upon Listing. The remaining amount of approximately HK\$15.7 million has been or is expected to be charged to the combined statements of profit or loss and other comprehensive income of our Group. Our Group had recognised of the Listing expenses of approximately nil, nil, HK\$8.1 million and HK\$0.2 million for the year ended 30 September 2014, 2015 and 2016 and the five months ended 28 February 2017, respectively. The remaining Listing expenses of approximately HK\$7.4 million are expected to be charged to the combined statements of profit or loss and other comprehensive income of our Group for the year ending 30 September 2017. The estimated listing related expenses of our Group are subject to adjustments based on actual amount of expenses incurred or to be incurred by our Group upon the completion of the Listing.

### DIVIDEND

Our Group has not declared and paid any dividend for the year ended 30 September 2014. Dividend of HK\$11.0 million was declared and paid for the year ended 30 September 2015 by a subsidiary of our Company to its then shareholders from our distributable profit. Dividends of HK\$24.4 million were declared and distributed for the year ended 30 September 2016 to settle the equivalent amount in the amount due from its shareholder. During the five months ended 28 February 2017, dividend of approximately HK\$10.8 million to its shareholder has been declared and in which of approximately HK\$7.3 million paid in cash and approximately HK\$3.5 million were distributed in specie with the entire interest in Gather Shine out of our distributable profit. Further details of which are set out in note 12 in Section B of the Accountants' Report set out in Appendix 1 to this Prospectus.

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 payments may not be indicative of future dividend trends. We do not have any pre-determined payout ratio.

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## FINANCIAL INFORMATION

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### DISTRIBUTABLE RESERVES

Our Company was incorporated on 5 February 2016 and has not carried out any business since the date of our incorporation save for the transactions related to the Reorganisation. As at 28 February 2017, our Company had reserves available for distribution to our Shareholders amounted to HK\$455,000.

### DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Director 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.

### FOREIGN EXCHANGE EXPOSURE

As all of our Group's operations are in Hong Kong and the PRC, all of our revenue from external customers of our Group are derived from activities in Hong Kong and the PRC. Our Directors consider that we will have sufficient foreign exchange, primarily from the conversion of Hong Kong dollars generated from our operations, to meet our foreign exchange liabilities as they become due.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as the non-recurring Listing expenses 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 28 February 2017, and there is no event since that date 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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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), Jayden Wealth will directly hold 75% of the issued share capital of our Company. The entire issued share capital of Jayden Wealth is wholly-owned by Ms. Letty Wan.

For the purpose of the GEM Listing Rules, Jayden Wealth and Ms. Letty Wan are the Controlling Shareholders of our Company.

As at the Latest Practicable Date, none of our Controlling Shareholders or their respective close associates controlled any business which competes, or is likely to compete, either directly or indirectly, with our business.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Our Directors consider that our Group is capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders and their respective close associates, taking into consideration the following factors:

#### **Management independence**

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and that no conflict between his/her duties as a Director and his/her personal interest would be allowed. 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 Director(s) or their respective close associate(s), the interested Director(s) shall abstain from voting at the relevant board meeting(s) of our Company in respect of such transactions and shall not be counted towards the quorum.

Three of the members of our Board are independent non-executive Directors who have relevant experience in different areas or are professionals, and they have been appointed pursuant to the requirements under the GEM Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions.

Furthermore, our Board's main functions include devising and approving the overall business plans and strategies of our Group; monitoring the implementation of our Group's policies and strategies; and taking into account the reports and advice of the senior management of our Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Having considered the above factors, our Directors are of the view that they are able to carry out the business decisions of our Group independently and to perform their relevant roles independently of our Controlling Shareholders and their respective close associates after the Listing.

### **Operational independence**

The operations of our Group are independent of and not connected with our Controlling Shareholders and their respective close associates. In addition, please also refer to the paragraph headed “Relationship between our Group and Ping An Securities” below in this section. Our Group has established our own set of organisational structure made up of individual divisions, each with specific areas of responsibilities.

During the Track Record Period and up to the Latest Practicable Date, all of our top five customers are Independent Third Parties. All of the operating subsidiaries of our Company hold the necessary assets and equipment for the operation of our Group.

Our Directors are of the view that there is no operational dependence on our Controlling Shareholders or their respective close associates.

### **Financial independence**

Our Group has an independent financial system, and makes financial decisions according to our Group’s own business needs. We have sufficient capital to operate our business independently, and adequate internal resources to support our daily operations.

As such, upon Listing, our Group will have independent access to third party financing without relying on any guarantee from our Controlling Shareholders or their respective close associates.

Our Directors are satisfied that our Group is able to obtain external financing on market terms and conditions for our business operations as and when required and is not financially dependent on our Controlling Shareholders or any of their respective close associates.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### RELATIONSHIP BETWEEN OUR GROUP AND PING AN SECURITIES

#### Relationship between our Group and Ping An Securities

During the Track Record Period and up to the Latest Practicable Date, our Group was related to Ping An Securities in the following aspects:

#### *1. Participation in the same projects*

During the Track Record Period, we had projects in which Ping An Securities acted as a bookrunner, lead manager, underwriter or provided clearing services as follows:

	Ping An Securities not involved	Ping An Securities also involved	Ping An Securities and other independent securities firms involved
Sponsor services	18	1 ( <i>Note 1</i> )	2 ( <i>Note 2</i> )
Financial adviser services	25	nil	nil
IFA services	16	nil	nil
Business consulting	23	nil	nil
Compliance adviser	7	nil	nil
Placing and underwriting services	4	3 ( <i>Note 3</i> )	1 ( <i>Note 4</i> )

*Notes:*

1. This transaction refers to IPO D, further details of which are set out in the table below.
2. These two transactions refer to IPO A and IPO C, further details of which are set out in the table below.
3. These three transactions refer to IPO B (sub-underwriting), IPO D and Placing A, further details of which are set out in the table below.
4. This transaction refers to IPO A, further details of which are set out in the table below.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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During the Track Record Period and up to the Latest Practicable Date, our Group provided services in the following transactions in which Ping An Securities also participated:

Transaction	Customer	Services provided by our Group	Revenue generated by our Group	Services provided by Ping An Securities	Other parties providing the same services as Ping An Securities did in the transaction
<i>For the year ended 30 September 2014</i>					
IPO (“IPO A”)	Hong Wei (Asia) Holdings Company Limited (8191.hk)	Sponsorship and acting as bookrunner	HK\$1,700,000 and HK\$693,342	Acting as lead manager	<ul style="list-style-type: none"> <li>• Convoy Investment Services Limited;</li> <li>• Quam Securities Company Limited;</li> <li>• Tanrich Securities Company Limited</li> </ul>
IPO (“IPO B”)	Convoy Investment Services Limited	Acting as sub-underwriter	HK\$712,620	Provision of clearing services	Nil
<i>For the year ended 30 September 2015</i>					
IPO (“IPO C”)	King’s Flair International (Holdings) Limited (6822.hk)	Sponsorship	HK\$1,500,000	Acting as joint bookrunner and joint lead manager	<ul style="list-style-type: none"> <li>• Quam Securities Company Limited;</li> <li>• South China Securities Limited</li> </ul>
IPO (“IPO D”)	Ahsay Backup Software Development Company Limited (8290.hk)	Sponsorship and acting as lead manager and underwriter	HK\$4,650,000 and HK\$60	Acting as sole bookrunner, lead manager and underwriter	Nil
Placing of new shares (“Placing A”)	New Silkroad Culturaltainment Limited (formerly known as JLF Investment Company Limited) (472.hk)	Acting as placing Agent	HK\$1,980,000	Provision of clearing services	Nil

*For the year ended 30 September 2016*  
Nil

*For the five months ended 28 February 2017*  
Nil

*From 1 March 2017 and up to the Latest Practicable Date*  
Nil



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### 2. *Common ultimate beneficial shareholder*

Ms. Letty Wan was interested in the issued share capital of both VBG Capital and Ping An Securities during the Track Record Period. The ownership of VBG Capital (being the licensed corporation within our Group) and Ping An Securities during the Track Record Period was as follows:

	<b>VBG Capital</b>	<b>Ping An Securities</b>
Ultimate beneficial ownership	From 1 October 2013: Ms. Letty Wan (100%)	From 1 October 2013 to 30 November 2014: <ul style="list-style-type: none"> <li>• Ms. Letty Wan (63.1%)</li> <li>• Independent Third Parties (36.9%)</li> </ul>
		From 1 December 2014 to 24 September 2015: <ul style="list-style-type: none"> <li>• Ms. Letty Wan (60%)</li> <li>• Independent Third Parties (40%)</li> </ul>
		From 25 September 2015: Ping An Securities Group (Holdings) Limited (stock code: 0231.hk) (100%) (of which Ms. Letty Wan was interested in approximately 7.88% of the voting shares under the SFO as at 25 September 2015 and ceased to be a substantial shareholder (as defined under the SFO) since 30 December 2015; and was interested in approximately 2.61% of the voting shares as at the Latest Practicable Date)

### 3. *Common directors*

Mr. Wan Chuen Fai (who is our non-executive Director) and Mr. Sze Tsai Ping, Michael, had been directors of VBG Capital and of Ping An Securities during the Track Record Period. The directors of VBG Capital and Ping An Securities during the Track Record Period were as follows:

	<b>VBG Capital</b>	<b>Ping An Securities</b>
Board of directors	From 1 October 2013: <ul style="list-style-type: none"> <li>• Hui Ringo Wing Kun</li> <li>• Wan Chuen Fai</li> <li>• Wong Karen (resigned on 12 October 2015)</li> <li>• Sze Tsai Ping, Michael (resigned on 26 June 2014)</li> </ul>	From 1 October 2013: <ul style="list-style-type: none"> <li>• Sze Tsai Ping, Michael (resigned on 1 December 2014)</li> <li>• Wong Chun Ming Stephen</li> <li>• Wan Chuen Fai (resigned on 1 February 2016)</li> <li>• Cheung Kam Fai (appointed on 25 January 2016)</li> </ul>

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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**4. *The positions of Mr. Alexander Wan Chuen Hing, who is the uncle of Ms. Letty Wan, in Ping An Securities***

Mr. Alexander Wan Chuen Hing, who is the uncle of Ms. Letty Wan and the younger brother of Mr. Wan Chuen Fai, has been a responsible officer and licensed representative of Ping An Securities since 18 December 2013 and 20 June 2011, respectively.

**5. *Purchases of listed shares from Ping An Securities and another related company***

In March 2015, our Group purchased 7,300,000 shares of Mega Expo Holdings Limited (stock code: 1360.hk), a company listed on the Stock Exchange, from Ping An Securities at a consideration of HK\$12,264,000, which consideration was based on the then prevailing market price. The consideration was settled through current account with immediate holding company. The investment was subsequently disposed of at a consideration of HK\$22,506,000 in April 2015 in the public market.

In January 2016, our Group purchased 40,000,000 shares of Ping An Securities Group (Holdings) Limited (stock code: 0231.hk) from Wan's Family Company Limited, a related company, at a consideration of HK\$6,400,000, which consideration was based on the then prevailing market price. The consideration was settled through current account with immediate holding company. A fair value loss in those shares, amounting to approximately HK\$3,760,000, was recognised in the investment revaluation reserve during the year ended 30 September 2016 through other comprehensive expense.

Further information on the two purchases is disclosed in note 15 of the Accountants' Report.

**6. *Securities accounts with Ping An Securities***

Each of VBG Capital, VBG Asia, Ms. Letty Wan and her spouse has maintained a securities account with Ping An Securities.

Save as disclosed above, there were no any other relationships between our Group or our Controlling Shareholders with Ping An Securities as at the Latest Practicable Date.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### **Bases of our Directors' views on the relationship between our Group and Ping An Securities**

Although we were and are related to Ping An Securities in the aspects as disclosed above, we did not derive any revenue from Ping An Securities during the Track Record Period. Our Directors are also of the view that we did not and do not materially rely on Ping An Securities and other related companies to procure business or generate our revenue in each of the above aspects as follows:

#### **1. Participation in the same projects**

Although Ping An Securities and our Group were involved together in four IPOs and one placing as disclosed in the tables above:

- a. Ping An Securities only provided clearing services in an IPO and a placing;
- b. there were other independent securities firms acting as joint bookrunners and/or joint lead managers in two other IPOs;
- c. the respective engagements of our Group and Ping An Securities in those projects were under separate engagements with the respective issuers directly;
- d. the terms and conditions for the provision of our Group's services in the transactions in which Ping An Securities was involved were on normal commercial terms; and
- e. our Group could independently procure these transactions and implement the same with other independent securities firms if Ping An Securities were not involved in those projects.

For the transactions in which Ping An Securities was not involved, our Group had independently procured these business opportunities. In particular, in respect of the services we provided to Ping An Securities Group (Holdings) Limited, we did not rely on the relatives of Ms. Letty Wan who held position in Ping An Securities as abovementioned during the Track Record Period and after the acquisition of Ping An Securities by Ping An Securities Group (Holdings) Limited in September 2015 and up to the Latest Practicable Date because the relevant relatives of Ms. Letty Wan do not hold any position in the management of Ping An Securities Group (Holdings) Limited during the Track Record Period and up to the Latest Practicable Date.

There are a number of licensed corporations, which include VBG Capital, licensed to conduct Type 1 regulated activities. Accordingly, it is not uncommon in the industry that the financial adviser/sponsor and the placing agents/underwriters in a transaction are independent of each other. Our Group has provided financial adviser/sponsor services in transactions with independent licensed corporations acting as placing agents, bookrunners, lead managers and/or underwriters and will continue to be able to, provide or co-operate with other independent licensed corporations to provide, placing and underwriting services to our customers.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### 2. Common ultimate beneficial shareholder

As shown above, Ms. Letty Wan was only a shareholder of Ping An Securities holding 60% of the issued share capital thereof up to 24 September 2015. Ms. Letty Wan ceased to be a substantial shareholder of Ping An Securities for more than one and a half year. Therefore her then majority interest in Ping An Securities should not have any material impact on our Group's management, operational and financial independence from our Controlling Shareholders, which dependence is discussed in the above paragraph headed "Independence from our Controlling Shareholders" in this section.

In addition, on 25 September 2015 when Ping An Securities became a wholly-owned subsidiary of Ping An Securities Group (Holdings) Limited, Ms. Letty Wan was interested in approximately 7.88% of the voting shares of Ping An Securities Group (Holdings) Limited and she ceased to be interested in 5% or more of the voting shares of Ping An Securities Group (Holdings) Limited as at 30 December 2015. Ms. Letty Wan had never been a controlling shareholder of Ping An Securities Group (Holdings) Limited and thus her minority interests therein should not have any material impact on our Group's management, operational and financial independence from our Controlling Shareholders, which dependence is discussed in the above paragraph headed "Independence from our Controlling Shareholders" in this section, and did not result in any reliance on Ping An Securities or Ping An Securities Group (Holdings) Limited.

### 3. Common directors

Mr. Wan Chuen Fai is only a responsible officer of Ping An Securities and was a director of Ping An Securities until 1 February 2016; and Mr. Sze Tsui Ping, Michael was a director of VBG Capital and Ping An Securities up to June 2014 and December 2014, respectively.

The overlapping in the board composition of VBG Capital and Ping An Securities, which had ceased during the Track Record Period, was only partial as the boards of directors of these two companies were not identical during the Track Record Period, and thus should not have any material adverse impact on our Group's management, operational and financial independence from our Controlling Shareholders, which dependence is discussed in the above paragraph headed "Independence from our Controlling Shareholders" in this section.

In addition, our Directors confirmed that the positions of Mr. Wan Chuen Fai in Ping An Securities did not contribute to the successful procurement of business to our Group.

### 4. The positions of Mr. Alexander Wan Chuen Hing, who is the uncle of Ms. Letty Wan, in Ping An Securities

Mr. Alexander Wan Chuen Hing is only a responsible officer and licensed representative of Ping An Securities, and is not and were not accustomed or obliged to act in accordance with the directions or instructions of our Group. Thus his positions in Ping An Securities has no material adverse impact on our Group's management, operational and financial independence from our Controlling Shareholders.

In addition, our Directors confirmed that the positions of Mr. Alexander Wan Chuen Hing in Ping An Securities did not contribute to the successful procurement of business to our Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### 5. Purchases of listed shares from Ping An Securities and another related company

During the Track Record Period, our Group directly purchased shares of two listed companies (as described above) from (i) Ping An Securities; and (ii) another related company, rather than from the open market, in order to save time in dealing in large block securities trading on board, brokerage fees or other transaction costs that would be incurred. No reliance was resulted from the above purchases as the purchases were on arm's length basis.

### 6. Securities accounts with Ping An Securities

There are a number of licensed corporations licensed to conduct Type 1 regulated activities. Accordingly, our Group was and will continue to be able to open and maintain securities accounts with other independent licensed corporations. In addition, the terms and conditions of maintaining and trading under securities accounts by VBG Capital and VBG Asia with Ping An Securities are on normal commercial terms.

### RULE 11.04 OF THE GEM LISTING RULES

The following Director, in his capacity as a non-executive Director and a responsible officer for Types 1, 4, 6 and 9 regulated activities with Ping An Securities, is considered to have the following interest that competes or is likely to compete, either directly or indirectly, with the business of our Group:

Name of Director	Name of entity which is considered to compete or likely to compete with the business of our Group	Description of business	Nature of interests
Mr. Wan Chuen Fai	Ping An Securities	Provision of securities brokerage, securities underwriting and placements and financial advisory services	Responsible officer

Given that (i) our Board is independent of the board of directors of Ping An Securities; (ii) Mr. Wan Chuen Fai is a responsible officer but not a director of Ping An Securities Limited; (iii) Mr. Wan Chuen Fai is a non-executive Director who does not involved in the day-to-day business of our Group; and (iv) Mr. Wan Chuen Fai cannot control our Board, our Directors believe that our Group is capable of carrying our business independently of and at arm's length from the business of Ping An Securities and do not foresee our Group to have any actual or potential competition with Ping An Securities.

Save as disclosed above, our Controlling Shareholders and Directors confirmed that, apart from our Group's business, they and their respective close associates do not have any interest in a 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.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### DEED OF NON-COMPETITION

In order to ensure that direct competition does not develop between us and the activities of the Controlling Shareholders, each of Jayden Wealth and Ms. Letty Wan has agreed to provide a non-competition undertaking in our favour, the principal terms of which are described below.

Our Controlling Shareholders, being Jayden Wealth Limited and Ms. Letty Wan, have entered into the Deed of Non-competition in favour of our Company, pursuant to which each of Jayden Wealth and Ms. Letty Wan has undertaken to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) that she/it would not, and would procure that her/its close associates (except any members of our Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) or as principal or agent, and whether on her/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of our Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with the business of any member of our Group (the “**Restricted Business**”).

The above undertaking does not preclude Jayden Wealth and Ms. Letty Wan from having an aggregate interest in not more than 5% of the issued shares in any company engaging in any Restricted Business which is listed on the Stock Exchange or any other recognized exchange approved by the Board from time to time.

If any project or other business opportunity which directly or indirectly competes, or may lead to competition, with our business (“**Business Opportunity**”) is identified by Jayden Wealth and Ms. Letty Wan, they shall refer such Business Opportunity to our Company and shall not pursue such Business Opportunity unless our independent non-executive Directors who do not have a material interest in the Business Opportunity approve our Company to decline the Business Opportunity.

Pursuant to the Deed of Non-Competition, the above restrictions would only cease to have effect on the earlier of the date on which Jayden Wealth and Ms. Letty Wan cease to hold directly or indirectly in aggregate 30% or more of the entire issued share capital of our Company, and the Shares cease to be listed and traded on the Stock Exchange.

Further, our independent non-executive Directors will review, on an annual basis, the compliance of Jayden Wealth and Ms. Letty Wan with the Deed of Non-Competition (in particular, the right of refusal relating to any Business Opportunity) and our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance with and the enforcement of the Deed of Non-Competition in our annual report or by way of announcement to the public.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### CORPORATE GOVERNANCE MEASURES

Upon Listing, our Company will adopt the following corporate governance measures to avoid potential conflict of interests and safeguard the interests of our Shareholders:

- (a) compliance with the GEM Listing Rules, in particular, we will strictly observe any proposed transactions between us and our connected person(s) and comply with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules where applicable;
- (b) appointment of Dakin Capital as our compliance adviser to advise us on the compliance matters in respect of the GEM Listing Rules and applicable laws and regulations;
- (c) our independent non-executive Directors will be responsible for considering and deciding as to whether to pursue or decline the Business Opportunity;
- (d) our Controlling Shareholders undertake to provide all details reasonably necessary for our Company to consider whether to pursue such Business Opportunity, and in the event that there is any material change in the nature, terms or conditions of such Business Opportunity, our Controlling Shareholders shall refer such Business Opportunity to our Company as if it were a new Business Opportunity;
- (e) if appropriate, our independent non-executive Directors may appoint independent financial advisers to assist in the decision-making process in relation to such Business Opportunity;
- (f) our Controlling Shareholders undertake to provide all information necessary for the annual review by our independent non-executive Directors in respect of the compliance with the Deed of Non-Competition; and
- (g) adoption of the Articles which provide that a Director shall abstain himself/herself from participating in Board meetings (nor he/she be counted towards the quorum) and from voting on any resolutions of the Board in relation to any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested.

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## SHARE CAPITAL

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The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme):

		<i>Nominal value</i> HK\$
<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 and Capitalisation Issue</i>		
780	Shares in issue as at the date of this prospectus	7.8
384,899,220	Shares to be issued pursuant to the Capitalisation Issue	3,848,992.2
<u>128,300,000</u>	Shares to be issued pursuant to the Share Offer	<u>1,283,000</u>
<u>513,200,000</u>	Total	<u>5,132,000</u>

### ASSUMPTIONS

The above table assumes that the Share Offer become unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to allot and issue or repurchase Shares as described below, as the case may be.

### MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public (as defined in the GEM Listing Rules). The 128,300,000 Offer Shares represent 25% of the issued share capital of our Company upon Listing.

### RANKING

The Offer Shares will rank in pari passu in all respects with all the Shares now in issue or to be allotted and issued as mentioned in this prospectus save for the entitlement under the Capitalisation Issue and will qualify for all dividends or other distributions declared made or paid on the Shares in respect of a record date which falls after the Listing Date.



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## SHARE CAPITAL

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### SHARE OPTION SCHEME

Pursuant to the resolutions in writing of our sole Shareholder passed on 4 May 2017, our Company has conditionally adopted the Share Option Scheme, the major terms of which are set out in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus.

### GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the 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 or options which might acquire such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the 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 the 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 the Capitalisation Issue (excluding Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to in the paragraph headed “General mandate to repurchase shares” below.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option 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 the next annual general meeting of our Company;
- (b) the expiration of the period within which our Company is required by any applicable laws or its Articles to hold its next annual general meeting; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on 4 May 2017” in Appendix IV to this prospectus.

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## SHARE CAPITAL

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### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any 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 securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “A. Further information about our Company — 6. Repurchase of the Shares by our Company” in Appendix IV to this prospectus.

The general mandates to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which our Company is required by the applicable laws or Articles to hold its next annual general meeting; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph “A. Further information about our Company — 6. Repurchase of the Shares by our Company” in Appendix IV to this prospectus.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks pari passu with the other shares. The circumstances under which general meeting and class meeting are required are provided in the Articles of Association. For details, please see the section headed “Summary of the constitution of the Company and the Cayman Islands company law” in Appendix III to this prospectus.

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## SUBSTANTIAL SHAREHOLDERS

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So far as our Directors are aware, the following persons will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), 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 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 of its subsidiaries:

### LONG POSITION IN THE SHARES

Name of Shareholder	Nature of interest	Shares held as at the Latest Practicable Date		Shares held immediately following completion of the Reorganisation		Shares held immediately following the completion of the Capitalisation Issue and the Share Offer	
		Number	Percentage of shareholding	Number	Percentage of shareholding (%)	Number	Percentage of shareholding (%)
Jayden Wealth (Note)	Beneficial owner	780	100%	780	100%	384,900,000	75%

*Note:*

Jayden Wealth is a company incorporated in the BVI and wholly owned by Ms. Letty Wan. Therefore, Ms. Letty Wan is deemed to be interested in all the Shares held by Jayden Wealth for the purposes of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme), have beneficial 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 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 of its subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### DIRECTORS

Our Board has the ultimate responsibility for the management of our Company. Our Board currently consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors.

The following table sets out the information in respect of our Directors:

<u>Name</u>	<u>Age</u>	<u>Date of appointment as Director</u>	<u>Date of joining our Group</u>	<u>Present position(s) in our Company</u>	<u>Principal responsibilities</u>	<u>Relationship with other Directors(s) and/or senior management</u>
Wan Ho Yan Letty (尹可欣)	35	5 February 2016	19 March 2010	Executive Director, Chairperson of the Board	Providing leadership to our Group and formulating corporate strategy, planning, business development as well as operations of our Group	Niece of Wan Chuen Fai
Hui Ringo Wing Kun (許永權)	36	28 June 2016	6 September 2013	Executive Director and Group Compliance Officer	Overseeing the business corporate strategy, long term planning all-round development and the daily operations of our Group and overseeing compliance and risk management	Not applicable
Wan Chuen Fai (尹銓輝)	67	28 June 2016	24 January 2008	Non-executive Director	Responsible for providing market and industry knowledge and is assisting in the strategic planning of our Group	Uncle of Wan Ho Yan Letty
Kam Cheuk Fai David (甘卓輝)	62	4 May 2017	4 May 2017	Independent non-executive Director	Providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources, and standard of conduct of our Company	Not applicable

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Name	Age	Date of appointment as Director	Date of joining our Group	Present position(s) in our Company	Principal responsibilities	Relationship with other Directors(s) and/or senior management
Tsang Wing Ki (曾永祺)	55	4 May 2017	4 May 2017	Independent non-executive Director	Providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of our Company	Not applicable
William Robert Majcher	54	4 May 2017	4 May 2017	Independent non-executive Director	Providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of our Company	Not applicable

### Executive Directors

**Ms. Letty Wan Ho Yan (尹可欣)**, aged 35, has been a director of our Group since October 2014. She was appointed as a Director on 5 February 2016 and was redesignated as an executive Director and appointed as chairman of our Company on 28 June 2016. Ms. Letty Wan is primarily responsible for providing leadership to our Group and formulating corporate strategy, planning, business development as well as operations of our Group. Ms. Letty Wan acquired the predecessor entities of our Group in 2009 and was responsible for the overall strategic development of our Group/ its predecessor entities. During the period before 2014, Ms. Letty Wan was mainly responsible for streamlining the operations and engaging director level personnel for financial services operations. During the Track Record Period, she was responsible for the overall strategic planning of our Group, streamlining the operations and cost reduction within our Group, appointing new personnel at the senior level of our Group, and responsible for the back office function of our Group including accounting, administrative and human resource functions. For details, please refer to the section headed “History, Regorganisation and corporate structure” in this prospectus. She obtained a Bachelor’s degree in Business Administration (major in finance) from the University of San Francisco in the United States in August 2003. Ms. Letty Wan is the niece of Wan Chuen Fai, the non-executive Director of our Company.

Ms. Letty Wan has over ten years of experience in investment management and financial management. From May 2010 to September 2012, Ms. Letty Wan was a non-executive director of Jayden Resources Inc. and from September 2012 to June 2016, Ms. Letty Wan was an executive director and the chief executive officer of Jayden Resources Inc. During her tenure as an executive director and the chief executive officer of Jayden Resources Inc., she was responsible to oversee the strategic planning, the corporate development and monitor the technical team. From December 2004 to December 2009, she was an executive director of China Investment Fund Company Limited (0612.hk), a company listed on the Stock Exchange.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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While she held executive roles in our Group and Jayden Resources Inc. during the period between June 2014 and June 2016, she was able to allocate sufficient time to discharge her duties as a Director and manage our Group's affairs because Jayden Resources Inc. had a very limited operations with the project at the material time other than working on the financing of Jayden Resources Inc. and the Canadian team was mainly responsible for the day-to-day operations of Jayden Resources Inc.. During the said period, she focused her time on our Group's turnaround by appointing new directors for our financial services team, streamlining the operations and reducing costs within our Group. Subsequently, she relinquished her role as chief executive officer of Jayden Resources Inc. and remained only as a passive investor.

Since November 2011, Ms. Letty Wan is the 100% beneficial owner of Joy Silver, a company incorporated in Hong Kong on 16 December 1998 and was principally engaged in financial advisory services but has ceased carrying on business in regulated activities in September 2013. As at the Latest Practicable Date, it has been subject to a winding up order granted on 11 August 2014 as a result of a creditor's winding up petition made in December 2013. Wan's Family Company Limited, being a company wholly and beneficially owned by Ms. Letty Wan, has settled with all third parties creditors of Joy Silver and become its sole creditor.

Ms. Letty Wan was a director of the companies below, which were struck off as these companies were then inactive, and were solvent when being struck off.

<b>Name of company</b>	<b>Place of incorporation</b>	<b>Nature of business when being struck off</b>	<b>Date of striking off</b>	<b>Reasons for striking off</b>
Skysail Worldwide Group Limited	BVI	Inactive	1 December 2015	Inactive
Gather Gains Global Holdings Limited	BVI	Inactive	1 December 2015	Inactive
International Gold Profit Limited	BVI	Inactive	1 December 2015	Inactive
Band One International Limited	BVI	Inactive	1 May 2015	Inactive
Best Faith Holdings Limited	BVI	Inactive	1 November 2014	Inactive
Baron Asset Management (GP) Limited	Cayman Islands	Inactive	30 January 2015	Inactive
Capital Builder Investments Limited	BVI	Inactive	1 November 2014	Inactive

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Ms. Letty Wan's directorships in other companies listed on the Stock Exchange and overseas are set out below:

<u>Name of company</u>	<u>Stock exchange</u>	<u>Principal business activities</u>	<u>Period of service</u>	<u>Position(s)</u>
Jayden Resources Inc. (stock code: JDN)	TSX Venture Exchange	Acquires, explores and develops interests in mining projects in British Columbia, Canada	May 2010 to September 2012	Non-executive director
			September 2012 to June 2016	Executive director and chief executive officer

For Ms. Letty Wan's interest in the Shares within the meaning of Part XV of the SFO, please refer to the section headed "C. Further information about substantial shareholders, directors and experts — 1. Disclosure of interests" in Appendix IV to this prospectus.

### ***Background of winding-up proceedings of Joy Silver***

Formerly known as Baron Capital Limited from 13 January 1999 to 23 January 2014, Joy Silver was incorporated in Hong Kong with limited liability on 16 December 1998. It was licensed and registered with the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities between 1 April 2003 and 17 March 2014. Joy Silver was involved in the following commercial dispute which led to it being wound up in August 2014.

In March 2008, a company listed on the Stock Exchange (the "**Listed Company**") appointed Joy Silver as placing agent to place its new shares.

In May 2008, an investor (the "**Investor**") agreed to subscribe 118 million shares of the Listed Company. The Investor proceeded with the subscription as Joy Silver and Mr. Wan provided downside protection to it by entering into an agreement with the Investor (the "**Agreement**") whereby Joy Silver agreed to purchase or procure the purchase of the shares of the Listed Company placed to the Investor and Mr. Wan guaranteed the obligations of Joy Silver under the Agreement.

In September 2009, the Investor brought an action against Joy Silver and Mr. Wan for specific performance of the Agreement. In February 2013, a judgment was ordered against Joy Silver and Mr. Wan to pay the Investor a sum of HK\$116,820,000 with interest. As part of the enforcement of the above judgement, in December 2013, the Investor presented a winding-up petition against Joy Silver, and in August 2014, Joy Silver was wound up.

Ms. Letty Wan confirmed that having gained years of experience in the field of investment and financial management in Hong Kong, she had interest to start her own business and thus she took over her father's companies.

In May 2009, Mr. Wan and Baron Group Limited ("**Baron Group**"), which was then beneficially and wholly owned by Ms. Letty Wan, entered into an option agreement pursuant to which Mr. Wan granted an option to Baron Group to acquire Joy Silver. Baron Group exercised the option and acquired Joy Silver in November 2011 at a consideration of HK\$6,192,453 based on the net asset value of Joy Silver as at 31 October 2011 (the "**Transfer**").



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Since the Transfer, although Ms. Letty Wan has been the beneficial owner of Joy Silver, she has not held any directorship in Joy Silver. As confirmed by Ms. Letty Wan, she did not participate in the business management and was not involved in the day-to-day management of Joy Silver during the period from November 2011 to December 2015.

In June 2015, the joint and several trustees of the property of Mr. Wan appointed in the general meeting of creditors of Mr. Wan commenced proceedings against Ms. Letty Wan and the companies controlled by Ms. Letty Wan for declarations that the transactions through which Mr. Wan transferred his direct and indirect equity interest in Joy Silver and other companies to Ms. Letty Wan had no legal effect (the “**Proceedings**”).

As confirmed by Ms. Letty Wan, Wan’s Family Company Limited (“**WFCL**”), being a company wholly and beneficially owned by her, settled with all third parties creditors of Joy Silver and Mr. Wan in October 2015 and April 2016, respectively.

In December 2015, a consent was reached with the joint and several trustees of the property of Mr. Wan to discontinue the proceedings against Ms. Letty Wan and the companies owned by her. The bankruptcy order against Mr. Wan was annulled in November 2016 upon application to the court, and a solicitor firm has been engaged to deal with the application for a court order to stay the proceedings in relation to the winding-up of Joy Silver.

Ms. Letty Wan confirmed that there were no outstanding claims in relation to the winding-up proceedings of Joy Silver against her as at the Latest Practicable Date. It is expected that there is no liability exposure to Ms. Letty Wan arising from the winding-up proceedings of Joy Silver.

### *Views of our Company and the Sole Sponsor*

Taking into consideration that:

- (i) all actions against Ms. Letty Wan by the joint and several trustees of the property of Mr. Wan have been discontinued since December 2015, and there was no longer any dispute over the beneficial ownership of Ms. Letty Wan in our Group up to the Latest Practicable Date. Hence, as at the Latest Practicable Date, there was no potential impact on our Group. Throughout the ownership dispute with the joint and several trustees of the property of Mr. Wan, there was no alleged fault and no indication of fraudulent act on the part of Ms. Letty Wan;
- (ii) the underlying dispute of Joy Silver with its creditor which ultimately led to the compulsory winding-up of Joy Silver took place prior to Ms. Letty Wan becoming the beneficial owner of Joy Silver and Ms. Letty Wan had never been a director of Joy Silver, and hence she was not involve in such dispute with the relevant creditor at all. The winding-up proceedings of Joy Silver were not a result of Ms. Letty Wan’s fault and there was no finding of fraudulent act on the part of Ms. Letty Wan;
- (iii) WFCL, being a company wholly and beneficially owned by Ms. Letty Wan, has settled with all third parties creditors of Joy Silver. In addition, according to the litigation searches, background search and bankruptcy search conducted by an independent search agent in relation to Ms. Letty Wan, nothing has brought to the attention of the Sole Sponsor that rendered Ms. Letty Wan not having the character and integrity to act “honestly” and in good faith in the interests of our Company as a whole under Rule 5.01 and 5.02 of the GEM Listing Rules;



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- (iv) obtained and reviewed the documents relevant to the proceedings, in particular court documents and the documentary support provided and/or filed to the court by the parties in respect of the proceedings;
- (v) throughout the years, Ms. Letty Wan has demonstrated her competence and abilities as a director of our Group, who had also previously acted as a director of listed companies including (a) Jayden Resources Inc., which is listed on the TSX Venture Exchange in Canada where she held various executive positions from May 2010 to June 2016; and (b) China Investment Fund Company Limited, a company listed on the Stock Exchange where she was an executive director from December 2004 to December 2009. Accordingly, our Company considers that Ms. Letty Wan has the character, experience and integrity commensurate with her position as a Director;
- (vi) the Sole Sponsor, together with its legal advisers, conducted interviews with the Group's major customers, during which no adverse comments or opinions as to our character, integrity and honesty of Ms. Letty Wan was received from them; and
- (vii) the Sole Sponsor received a written confirmation from Ms. Letty Wan regarding the background and result of the Proceedings,

there is nothing, in our Company's view, as concurred by the Sole Sponsor, in the ownership dispute or the winding-up proceedings of Joy Silver that cast doubts on Ms. Letty Wan's suitability to act as a Director under Rules 5.01 and 5.02 of the GEM Listing Rules.

**Mr. Hui Ringo Wing Kun (許永權)**, aged 36, has been a director of our Group since September 2013. He was appointed as a Director and was redesignated as an executive Director on 28 June 2016 and was appointed as the compliance officer of our Company on 29 June 2016. Mr. Ringo Hui is primarily responsible for overseeing the business corporate strategy, long term planning all-round development and the daily operations of our Group and overseeing compliance and risk management. He is also responsible for business development of the Group, focusing on IPOs, M&A, capital markets and business consulting initiatives. He is also a director of VBG Capital, VBG Beijing and VBG Asia. Mr. Ringo Hui obtained a Bachelor of Science degree in management in July 2002 and a Master of Science degree in management in November 2003 from the London School of Economics and Political Science in the United Kingdom.

Mr. Ringo Hui, has over ten years of experience in the finance industry. He joined Joy Silver in May 2007 and began to be a SFC licensed representative for Type 6 regulated activity in August 2007 and for Type 1 regulated activity in November 2007 respectively. He was promoted to be a responsible officer in February 2012. Since 11 October 2013, he has been a responsible officer of VBG Capital for its Type 1 and Type 6 licensed regulated activities. Since 1 April 2015, he was promoted to be the Group General Manager of VBG Capital. He is currently a director of Bright Music Limited, a BVI company and a private investment holding company with no operation wholly owned by him. Prior to joining our Group, from December 2004 to December 2006, Mr. Hui was the vice president of Neo & Thompson Capital Limited. From November 2003 to June 2004, he worked as an account executive for Bates Hong Kong Limited.

Mr. Ringo Hui was a non-executive director of Jayden Resources Inc. from May 2009 to June 2016, a company listed on TSX Venture Exchange in Canada. He had also been a non-executive director of United Silver Corp., which then was a Canadian mining company, from August 2013 to November 2013. The common shares of United Silver Corp. had been listed on

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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the Toronto Stock Exchange and the Frankfurt Stock Exchange and were delisted from the two exchanges in February 2014. A receivership order was granted by the Ontario Superior Court in January 2014 to appoint receivers of the assets and undertakings of United Silver Corp. after the creditor's application as a result of its default to repay a loan with principal amounting to US\$6,300,000 provided by the creditor in 2012.

### *Background of receivership of United Silver Corp.*

United Silver Corp. was a vertically integrated Canadian mining company with operations in Idaho, the United States. It was incorporated in British Columbia, Canada on 6 November 2007 and the common shares of which had been listed on the Toronto Stock Exchange and Frankfurt Stock Exchange. The common shares of United Silver Corp. were delisted from the Toronto Stock Exchange and the Frankfurt Stock Exchange on 18 February 2014 and 27 February 2014, respectively.

United Silver Corp. issued to HUSC, LLC ("**HUSC**"), among others, a secured convertible note in the principal amount of US\$6.3 million on 1 February 2012 (the "**Convertible Note**"). On or about 30 July 2013, HUSC notified United Silver Corp. of default and demanded repayment in full by 12 August 2013. On 9 January 2014, on application by HUSC, a receiver and manager of the property, assets and undertaking of United Silver Corp. was appointed pursuant to an order by the Ontario Superior Court of Justice. On 4 March 2014, Hale Capital Partners (the manager of HUSC) through its subsidiary completed the acquisition of substantially all of the assets of a subsidiary of United Silver Corp. as part of a consensual foreclosure process, and as a result, the aggregate principal amount outstanding under the Convertible Note was reduced to an aggregate principal amount outstanding of approximately US\$2 million.

The ability of United Silver Corp. to meet its obligations and continue operations of its mine was dependent upon its ability to raise adequate financing to develop the mine so that future profitable operations would occur. Cash flow from United Silver Corp.'s mining and contracting services was not sufficient to meet its administrative overhead and maintain its mineral interests. To the best knowledge of Mr. Ringo Hui, United Silver Corp. at that time was not able to meet its operational and financial obligations including the repayment of the issued Convertible Note.

Mr. Ringo Hui was appointed as a non-executive director of United Silver Corp. on 16 August 2013, which was after the issuance of the Convertible Note. He confirmed that he was not involved in the business management, financial management, or financial planning of United Silver Corp. and did not participate in the repayment process of the Convertible Note. It only came to his knowledge that United Silver Corp. was facing a risk of default after he had agreed to be appointed as a non-executive director of United Silver Corp.

Mr. Ringo Hui was invited to join the board of directors of United Silver Corp. in or around August 2013 for the purpose of advising on any fund raising exercise which might be carried out by United Silver Corp.

As the project cashflow encountered difficulties and due to the pressure from HUSC, it was not likely to carry out any fund raising exercise. Mr. Ringo Hui did not stand for re-election to the board of directors in the annual general meeting held on 1 November 2013. On 9 January 2014, on application by HUSC, a receiver and manager was appointed pursuant to an order by the Ontario Superior Court of Justice to put United Silver Corp. into receivership.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Up to the Latest Practicable Date, neither did the two exchanges United Silver Corp. was previously listed on, nor HUSC, the secured creditor of United Silver Corp. take any action against Mr. Ringo Hui. Mr. Ringo Hui confirmed that there were no charges in relation to the default and receivership of United Silver Corp. against him at any time and up to the Latest Practicable Date.

### *Views of our Company and the Sole Sponsor*

Taking into consideration that:

- (i) the loan was provided to United Silver Corp. in 2012, long before Mr. Ringo Hui became a non-executive director from the period of August 2013 to November 2013;
- (ii) the Sole Sponsor received a written confirmation from Mr. Ringo Hui regarding the background of receivership of United Silver Corp., that he was, at all relevant time, a non-executive director of United Silver Corp. who did not involve in any of its day-to-day business. Mr. Ringo Hui's influence on the affairs of United Silver Corp. was limited;
- (iii) the receivership of United Silver Corp. was not a result of Mr. Ringo Hui's fault and there was no finding of fraudulent act on the part of Mr. Ringo Hui. In addition, according to the litigation searches, background search and bankruptcy search conducted by an independent search agent in relation to the background of Mr. Ringo Hui, nothing has brought to the attention of the Sole Sponsor that rendered Mr. Ringo Hui not having the character and integrity to act "honestly" and in good faith in the interest of our Company as a whole under Rule 5.01 and 5.02 of the GEM Listing Rules;
- (iv) the Sole Sponsor, together with its legal advisers, conducted interviews with our Group's major customers, during which no adverse comments or opinions as to the character, integrity and honesty of Mr. Ringo Hui was received from them; and
- (v) throughout the years, Mr. Ringo Hui has demonstrated his competence and abilities as a director of VBG Capital since September 2013 and the Group General Manager of VBG Capital since April 2015, our Company believes that our Group has successfully developed under the contribution of Mr. Ringo Hui as a director. Mr. Ringo Hui has also been a SFC licensed representative since May 2007, who continuously satisfies the fit and proper person requirements under the Fit and Proper Guidelines. Our Company considers that Mr. Ringo Hui has the character, experience and integrity commensurate with his position as a Director and a director of VBG Capital,

there is nothing, in our Company's view, as concurred by the Sole Sponsor, in the receivership of United Silver Corp. that cast doubts on Mr. Ringo Hui's suitability to act as a Director under Rules 5.01 and 5.02 of the GEM Listing Rules.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### Non-executive Director

**Mr. Wan Chuen Fai (尹銓輝)**, aged 67, was appointed as our non-executive Director on 28 June 2016. He is primarily responsible for providing market and industry knowledge and is assisting in strategic planning of our Group. He obtained a Bachelor of Science degree in Electrical Engineering degree from the University of Houston in the United States of America in August 1976 and a Certificate of Merit in Financial Market and Investment Studies from Hong Kong College of Technology in November 2003. He is the uncle of Ms. Letty Wan, an executive Director and chairman of our Company. He is also a director of VBG Capital.

He has over 12 years' experience in the financial industry. From 2003 to 2006, he had been a licensed representative for Type 1, Type 4, Type 6 and Type 9 regulated activities for licensed corporations including Absolute Investment Management (HK) Limited (formerly known as Baron Asset Management Limited) and Ping An Securities Limited. He has become a responsible officer for Type 9 regulated activity for Regal Portfolio Management Limited in 2007, Type 1 and Type 4 regulated activities for Ping An Securities Limited and Type 4 and Type 9 regulated activities for VBG Capital in 2008, and Type 6 regulated activity for Joy Silver and VBG Capital in 2009 respectively. He is currently a responsible officer for Types 1, 4, 6 & 9 regulated activities with Ping An Securities Limited. Currently he does not hold any other directorship in other public listed companies.

From December 2008 to April 2009 and August 2009 to September 2013, he was a director of Joy Silver, a company incorporated in Hong Kong on 16 December 1998 and was principally engaged in financial advisory services but has ceased carrying on business in regulated activities in September 2013. As at the Latest Practicable Date, it has been subject to a winding up order granted on 11 August 2014 as a result of a creditor's winding up petition made in December 2013. Wan's Family Company Limited has settled with all third parties creditors of Joy Silver and become its sole creditor.

### Independent non-executive Directors

**Mr. Kam Cheuk Fai David (甘卓輝)**, aged 62, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the remuneration committee, and a member of the audit and nomination committees of our Company with effect from the Listing Date. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of our Company. Mr. Kam has over 30 years of experience in management and banking in Hong Kong and China. Since November 2015, he has been the General Manager of Hing Kei Group (HK) limited, a privately owned copper trading and metal recycling group in Dali, Guangdong, China. From January 2009 to July 2014, Mr. Kam worked in China Construction Bank (Asia) Corporation Limited where his last position was head of commercial banking division. From July 2014 to December 2014, he was senior consultant in corporate banking division of China Construction Bank (Asia) Corporation Limited. From May 1981 to October 2008, Mr. Kam served various positions in Bank of America, Merrill Lynch, where his last position was Senior Vice President. During his tenure at China Construction Bank (Asia) Corporation Limited and Bank of America, Merrill Lynch, he has dealt with corporate governance issues and assisted in implementing the policies and measures to satisfy the Hong Kong Monetary Authority in areas such as conflicts of interest.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Kam obtained a Master of Business Administration degree from the University of Chicago in June 1978 and a Bachelor of Science in Electrical Engineering from Union College, New York in June 1976.

**Mr. Tsang Wing Ki (曾永祺)**, aged 55, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the audit committee, and a member of the remuneration and nomination committees of our Company with effect from the Listing Date. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of our Company. Mr. Tsang has over 29 years of experience in the field of financial reporting, financial management and audit experience in Hong Kong. Mr. Tsang is currently the chief financial officer of Xin Dau Ji Catering Holdings (HK) Limited since May 2013.

Mr. Tsang obtained a Professional Diploma in Accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in November 1987 and a Master of Professional Accounting from the Hong Kong Polytechnic University in November 2000. Mr. Tsang is a fellow member of the Chartered Association of Certified Accountants since June 1996 and a fellow member of the Hong Kong Institute of Certified Public Accountants since July 1998.

Mr. Tsang's working experience is listed in the table below:

<b>Name of company</b>	<b>Period of service</b>	<b>Position(s)</b>
Xin Dau Ji Catering Holdings (HK) Limited	May 2013 to present	Chief financial officer
Zhong Fa Zhan Holdings Limited (formerly known as Noble Jewelry Holdings Limited (0475.hk))	May 2005 to December 2011	Executive director
O Luxe Holdings Limited (formerly known as Ming Fung Jewellery Group Limited) (0860.hk)	July 2004 to April 2005	Financial controller and company secretary
Masons Financial Holdings Limited (formerly known as Willie International Holdings Limited and China United International Holdings Limited) (0273.hk)	April 2000 to June 2004	Financial controller
Kam Kiu International Limited	October 1998 to March 2000	Accounting manager
Guang Xin Enterprises Limited	April 1995 to September 1998	Accounting manager
Hand Yu Realty Company Limited	July 1994 to April 1995	Accounting manager
Asia Standard International Group Limited (0129.hk)	May 1991 to June 1994	Finance manager
Deloitte Touche Tohmatsu	January 1988 to May 1991	Audit senior

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Tsang's past and current directorships in other companies listed on the Stock Exchange are set out below:

Name of company	Principal business activities	Period of service	Position(s)
Mega Expo Holdings Limited (1360.hk)	Organisation of trade shows and exhibitions, providing ancillary services and sub-contracting and management services for exhibitions and trade shows	March 2017 to present	Independent non-executive director
China Soft Power Technology Holdings Limited (formerly known as China Jinhai International Group Limited and ICube Technology Holdings Limited) (0139.hk)	Trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business and the research and development of integrated circuit technology	November 2014 to June 2016	Independent non-executive director (Note 1)
Unity Investments Holdings Limited (0913.hk)	Investment in listed securities in Hong Kong and other main stock markets around the world and also in unlisted companies	September 2004 to October 2014	Independent non-executive director (Note 2)
Zhong Fa Zhan Holdings Limited (formerly known as Noble Jewelry Holdings Limited) (0475.hk)	Design, manufacture and wholesale of fine jewelry products in the PRC	August 2008 to December 2011	Executive director

*Notes:*

1. Mr. Tsang confirmed that he resigned as an independent non-executive director due to other business commitments.
2. Mr. Tsang confirmed that he resigned as an independent non-executive director due to other business engagements which require more of his intention.

**Mr. William Robert Majcher**, aged 54, was appointed as an independent non-executive Director on 4 May 2017. He is also the chairman of the nomination committee, and a member of the audit and remuneration committees of our Company with effect from the Listing Date. He is primarily responsible for providing independent advice to the Board in areas including conflict of interests, strategy, performance, resources and standard of conduct of our Company. From July 1985 to August 2007, Mr. Majcher served in the Royal Canadian Mounted Police (RCMP) and was involved in the detection and prosecution of some publicly reported money laundering cases in the United States of America and Canada as an undercover agent. Mr. Majcher obtained a degree of Bachelor of Commerce from St. Mary's University, Halifax, Nova Scotia, Canada in May 1984.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Majcher's past and current directorships in other companies listed on the Stock Exchange and overseas are set out below:

Name of company	Stock exchange	Principal business activities	Period of service	Position(s)
Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited)(8020.hk)	The Stock Exchange	Provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC and provision of dry bulk shipping service	September 2011 to present	Independent non-executive director
Yorkshine Holdings Limited (formerly known as Novo Group Ltd.) (1048.hk)	The Stock Exchange	Trading and distribution of iron ore, coal and steel products; and manufacturing, sales and distribution of tinplate and related products for metal packaging industry	November 2015 to present	Independent non-executive director
	Singapore Exchange Limited (stock code: MR8)		November 2015 to present	
Evolving Gold Corporation	Canadian Securities Exchange (stock code: EVG)	Acquisition and exploration of natural resource properties with the goal of moving key properties into production	September 2007 to present	Independent director
	Frankfurt Stock Exchange (stock code: EV7)		September 2007 to present	
Pan American Goldfields Ltd. (stock code: MXOM)	OTC Bulletin Board	Precious metals mining and exploration company with projects straddling the border between Argentina and Chile	June 2013 to April 2016	Director ( <i>Note 1</i> )
CCT Land Holdings Limited (0261.hk)	The Stock Exchange	Design and development, manufacture and sale of telecom, electronic and child products and property development	June 2015 to February 2016	Independent non-executive director ( <i>Note 2</i> )

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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*Notes:*

1. Mr. Majcher confirmed that he resigned as a director and there was no disagreement with Pan American Goldfields Ltd.
2. Mr. Majcher confirmed that he resigned as an independent non-executive director due to personal commitments.

### **Disclosure required under Rule 17.50(2) of the GEM Listing Rules**

Except for Ms. Letty Wan, the executive Director, and Mr. Wan Chuen Fai, the non-executive Director of our Company, who are biologically related, each of our Directors and senior management are independent from and not related to any of our Directors, substantial shareholders, Controlling Shareholders, or senior management of our Company as at the Latest Practicable Date.

Save as disclosed above and elsewhere in this prospectus (if any), each of our Directors confirms with respect to him/herself that: (i) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) save as disclosed in the section “C. Further information about substantial shareholders, directors and experts — 1. Disclosure of interests” in Appendix IV to this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iii) there is no other information that needs to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules; and (iv) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders as at the Latest Practicable Date.

### **BOARD COMMITTEES**

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group’s activities.

#### **Audit Committee**

Our Company established an audit committee pursuant to a resolution of our Directors passed on 4 May 2017 in compliance with Rule 5.28 of the GEM Listing Rules with the written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 of the Corporate Governance Code. Among other things, the primary duties of the audit committee are (i) to make recommendations to our Board on the appointment, reappointment and removal of the external auditor; (ii) to review and supervise the financial statements and material advice in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of our Company; (iv) to supervise internal control systems of our Group; and (v) to monitor any continuing connected transactions.

The audit committee consists of three independent non-executive Directors, namely Mr. Tsang Wing Ki, Mr. Kam Cheuk Fai David and Mr. William Robert Majcher. Mr. Tsang Wing Ki is the chairman of the audit committee.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### Remuneration Committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 4 May 2017 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B1.2 of the Corporate Governance Code. The primary duties of the remuneration committee are mainly (i) to review and make recommendations to our Board on overall remuneration policy and structure relating to all Directors and senior management of our Group; (ii) to review other remuneration-related matters, including to make recommendations on the remuneration package, benefits-in-kind and other compensation payable to our Directors and senior management of our Group; and (iii) to review and evaluate the performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration and ensure that none of our Directors determines their own remuneration.

The remuneration committee consists of three independent non-executive Directors, and one executive Director, namely Mr. Kam Cheuk Fai David, Mr. Tsang Wing Ki, Mr. William Robert Majcher and Mr. Ringo Hui. Mr. Kam Cheuk Fai David is the chairman of the remuneration committee.

### Nomination Committee

Our Company established a nomination committee pursuant to a resolution of our Directors passed on 4 May 2017 in compliance with paragraph A.5.1. of the Corporate Governance Code with written terms of reference in compliance with A.5.2. of the Corporate Governance Code. The primary duties of the nomination committee are mainly (i) to review the structure, size, composition and diversity of the Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to make recommendations to the Board regarding the potential candidates to fill vacancies on the Board; (iv) to assess the independence of independent non-executive Directors; and (v) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors .

The nomination committee consists of three independent non-executive Directors, namely Mr. William Robert Majcher, Mr. Kam Cheuk Fai David and Mr. Tsang Wing Ki. Mr. William Robert Majcher is the chairman of the nomination committee.

### CORPORATE GOVERNANCE

Our Company will comply with the Corporate Governance Code in Appendix 15 to the GEM Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon Listing.

All our independent non-executive Directors have either experience working as executive director, independent non-executive director, financial controller and/or company secretary of listed companies on the Stock Exchange or in commercial banking operations, the responsibilities of all of which require the knowledge of corporate governance and the dealing of conflict of interest. In this regard, Mr. Kam Cheuk Fai David has dealt with corporate governance issues and assisted in the making of policies and measures to satisfy the requirement of Hong Kong Monetary Authority in areas such as conflicts of interest during his tenure at China Construction

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Bank (Asia) Corporation Limited and Bank of America Merrill Lynch. Moreover, Mr. William Robert Majcher is experienced in the area of anti-money laundering of corporate governance as he had experience in the detection and prosecution of publicly reported money laundering cases as an undercover agent in the United States of America and Canada. Accordingly, the independent non-executive Directors collectively have sufficient experience and knowledge to ensure the proper functioning of our Group's corporate governance policies and measures (particularly in situations of conflicts of interest).

### SENIOR MANAGEMENT

The following sets forth information regarding the senior management of our Group other than our Directors:

Name	Age	Date of joining us	Position	Principal responsibilities
Ng Ka Ki (吳家祺)	35	13 September 2013	Company secretary and financial controller	Overall corporate financial matters, corporate governance, company secretarial matter

**Mr. Ng Ka Ki (吳家祺)**, aged 35, has joined our Group since September 2013 as the company secretary and was appointed as our financial controller in October 2014. Mr. Ng has become a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2009. He is also the supervisor of VBG Beijing. He has more than ten years of experience in audit and accounting. Prior to joining our Group, from August 2010 to October 2014, he was the finance manager and company secretary of Jayden Resources Inc., a company listed on the TSX Venture Exchange in Canada (stock code: JDN). From January 2010 to July 2010, Mr. Ng was also an accountant in a subsidiary of a company listed on the Main Board of the Stock Exchange. From September 2004 to December 2009, he worked in two accounting firms where his last position was a senior accountant. Mr. Ng was awarded a Bachelor of Business Administration (Honours) degree in Accountancy from the City University of Hong Kong in November 2004.

None of our members of senior management have any relationship with any other Director, member of senior management, substantial shareholder or Controlling Shareholders of our company and none of the members of senior management has held any directorship in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

As the day-to-day management of our business is supervised by both Ms. Letty Wan and Mr. Ringo Hui, being our executive Directors, and considering the number of staff and scale of our business, our Directors are of the view that it is not necessary to designate a person to act as the chief executive officer of our Group.

### COMPANY SECRETARY

**Mr. Ng Ka Ki (吳家祺)** was appointed as the company secretary of our Company on 14 March 2016. For details of his education and experience, please refer to the paragraph headed "Senior management" of this section.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### COMPLIANCE OFFICER

Mr. Hui Ringo Wing Kun (許永權) was appointed as the compliance officer of our Company on 29 June 2016 pursuant to Rule 5.19 of the GEM Listing Rules. For details of his qualification and experience, please refer to the paragraph headed “Executive Directors” of this section.

### AUTHORISED REPRESENTATIVES

Mr. Hui Ringo Wing Kun and Mr. Ng Ka Ki are the authorised representatives of our Company for the purpose of the GEM Listing Rules.

### STAFF OF OUR GROUP

#### Employees by function

Please refer to the section headed “Business — Employees” in this prospectus in relation to the breakdown of the number of our employees by business function as of the Latest Practicable Date.

#### Training

We believe that the quality of our professional staff plays an important part in our operations. We place a lot of emphasis on training our employees, which we believe improves our operation and efficiency as well as our customers services standards. We aim to incentivise and encourage our employees to remain loyal to us and build a strong corporate culture in our Group. Accordingly, we encourage our staff to attend training seminars held by our other professional advisers to enhance their understanding of regulatory regime in financial services industry, professional knowledge and technical skills and to keep abreast with the ever developing and evolving financial services industry, which in turn increase their skills and productivity. We also actively encourage our professional staff to attend analysts and investors’ financial results presentation of listed issuers and gain knowledge on the business operations of a wide range of sectors and industries other than those which they already specialize in, which we believe increase their exposure and knowledge and improve their career development prospects. As a licensed corporation under the SFO, all licensed representatives and responsible officers are required to comply with the continuous professional training requirements as disclosed in the section headed “Business — Training policies” in this prospectus to carry out regulated activities.

#### Staff benefits

As a financial advisory services provider, we believe that our employees are one of our most valuable assets. Our employees comprise directors and senior management, financial personnel and supporting staff.

Bonus is determined by our management with reference to employee’s overall performance. During the Track Record Period, our staff bonus expenses were approximately HK\$1.1 million, HK\$3.4 million, HK\$1.4 million and HK\$0.4 million respectively.

After the Listing, our employees will be eligible for the Share Option Scheme, details of which are set out in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus. We believe that these share options offer long term incentives to our key employees whom we believe are essential to our Group’s operations and future development, and serve as a retention mechanism for our staff.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### REMUNERATION POLICY

Our executive Directors, non-executive Director, 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. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. Our Group regularly reviews and determines 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, the remuneration committee of our Company will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, 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, the details of which are set out in the sub-section headed “D. Share Option Scheme” in Appendix IV to this prospectus.

### REMUNERATIONS OF DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, the total compensation (including salaries, allowances, discretionary bonus, contributions to pension schemes) paid by us to our Directors for the three years ended 30 September 2016 and the five months ended 28 February 2017 was approximately HK\$1.5 million, HK\$2.8 million, HK\$1.9 million and HK\$0.8 million, respectively. Under the arrangement currently in force, we estimate the total compensation (excluding any commission or discretionary bonus) to be paid or accrued to our Directors for the year ending 30 September 2017 to be approximately HK\$2.6 million.

The aggregate remuneration (including Directors fees, salaries, discretionary bonus, contributions to retirement benefit schemes, and other benefits) paid to our five highest paid individuals during the three years ended 30 September 2016 and the five months ended 28 February 2017 were approximately HK\$6.8 million, HK\$12.4 million, HK\$8.9 million and HK\$ 4.4 million, respectively. For each of the three years ended 30 September 2016 and the five months ended 28 February 2017, discretionary bonuses of approximately HK\$0.9 million, HK\$2.8 million, HK\$1.2 million and HK\$0.2 million were paid to our five highest paid employees respectively. Approximately HK\$86,000, HK\$67,000, HK\$73,000 and HK\$30,000 were paid by our Group as contribution to the mandatory provident fund scheme in respect of our five highest paid individuals for each of the three years ended 30 September 2016 and the five months ended 28 February 2017.

The staff costs of our Group (including salaries, allowances and benefits, and contributions to retirement benefit schemes) for the three years ended 30 September 2016 and the five months ended 28 February 2017 were approximately HK\$9.7 million, HK\$18.5 million, HK\$16.8 million and HK\$8.3 million.

Save as disclosed above, no other payments has been paid or is payable, in respect of the three years ended 30 September 2016 and the five months ended 28 February 2017 by us or any of our subsidiaries to our Directors.

We participate in the mandatory provident fund scheme prescribed by the Mandatory Provident Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees, and we have made the relevant contributions in accordance with the aforesaid laws and regulations.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into either a service contract or letter of appointment with our Company for an initial fixed term of three years with effect from the Listing Date, which will continue thereafter until terminated by not less than three month's written notice or payment in lieu to the other party. Each of our executive Directors will receive a fee which is subject to an annual adjustment at a rate to be determined at the discretion of the Board.

Our Company's policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to our Group. Details of the terms of the service contracts are set out in the paragraph headed "2. Particulars of service agreements" in Appendix IV to this prospectus.

### **Relationship with employees**

Since its establishment, our Group has not experienced any disruption of its business operations due to labour disputes. Our Directors consider that our Group has harmonious relationship with our employees.

### **COMPLIANCE ADVISER**

Our Company has appointed Dakin Capital as its compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, we will consult with and, if necessary, seek advice from the compliance adviser on the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable transaction 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
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term 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 its financial results for the second full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

The compliance adviser of our Company shall provide us with services, including guidance and advice as to compliance with the requirements under the GEM Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Stock Exchange.

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## FUTURE PLANS AND USE OF PROCEEDS

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### OUR FUTURE PLANS AND BUSINESS OBJECTIVES

We intend to expand our business in line with the strategies set out in the section headed “Business — Business strategies” in this prospectus.

### IMPLEMENTATION PLANS

Our Group’s implementation plans are set forth for the period from the Latest Practicable Date up to 30 September 2019. Investors should note that the implementation plan is drawn up based on the current economic environment and status and the assumptions as set out below in the section headed “Bases and assumptions” of this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular, the risk factors as set out in the section headed “Risk factors” of this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimate time frame and that our future plans will be accomplished at all.

During the Track Record Period, our business operations and expansion were principally financed by cash generated from business operations. We did not apply for any loan from financial institutions during the Track Record Period, as financial institutions would usually impose stringent terms and conditions, such as maintaining certain amount of asset value in the bank accounts held with such financial institutions for a fixed amount of credit limit, personal guarantees from our Controlling Shareholders, collaterals and extensive events of defaults. Our Directors believe that such terms were not in the interest of our Group. Our debt level is therefore low. In the foreseeable future after Listing, our Directors are unlikely to implement our Group’s expansion plans through debt financing. Also debt financing does not improve our Group’s ability to perform the placing and underwriting business under the FRR rule regarding minimum liquid capital requirements, which is one of our key future plans.

The net proceeds from the Share Offer based on the Offer price of HK\$0.78 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.68 to HK\$0.88 per Offer Share, after deducting the related expenses in connection with the Listing and the Share Offer is estimated to be approximately HK\$73.4 million. Our Group intends to apply such net proceeds therefrom as follows:

<b>Business strategies</b>	<b>Implementation plans</b>
To expand our placing and underwriting business	Approximately 66.8% of the net proceeds or approximately HK\$49.0 million will be used for enhancing our placing and underwriting business. The number of primary and secondary equity capital markets transactions and the size that we may undertake depends on the availability of our capital resources. We intend to apply such net proceeds from the Share Offer for up to seven placing and underwriting transactions, each with a transaction value of approximately HK\$50.0 million.

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## FUTURE PLANS AND USE OF PROCEEDS

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### **Business strategies**

### **Implementation plans**

We intend to participate in more placing and underwriting transactions by leveraging on our networking with other professional parties and business contacts (including our corporate customer base and other licensed corporations) which we have established since the end of 2008, as well as offering placing and underwriting services to our sponsorship clients. To this end, our Group will earmark certain sponsorship engagements which according to the latest information available to us, we expect shall achieve listing and for which we preliminarily expect to offer placing/underwriting services. We will earmark sufficient financial resources before committing to any underwriting obligations. To this end, proceeds shall form the earmarked financial resources to be set aside to ensure we meet our obligations.

Our ability to underwrite is constrained by the minimum liquid capital requirements under the FRR (which are applicable to the underwriting or sub-underwriting of an issue or sale of securities or shares listed in Hong Kong not being a constituent of the Hang Seng Index or the Hang Seng Hong Kong LargeCap Index or the Hong Kong MidCap Index). Under the FRR, VBG Capital must maintain a minimum liquid capital (the amount by which VBG Capital's liquid assets exceeds its ranking liabilities) of HK\$3,000,000 at all times. The amount of any underwriting commitment is included in the calculation of ranking liabilities unless and to the extent it is backed by a sub-underwriter. If we take up underwriting as a sole underwriter without appointing sub-underwriters, such commitment will have an adverse impact on the liquid capital of VBG Capital under the FRR. During the Track Record Period, our ability to underwrite was limited by the FRR, and we were only required to underwrite a small portion as there were other underwriters in the transactions.



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## FUTURE PLANS AND USE OF PROCEEDS

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### Business strategies

### Implementation plans

Under this historical mode of operation, the commission received by us during the Track Record Period as an underwriter was comparatively lower than the main underwriter in such transaction, as such main underwriter took up a significant portion of underwriting commitment. The net proceeds from the Share Offer will increase our liquid capital so that we will be able to take up underwriting commitments or commitment of a larger scale and comply with the liquid capital requirement under the FRR at the same time. Apart from maintaining the aforesaid required liquid capital under the FRR, with approximately HK\$50 million as liquid capital, VBG Capital will be able to take up underwriting commitments without engaging sub-underwriters or sub-placing agents. Despite during the Track Record Period, placing and underwriting business has not been our Group's main business, our Directors expect there will be sufficient demand for our Group's placing and underwriting business going forward because our Group had been engaged as sponsor for seven IPOs as at the Latest Practicable Date and that at least three IPOs will have a public offer tranche as they are Main Board candidates for which our Group has the ability to underwrite the public tranche. Placing and underwriting business was not our Group's main business during the Track Record Period, as our Group's ability to underwrite was constrained by the FRR requirement as stated above. Despite the decline in capital market sentiment since 2015, the small capitalisation IPO market remain active and our Group's sponsor engagements has hit new heights and our Directors expect demand for our sponsor services, together with the underwriting service, will remain strong.

To enhance and strengthen our financial advisory business by maintaining and expanding our corporate finance team

Approximately 9.4% of the net proceeds or approximately HK\$6.9 million will be used for maintaining high quality staff and recruiting new staff to strengthen our human capital required to expand our corporate finance team.



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## FUTURE PLANS AND USE OF PROCEEDS

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### Business strategies

### Implementation plans

	<p>Our financial advisory business is limited by our professionals from time to time. We intend to recruit four new staff with corporate finance experience, including one responsible officer/principal and three licensed representatives ranging from managing director grading to executive grading as well as to provide them with relevant trainings and supports to sharpen the skills of the team members with an aim to devote more effort in marketing, networking and customer relationship activities. We also intend to provide more general administration support to our financial services team, so that our financial services team can be more focusing in providing more responsive and all-round financial services to our customers.</p>
To expand our network internationally and across the PRC	<p>We intend to expand our geographic breadth and functions in the third quarter of 2017 by establishing overseas representative offices and/or forming joint ventures in European cities, such as Milan, and the cities in the PRC, such as Qianhai or Nansha for providing business consulting services to customers. Approximately 20.6% of the net proceeds or approximately HK\$15.1 million will be used to seize favourable opportunities to comprehensively implement the internationalised and diversified operation strategy in Europe and across the PRC.</p> <p>During the Track Record Period, our Group completed cross-border M&amp;A transactions with Customer AF in the PRC and with Customer U in Italy. The nature of these two transactions is disclosed in the paragraph headed “Business consulting services” for the year ended 30 September 2016 in the section headed “Business” in this prospectus. Leveraging our experience in these transactions and the network established with professional parties involved in the transactions, our Group, as at the Latest Practicable Date, had three overseas engagements with customers in Italy and our Directors believe that these projects could be completed with revenue to be recognised in the financial years ending 30 September 2017 and 2018. For further details on our business strategy of international expansion, please refer to the sub-paragraph headed “International expansion” in the section headed “Business” in this prospectus.</p>
General working capital	<p>Approximately 3.2% of the net proceeds or approximately HK\$2.4 million will be used for our working capital and general corporate purposes. In the course of our expansion plan, we may need to expand our office premise and enhance our infrastructure.</p>

## FUTURE PLANS AND USE OF PROCEEDS

### USE OF PROCEEDS

The net proceeds from the Share Offer based on the Offer Price of HK\$0.78 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.68 per Offer Share to HK\$0.88 per Offer Share, after deducting the related expenses in connection with the Listing, is estimated to be approximately HK\$73.4 million. Our Directors intend to apply such net proceeds therefrom in the expected time frame set out below:

	From the Latest Practicable Date to 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 31 March 2019	For the six months ending 30 September 2019	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
To expand our placing and underwriting business	49.0	—	—	—	—	49.0
To enhance and strengthen our financial advisory business by maintaining and expanding our corporate finance team	0.2	1.5	1.7	1.7	1.8	6.9
To expand our network internationally and across the PRC	0.3	2.1	3.6	3.7	5.4	15.1
General working capital	0.4	0.5	0.5	0.5	0.5	2.4

The steps to be taken by our Group to pursue the expansion plan as follows:

From the Latest Practicable Date to 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 31 March 2019	For the six months ending 30 September 2019
<i>To enhance and strengthen our financial advisory business by maintaining and expanding our financial services team</i>				
Commence recruitment through recruitment agency immediately after the Listing	Streamline the duties of the corporate finance team and provide training and support	Streamline the duties of the corporate finance team and provide training and support	Streamline the duties of the corporate finance team and provide training and support	Streamline the duties of the corporate finance team and provide training and support
Complete recruitment process for four new staff				

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## FUTURE PLANS AND USE OF PROCEEDS

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From the Latest Practicable Date to 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 31 March 2019	For the six months ending 30 September 2019
<i>To expand our network internationally and across the PRC</i>				
Conduct feasibility study immediately after the Listing	Location 1 — evaluate the effectiveness of the performance and fine-tune the workflow between the headquarters	Location 1 — expand the team size by adding one sub-service team; Evaluate the performance administrative support services for renewal/ terminate/ bargain	Location 1 — evaluate the effectiveness of the performance upon the expanded team and fine-tune the workflow between the headquarters	Location 1 — expand the team size by adding one sub-service team; Evaluate the performance administrative support services for renewal/ terminate/ bargain
Location 1 — Set up new office in city A based on feasibility study; by i) entering co-operation/ consultancy/ employment contract with local professional personnel; ii) entering into tenancy agreement and iii) general administrative support service agreement	Location 2 — Set up new office in city B based on feasibility study by i) entering co-operation/ consultancy/ employment contract with local professional personnel; ii) entering into tenancy agreement and iii) general administrative support service agreement	Location 2 — evaluate the effectiveness of the performance and fine-tune the workflow between the headquarters	Location 2 — expand the team size by adding one sub-service team; Evaluate the performance administrative support services for renewal/ terminate/ bargain	Location 2 — evaluate the effectiveness of the performance upon the expanded team and fine-tune the workflow between the headquarters
		Location 3 — Set up new office in city C based on feasibility study; by i) entering co-operation/ consultancy/ employment contract with local professional personnel; ii) entering into tenancy agreement and iii) general administrative support service agreement	Location 3 — evaluate the effectiveness of the performance and fine-tune the workflow between the headquarters	Location 3 — expand the team size by adding one sub-service team; Evaluate the performance administrative support services for renewal/ terminate/ bargain

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## FUTURE PLANS AND USE OF PROCEEDS

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If the final Offer Price is determined at the high end or low end of the indicative Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK\$12.4 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.

Our Directors believe that the net proceeds from the Share Offer will be sufficient to finance our Group's business plan up to the year ending 30 September 2019.

To the extent that the net proceeds from the Share Offer are not immediately required for the above plans, it is the present intention of our Directors that such net proceeds be placed on short-term interest bearing instrument or deposits with authorised financial institutions in Hong Kong.

Should our Directors decide to reallocate the intended use of proceeds to other business plans to a material extent and/or there is to be any material modification to the use of proceeds as described above, our Company will issue an announcement in accordance with the GEM Listing Rules.

### BASES AND ASSUMPTIONS

Our Directors have adopted the implementation plan up to 30 September 2019 based on the following general assumptions:

- i. There will be no material changes in the existing political, legal, fiscal or economic conditions and environment in Hong Kong, PRC and any other places in which any member of our Group carries on or will carry on business;
- ii. 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;
- iii. The Listing will be completed in accordance with and as described in the section headed "Structure and conditions of the Share Offer" to this prospectus;
- iv. Our Group will be able to retain key employees in the management as well as the licensed professionals under the SFO;
- v. Our Group will not be materially affected by any risk factors set out in the section headed "Risk factors" in this prospectus;
- vi. 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 implementation plans without disruptions which may adversely affect our operations or business objectives in any way;
- vii. There will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group;

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## FUTURE PLANS AND USE OF PROCEEDS

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- viii. Our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which business objectives relate;
- ix. There will be no disasters, natural, political or otherwise, which would materially disrupt our business or operations or cause substantial loss, damage or destruction to its properties or facilities;
- x. The Share Offer will be completed in accordance with the terms as described in the section headed “Structure and conditions of the Share Offer” of this prospectus;
- xi. There will be no material differences between the actual capital requirements for implementing the above plans and the amounts estimated by us;
- xii. Our Group will be able to retain our key staff in our management team as well as our professional staff; and
- xiii. Our Group will be able to recruit successfully suitable staff for our expansion when and as necessary.

### REASONS FOR THE LISTING

Our Directors believe that the Listing of the Shares on GEM will facilitate the implementation of our business strategies. As stated in the section headed “Business — Business Strategies” in this prospectus, we plan to expand our placing and underwriting business.

Due to capital intensive nature of our placing and underwriting business, this segment is largely driven by our capital base. Consequently our ability to sustain our operation and expand our business depends, to a significant extent, on our ability to expand our capital base.

We believe that raising capital through the issuance of equity or debt securities through a public company will involve relatively lower financing cost as compared with bank financing by a private company. By expanding our capital base, we can expand the range of our client base, in particular to undertake underwriting or placing activities for our sponsorship clients, which in turn will provide us with a stable flow of income.

Through the Share Offer, not only will we be able to raise capital which is estimated to be approximately HK\$73.4 million, based on the Offer Price of HK\$0.78 per Offer Share (the mid-point of the indicative Offer Price range of HK\$0.68 to HK\$0.88 per Offer Share) and after deducting the related expenses in connection with the Listing and the Share Offer, to execute our business strategies as set out in the section headed “Business — Business strategies” in this prospectus, but we will also gain access to the capital markets for future rounds of financing to fund our further growth plans as and when necessary.

We also consider that the Listing is a complimentary form of advertising that will enhance our corporate profile, assist in reinforcing our market reputation and brand awareness, which we believe will strengthen our credibility before public and potential business partners. The Listing will also entail a broader shareholder base which will provide liquidity in the trading of the Shares.

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## UNDERWRITING

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### **PUBLIC OFFER UNDERWRITERS**

#### **Joint Bookrunners and Joint Lead Managers**

Ping An Securities Limited  
Dakin Securities Limited

#### **Public Offer Underwriters**

Ping An Securities Limited  
Dakin Securities Limited

### **UNDERWRITING ARRANGEMENTS AND EXPENSES**

#### **Public Offer**

##### ***Public Offer Underwriting Agreement***

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by the public in Hong Kong of the 12,830,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

- (a) the Listing Division granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and
- (b) the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

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## UNDERWRITING

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### *Grounds for termination*

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date if:

- (i) there shall develop, occur, exist or come into effect:
  - (a) any change or prospective change (whether or not permanent) in the business or in the business or in the financial or trading position of our Group; or
  - (b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, the PRC, BVI, Cayman Islands or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the “**Relevant Jurisdictions**”); or
  - (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
  - (d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
  - (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
  - (f) 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 crisis involving or affecting any of the Relevant Jurisdictions; or
  - (g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or

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## UNDERWRITING

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- (h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to the severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or
- (m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (p) non-compliance of any of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or
- (q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or
- (r) any loss or damage sustained by any member of our Group; or



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## UNDERWRITING

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- (s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or
- (t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or
- (u) the chairman or president of our Company vacating his office; or
- (v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or
- (w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof;
- (x) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC,

which in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):

- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or
- (b) has or will or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
- (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, Placing Underwriting Agreement and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Share Offer on the terms and in the manner contemplated in this prospectus; or

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## UNDERWRITING

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- (ii) the Joint Lead Managers or any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:
  - (a) any of the warranties given by our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Joint Lead Managers (in its sole and absolute discretion), or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or
  - (b) any statement contained in this prospectus, the Application Forms, the formal notice or any announcement or advertisement issued by or on behalf of our Company in connection with the Public Offer (including any supplemental or amendment thereto) was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if such document was to be issued at that time, constitute a material omission therefrom, or that any forecasts, expressions of opinion, intention or expectation expressed in such document are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or
  - (c) there has been a material breach on the part of any of our Company, Controlling Shareholders and Executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement;
  - (d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been discovered in this prospectus, constitute a material omission therefrom; or
  - (e) any material adverse change or development involving a prospective change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of our Group; or
  - (f) approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
  - (g) we withdraw this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer.

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## UNDERWRITING

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### *Undertakings to the Public Offer Underwriters*

#### *Undertakings by our Company*

Our Company has undertaken to the Sole Sponsor and the Joint Lead Managers and the Public Offer Underwriters, and each of our Controlling Shareholders and Executive Directors has undertaken to and covenants with the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters that he/it will procure our Company that:

- (a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 17.29(1) to 17.29(4) of the GEM Listing Rules, not without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”);
- (b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 17.29(1) to 17.29(4) of the GEM Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;
- (c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the “**Second Six-month Period**”) do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules); and

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## UNDERWRITING

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- (d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such Subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that Subsidiary ceasing to be a subsidiary of our Company.

### *Undertakings by our Controlling Shareholders*

- (a) Pursuant to Rule 13.16A of the GEM Listing Rules, each of our Controlling Shareholders jointly and severally agrees and undertakes to our Company, the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters and the Stock Exchange that, except with the prior written consent of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) and Stock Exchange and unless in compliance with the requirements of the GEM Listing Rules, none of the Controlling Shareholders will, and they will procure the relevant registered holder(s) and their respective associates and companies controlled by them and any nominee or trustee holding in trust for them shall not:
  - (i) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders are made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), among others, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances (as defined below) in respect of, any of the Shares in respect of which he/it is shown in this prospectus to be the beneficial owner(s);
  - (ii) in the period of six months commencing on the date immediately following the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect ("**Encumbrances**") in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such Encumbrances, he/it would cease to be a Controlling Shareholder; and
  - (iii) in addition to the undertakings pursuant to Rule 13.16A of the GEM Listing Rules, each of our Controlling Shareholders has further voluntarily undertaken to the Stock Exchange for a further 12 months commencing on the date on which the period referred to in (ii) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances in respect of, any of the Shares (or any securities of our Company) referred to in (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or Encumbrances, our Controlling Shareholder would, taken together, cease to be a Controlling Shareholder.

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## UNDERWRITING

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- (b) Each of our Controlling Shareholders jointly and severally undertakes to and covenants with our Company, the Sole Sponsor, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Stock Exchange that during the 24 months period from the Listing Date:
  - (i) in the event that he/it pledges or charges any of his/her/its direct or indirect interest in the Shares 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 Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing of such pledges or charges immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
  - (ii) having pledged or charged any of his/her/its interests in the Shares under paragraph (i) above, when our Controlling Shareholders receive indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or, interests in the securities of our Company will be sold, transferred or disposed of, he/it must immediately inform our Company, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing of such indications.

### *Undertaking by our Company*

Our Company undertakes to and covenants with each of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Stock Exchange, and each of our Controlling Shareholders and the executive Directors jointly and severally undertakes to each of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) to procure our Company that, save with the prior written consent of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters), or save pursuant to the Share Offer or as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws or pursuant to the issue of Shares under the Share Option Scheme, our Company shall not, within the period of six months from the Listing Date: (i) allot or issue or agree to allot or issue any Shares or any other securities in our Company (including warrants or other convertible securities (and whether or not of a class already listed)); or (ii) grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise convert into, or exchange for any Shares or any other securities of our Company; or (iii) purchase any securities of our Company; or (iv) offer to or agree to do any of the foregoing or announce any intention to do so.

### **Placing**

#### ***Placing Underwriting Agreement***

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and Executive Directors will enter into the Placing Underwriting Agreement with the Sole Sponsor, the Joint Lead Managers, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

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## UNDERWRITING

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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 and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the section headed “Undertakings to the Public Offer Underwriters” above in this section.

### **Commission, fees and expenses**

The Public Offer Underwriters will receive a gross underwriting commission of 7% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer out of which any sub-underwriting commission, praecipium and selling concession will be paid. For unsubscribed Public Offer Shares reallocated to the Placing and any Placing Shares reallocated from the Placing to the Public Offer, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters.

Based on the Offer Price of HK\$0.78 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK\$20 million in total, and are payable by our Company under the Share Offer respectively.

### **SOLE SPONSOR’S AND UNDERWRITERS’ INTEREST IN OUR COMPANY**

The Sole Sponsor will receive a sponsorship fee to the Share Offer. The Joint Lead Managers and the Underwriters will receive an underwriting commission and/or praecipium. Particulars of these underwriting commission and expenses are set forth under the “Commission, fees and expenses” above.

Save as disclosed above, none of the Sole Sponsor and the Underwriters is interested legally or beneficially in any Shares or other securities of our Company or any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase any Shares or other securities of our Company or any members of our Group or has any interest in the Share Offer.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the Listing Rules.

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## UNDERWRITING

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### MINIMUM PUBLIC FLOAT

Our Directors and the Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(7) of the GEM Listing Rules after completion of the Share Offer.

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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:

- a. the Public Offer of 12,830,000 new Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the section headed “The Public Offer” below; and
- b. the Placing of an aggregate of 115,470,000 new Shares (subject to reallocation as mentioned below) which will conditionally be placed with selected professional, institutional, and other investors under the Placing.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing may be subject to reallocation as described in the section headed “The Public Offer – Reallocation” below.

References in this prospectus to applications, the Application Forms, application monies or the procedure for application relate solely to the Public Offer.

### THE PUBLIC OFFER

#### Number of Offer Shares initially offered

Our Company is initially offering 12,830,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of our Company’s enlarged issued share capital after completion of the Capitalisation Issue and Share Offer.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” of this section.



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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### Allocation

Allocation of the Public Offer 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 could mean that some applicants may be allotted more Public Offer Shares 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 into account any reallocation as referred to below) is to be divided equally (to the nearest board lot) into two pools for allocation purposes: 6,415,000 Public Offer Shares for each of pool A and 6,415,000 Public Offer Shares for pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) and up to the total value in pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 6,415,000 Public Offer Shares, being the 50% of the 12,830,000 Public Offer shares initially available under the Public Offer are liable to be rejected.

### Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation. A clawback mechanism will be put in place, which would have the effect of increasing the number of Public Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered in the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Joint Lead Managers (for themselves and on behalf of the Underwriters) shall apply a clawback mechanism following the closing of the application lists on the following basis:

- (a) if the number of Public Offer Shares validly applied for under the Public Offer represents 3 times or more but less than 5 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 38,490,000 Offer Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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- (b) if the number of Public Offer Shares validly applied for under the Public Offer represents 5 times or more but less than 10 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 51,320,000 Offer Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer;
- (c) If the number of Public Offer Shares validly applied for under the Public Offer represents 10 times or more but less than 15 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 64,150,000 Offer Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (d) if the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 128,300,000 Offer Shares, representing 100% of the number of the Offer Shares initially available for subscription under the Share Offer.

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate. In addition, the Joint Lead Managers (for themselves and on behalf of the Underwriters) may in its 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 Shares are not fully subscribed, the Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate. If the Placing Shares are not fully subscribed or purchased, the Joint Lead Managers (for themselves and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed or un-purchased Placing Shares to the Public Offer in such amount as the Joint Lead Managers (for themselves and on behalf of the Underwriters) deem appropriate.

### **Applications**

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making 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 Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Placing Shares under the Placing.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### THE PLACING

#### Number of Offer Shares offered

Subject to reallocation as described above, the Placing will consist of 115,470,000 Shares, representing approximately 90% of the total number of 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 Offer Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and Share Offer.

#### Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional and institutional and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. 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 section 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 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 Joint Lead Managers (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Lead Managers so as to allow it 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.

#### Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the paragraph headed "The Public Offer – Reallocation" above, and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### Offer Price range

The Offer Price will not be more than HK\$0.88 per Offer Share and is expected to be not less than HK\$0.68 per Offer 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 not expected to be, lowered than the indicative Offer Price range as stated in this prospectus.

### Price payable on application

Applicants for Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$0.88 for each Public Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK\$4,444.34 per board lot of 5,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.88 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

If, for any reason, our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Wednesday, 24 May 2017, the Share Offer will not proceed and will lapse.

Further details are set out in the section headed “How to apply for Public Offer Shares” in this prospectus.

### Change to Offer Price range

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during a bookbuilding process in respect of the Placing, and with the consent of our Company, reduce the number of the Offer Shares being offered under the Share Offer and/or change the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such change, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.vbg-group.com](http://www.vbg-group.com) notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such change.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants who have submitted their applications for Public Offer Shares before such an announcement is made may subsequently withdraw their applications in the event that such an announcement is subsequently made. In the absence of any notice being published in relation to a reduction in the number of the Offer Shares and/or change in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

### **Announcement of the Offer Price and the basis of allocations**

Announcement of the final Offer Price, together with the level of indication of interests in the Placing, and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be published on Thursday, 25 May 2017 on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.vbg-group.com](http://www.vbg-group.com) website.

### **UNDERWRITING**

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. We expect to enter into the Placing Underwriting Agreement relating to the Placing on or around Friday, 19 May 2017. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed "Underwriting" of this prospectus.

### **CONDITIONS OF THE SHARE OFFER**

Acceptance of all applications for the Offer Shares is conditional upon, amongst other things, the satisfaction of all the following conditions, 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 30 days after the date of this prospectus:

#### **1. Listing**

The Listing Division granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer (including the Shares which fall to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

#### **2. Placing Underwriting Agreement**

The execution and delivery of the Placing Underwriting Agreement on or about Friday, 19 May, 2017.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### 3. Obligations under Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.vbg-group.com](http://www.vbg-group.com) on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Thursday, 25 May 2017 but will only become valid certificates of title at 8:00 a.m. on Friday, 26 May 2017 provided that (i) the Share Offer has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus has not been exercised.

### SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS.

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 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 activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 26 May 2017, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 26 May 2017.

The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 8365.

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## HOW TO APPLY FOR 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;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the GEM Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;
- are a close associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which application channel to use

For Public Offer Shares to be issued in your own name, either (i) use a **WHITE** Application Form; or (ii) apply online through the designated website of the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) under the **HK eIPO White Form** service.

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, either (i) complete and sign the **YELLOW** Application Form; or (ii) give **electronic application instructions** to HKSCC via CCASS.



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 15 May 2017 to 12:00 noon on Thursday, 18 May 2017 from:

- (i) the following office of the Public Offer Underwriters:

Ping An Securities Limited	—	Unit 02, 2/F, China Merchants Building 152-155 Connaught Road Central Hong Kong
Dakin Securities Limited	—	Room 2701 Admiralty Centre, Tower 1 18 Harcourt Road Admiralty Hong Kong

- (ii) any of the following branches of The Bank of East Asia, Limited, the receiving bank for the Public Offer:

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central
Kowloon	East Tsim Sha Tsui Branch	Shop G3-G5, G/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui
New Territories	Tai Po Branch	62-66 Po Heung Street Tai Po Market Tai Po

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 15 May 2017 until 12:00 noon on Thursday, 18 May 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 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 "The Bank of East Asia (Nominees) Limited — VBG International 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:

- Monday, 15 May 2017 – 9:00 a.m. to 5:00 p.m.
- Tuesday, 16 May 2017 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 17 May 2017 – 9:00 a.m. to 5:00 p.m.
- Thursday, 18 May 2017 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 18 May 2017, the last application day or such later time as described in "10. 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 or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor and/or the Joint Bookrunners and Joint Lead Managers (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 Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and 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;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- (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 Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, 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 of the Placing Shares nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers 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;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- (xv) authorise our Company to place your name(s) or the name of HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii)(if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### **Additional instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

#### General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

#### Time for submitting applications under the HK eIPO White Form

You may submit your application online to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 15 May 2017 until 11:30 a.m. on Thursday, 18 May 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 18 May 2017 or such later time under the “10. Effect of bad weather on the opening of the applications lists” in this section.

#### No multiple applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

#### Section 40 of the Companies (Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
**Customer Service Centre**  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners, the Joint Lead Managers and our Hong Kong Share Registrar.

#### Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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(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, our Directors, the Sole Sponsor, the Joint Bookrunners and Joint Lead Managers 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;
- 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 Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, 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, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- 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 (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;
- 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 Law, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 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 Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Monday, 15 May 2017 – 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Tuesday, 16 May 2017 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Wednesday, 17 May 2017 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Thursday, 18 May 2017 – 8:00 a.m.<sup>(1)</sup> to 12:00 noon

*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 15 May 2017 until 12:00 noon on Thursday, 18 May 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 18 May 2017, the last application day or such later time as described in “10. Effect of bad weather on the opening of the application lists” in this section.

### No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Companies (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 compensation under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance).

### Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banker, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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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 Thursday, 18 May 2017.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 9. 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 or through the **HK eIPO White Form** service 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, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 18 May 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 18 May 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 11. 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 on Friday, 19 May 2017 on our Company's website at **www.vbg-group.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers (where appropriate) 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.vbg-group.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 25 May 2017;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 25 May 2017 to 12:00 midnight on Wednesday, 31 May 2017;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 25 May 2017 to Wednesday, 31 May 2017 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 25 May 2017 to Monday, 29 May 2017 at all the receiving bank 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" of 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.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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(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 **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners and Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.88 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 section headed "Structure and conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 25 May 2017.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer 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 Thursday, 25 May 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on Friday, 26 May 2017 provided that the Share Offer has become unconditional in all respects and the right of termination described in the section headed “Underwriting arrangements and expenses — Public Offer — Grounds for termination” in this prospectus has not been exercised and lapsed. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid certificate of title do so at their own risk.



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 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 Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 25 May 2017 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong 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 Thursday, 25 May 2017, by ordinary post and at your own risk.

#### *(ii) If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 25 May 2017, 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 Thursday, 25 May 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- *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 Thursday, 25 May 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

**(iii) *If you apply through the HK eIPO White Form service***

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 25 May 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 25 May 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

**(iv) *If you apply via electronic application instructions to HKSCC***

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of share certificates into CCASS and refund of application monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 25 May 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- 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 Thursday, 25 May 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 25 May 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Thursday, 25 May 2017. 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 Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 25 May 2017.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 15. 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 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, prepared for the purpose of incorporation in this prospectus, received from the Company's independent joint reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Cheng & Cheng Limited, Certified Public Accountants, Hong Kong.*



MAZARS CPA LIMITED  
瑪澤會計師事務所有限公司

42<sup>ND</sup> FLOOR, CENTRAL PLAZA, 18 HARBOUR ROAD, WANCHAI, HONG KONG  
香港灣仔港灣道18號中環廣場42樓



CHENG & CHENG LIMITED  
CERTIFIED PUBLIC ACCOUNTANTS

10<sup>TH</sup> FLOOR, ALLIED KAJIMA BUILDING, 138 GLOUCESTER ROAD, WAN CHAI, HONG KONG  
香港灣仔告士打道138號聯合鹿島大廈十樓

15 May 2017

The Directors  
**VBG International Holdings Limited**

**Dakin Capital Limited**

Dear Sirs,

We set out below our report on the financial information of VBG International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the combined statements of financial position of the Group as at 30 September 2014, 2015 and 2016 and 28 February 2017, the statements of financial position of the Company as at 30 September 2016 and 28 February 2017, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 30 September 2014, 2015 and 2016 and periods ended 29 February 2016 and 28 February 2017 (the “Relevant Periods”) and a summary of significant accounting policies and other explanatory information (the “Financial Information”), for inclusion in the prospectus of the Company dated 15 May 2017 issued in connection with the initial listing of the shares of the Company on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Prospectus”).

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in the section headed “History, Reorganisation and corporate structure” in the Prospectus (the “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group since 20 May 2016. The Company has not carried on any significant business or operation since the date of its incorporation save for the Reorganisation.

At the end of each of the reporting period and at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

				Equity interest attributable to the Company					
Name of subsidiaries	Place of incorporation/ operation	Date of incorporation	Issued and paid-up share capital/ registered capital	As at 30 September		At 28 February		As at the date of this report	Principal activities
				2014 %	2015 %	2016 %	2017 %	%	
<b>Directly held</b>									
VBG Company Limited (“VBG Company”)	British Virgin Islands (the “BVI”)/Hong Kong	29 September 2015	United States dollars (“US\$”)1	N/A	100	100	100	100	Investment holding
<b>Indirectly held</b>									
VBG Capital Holdings Limited (“VBG Capital Holdings”)	The BVI/Hong Kong	31 March 2008	US\$1	100	100	100	100	100	Investment holding
VBG Capital Limited (“VBG Capital”)	Hong Kong/Hong Kong	16 June 2005	HK\$11,000,000	100	100	100	100	100	Carrying on Types 1 and 6 regulated activities
VBG Consulting Holdings Limited (“VBG Consulting”)	The BVI/Hong Kong	17 October 2014	US\$1	N/A	100	100	100	100	Investment holding
VBG Asia Limited (“VBG Asia”)	Hong Kong/Hong Kong	12 December 1962	HK\$1,000	100	100	100	100	100	Provision of business consulting services
VBG Properties Limited (“VBG Properties”)	The BVI/Hong Kong	20 November 2008	US\$1	100	100	100	100	100	Leasing of properties
建泉顧問(北京)有限公司 (VBG Consulting (Beijing) Co., Ltd*) (“VBG Beijing”)^	The People’s Republic of China (the “PRC”)/The PRC	21 September 2004	US\$1,300,000	100	100	100	100	100	Provision of business consulting services
Gather Shine Investments Limited (“Gather Shine”)	The BVI/ Hong Kong	26 August 2016	US\$1	N/A	N/A	100	— (note)	— (note)	Investment holding

**Note:**

On 17 February 2017, the Company declared an interim dividend which was partially satisfied by way of a distribution in specie of one share of Gather Shine, representing its entire issued share capital, to its immediate holding company. As a result, Gather Shine was ceased to be subsidiary from 17 February 2017 and at the date of this report.

\* For identification purpose only

^ VBG Beijing is a limited company established in the PRC

No statutory audited financial statements have been prepared for the Company as it is newly incorporated and has not involved in any significant business transactions since the date of its incorporation, other than the Reorganisation. The statutory audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1 of Section B.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the “Underlying Financial Statements”) in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). The Underlying Financial Statements were audited by us in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. We carried out procedures we considered necessary in accordance with the Auditing Guideline (“AG”) 3.340 *“Prospectuses and the Reporting Accountant”* issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustment made thereon and in accordance with the basis of presentation set out in Note 2 of Section B below.

#### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with the basis of presentation set out in Note 2 of Section B below and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

#### **JOINT REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you, based on our procedures performed in accordance with AG 3.340 issued by the HKICPA. We have not audited any financial statements of the Group in respect of any period subsequent to 28 February 2017.

#### **OPINION**

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of presentation set out in Note 2 of Section B below, a true and fair view of the financial position of the Group as at 30 September 2014, 2015 and 2016 and 28 February 2017, the financial position of the Company as at 30 September 2016 and 28 February 2017, and the Group's financial performance and cash flows for each of the Relevant Periods.

## A. FINANCIAL INFORMATION OF THE GROUP

## COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 September			Period ended	
		2014	2015	2016	29 February 2016	28 February 2017
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	5	13,433	55,955	57,377	10,475	15,359
Other income (expense)	6	45	10,738	153	83	(3)
Impairment loss on available-for-sale financial assets	15	—	—	(3,760)	—	—
Administrative expenses and other operating expenses		(17,837)	(28,276)	(33,188)	(10,168)	(11,574)
<b>(Loss) Profit before income tax</b>	7	(4,359)	38,417	20,582	390	3,782
Income tax expense	10	—	(2,060)	(5,725)	—	(1,026)
<b>(Loss) Profit for the year/period</b>		(4,359)	36,357	14,857	390	2,756
<b>Other comprehensive income (expense):</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value gain (loss) on available-for-sale financial assets		—	10,242	(3,760)	(280)	880
Impairment loss on available-for-sale financial assets		—	—	3,760	—	—
Reclassification adjustment upon disposals of available-for-sale financial assets		—	(10,242)	—	—	—
<b>Other comprehensive (expense) income for the year/period</b>		—	—	—	(280)	880
<b>Total comprehensive (expense) income for the year/period</b>		(4,359)	36,357	14,857	110	3,636



## COMBINED STATEMENTS OF FINANCIAL POSITION

		At 30 September			At 28
		2014	2015	2016	February
	Note	HK\$'000	HK\$'000	HK\$'000	2017
					HK\$'000
<b>Non-current assets</b>					
Intangible assets	13	360	—	—	—
Plant and equipment	14	1,364	1,387	1,245	1,190
Available-for-sale financial assets	15	—	—	2,640	3,520
Trade receivables	17	—	—	3,236	—
		<u>1,724</u>	<u>1,387</u>	<u>7,121</u>	<u>4,710</u>
<b>Current assets</b>					
Financial assets at fair value					
through profit or loss	16	—	350	176	157
Trade and other receivables	17	2,663	34,431	26,866	18,075
Due from a related company	18	—	11,183	—	—
Bank balances and cash		<u>6,014</u>	<u>11,313</u>	<u>8,314</u>	<u>11,475</u>
		<u>8,677</u>	<u>57,277</u>	<u>35,356</u>	<u>29,707</u>
<b>Current liabilities</b>					
Other payables		821	1,073	456	1,303
Due to related companies	18	15,901	1,495	—	—
Income tax payables		<u>—</u>	<u>2,060</u>	<u>7,688</u>	<u>5,973</u>
		<u>16,722</u>	<u>4,628</u>	<u>8,144</u>	<u>7,276</u>
<b>Net current (liabilities) assets</b>		<u>(8,045)</u>	<u>52,649</u>	<u>27,212</u>	<u>22,431</u>
<b>NET (LIABILITIES) ASSETS</b>		<u>(6,321)</u>	<u>54,036</u>	<u>34,333</u>	<u>27,141</u>
<b>Capital and reserves</b>					
Share capital	20	—	—	—	—
Reserves	21	<u>(6,321)</u>	<u>54,036</u>	<u>34,333</u>	<u>27,141</u>
<b>TOTAL (DEFICITS) EQUITY</b>		<u>(6,321)</u>	<u>54,036</u>	<u>34,333</u>	<u>27,141</u>

## STATEMENTS OF FINANCIAL POSITION

		At 30 September 2016 <i>HK\$'000</i>	At 28 February 2017 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Investment in a subsidiary	22(a)	—	—
<b>Current assets</b>			
Prepayment		2,206	2,206
Due from subsidiaries	22(b)	6,267	6,030
Bank balances and cash		—	708
		8,473	8,944
<b>Current liabilities</b>			
Due to subsidiaries	22(b)	8,473	8,489
<b>Net current assets</b>		—	455
<b>NET ASSETS</b>		—	455
<b>Capital and reserves</b>			
Share capital	20	—	—
Retained profits	22(c)	—	455
<b>TOTAL EQUITY</b>		—	455

## COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital HK\$'000	Capital reserve HK\$'000 (Note 21)	Exchange reserve HK\$'000 (Note 21)	Investment revaluation reserve HK\$'000 (Note 21)	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000
<b>At 1 October 2013</b>	—	10,292	1,392	—	(13,646)	(1,962)
Loss for the year and total comprehensive expenses for the year	—	—	—	—	(4,359)	(4,359)
<b>At 30 September 2014</b>	<u>—</u>	<u>10,292</u>	<u>1,392</u>	<u>—</u>	<u>(18,005)</u>	<u>(6,321)</u>
<b>At 1 October 2014</b>	—	10,292	1,392	—	(18,005)	(6,321)
Profit for the year	—	—	—	—	36,357	36,357
<b>Other comprehensive income (expense) for the year</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Fair value gain on available-for-sale financial assets	—	—	—	10,242	—	10,242
Reclassification adjustment upon disposals of available- for-sale financial assets	—	—	—	(10,242)	—	(10,242)
	—	—	—	—	—	—
<b>Total comprehensive income for the year</b>	—	—	—	—	36,357	36,357
<b>Transactions with owners</b>						
<i>Contribution and distribution</i>						
Contribution from Ultimate Controlling Party	—	35,000	—	—	—	35,000
Dividends paid during the year (note 12)	—	—	—	—	(11,000)	(11,000)
Total transactions with owners for the year	—	35,000	—	—	(11,000)	24,000
<b>At 30 September 2015</b>	<u>—</u>	<u>45,292</u>	<u>1,392</u>	<u>—</u>	<u>7,352</u>	<u>54,036</u>

	Share capital HK\$'000	Capital reserve HK\$'000 (Note 21)	Exchange reserve HK\$'000 (Note 21)	Investment revaluation reserve HK\$'000 (Note 21)	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000
At 1 October 2015	—	45,292	1,392	—	7,352	54,036
Profit for the year	—	—	—	—	14,857	14,857
<b>Other comprehensive expense for the year</b>						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Fair value loss on available-for-sale financial assets	—	—	—	(3,760)	—	(3,760)
Impairment loss on available-for-sale financial assets (note 15)	—	—	—	3,760	—	3,760
	—	—	—	—	—	—
<b>Total comprehensive (expense) income for the year</b>	—	—	—	—	14,857	14,857
<b>Transactions with owners</b>						
<i>Contribution and distribution</i>						
Combination adjustment upon Reorganisation	—	(10,140)	—	—	—	(10,140)
Dividends (note 12)	—	—	—	—	(24,420)	(24,420)
<b>Total transactions with owners for the year</b>	—	(10,140)	—	—	(24,420)	(34,560)
At 30 September 2016	—	35,152	1,392	—	(2,211)	34,333

	Share capital HK\$'000	Capital reserve HK\$'000 (Note 21)	Exchange reserve HK\$'000 (Note 21)	Investment revaluation reserve HK\$'000 (Note 21)	(Accumulated losses)/ retained profits HK\$'000	Total HK\$'000
At 1 October 2016	—	35,152	1,392	—	(2,211)	34,333
Profit for the period	—	—	—	—	2,756	2,756
<b>Other comprehensive income for the period</b>						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Fair value gain on available-for-sale financial assets	—	—	—	880	—	880
	—	—	—	880	—	880
<b>Total comprehensive income for the period</b>	—	—	—	880	2,756	3,636
<b>Transfer</b>	—	(35,000)	—	—	35,000	—
<b>Transactions with owners</b>						
<i>Contribution and distribution</i>						
Dividends (note 12)	—	—	—	—	(10,828)	(10,828)
<b>Total transactions with owners for the period</b>	—	—	—	—	(10,828)	(10,828)
<b>At 28 February 2017</b>	<u>—</u>	<u>152</u>	<u>1,392</u>	<u>880</u>	<u>24,717</u>	<u>27,141</u>
<b>At 1 October 2015</b>	—	45,292	1,392	—	7,352	54,036
Profit for the period	—	—	—	—	390	390
<b>Other comprehensive expense for the period</b>						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Fair value loss on available-for-sale financial assets	—	—	—	(280)	—	(280)
	—	—	—	(280)	—	(280)
<b>Total comprehensive (expense) income for the period</b>	—	—	—	(280)	390	110
<b>At 29 February 2016</b>	<u>—</u>	<u>45,292</u>	<u>1,392</u>	<u>(280)</u>	<u>7,742</u>	<u>54,146</u>

## COMBINED STATEMENTS OF CASH FLOWS

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>OPERATING ACTIVITIES</b>					
(Loss) Profit before income tax	(4,359)	38,417	20,582	390	3,782
Adjustments for:					
Bank interest income	(41)	(13)	(8)	(1)	(2)
Depreciation of plant and equipment	184	216	233	97	104
Dividend income from investments	—	(7)	(4)	—	—
Gain on disposal of intangible assets	—	(975)	—	—	—
Gain on disposal of available-for-sale financial assets	—	(10,242)	—	—	—
Impairment loss on available-for-sale financial assets	—	—	3,760	—	—
Loss on disposal of plant and equipment	19	1	—	—	—
Net unrealised loss (gain) on financial assets at fair value through profit or loss	—	150	(45)	14	19
<b>Cash flows (used in) from operations before movements in working capital</b>	<b>(4,197)</b>	<b>27,547</b>	<b>24,518</b>	<b>500</b>	<b>3,903</b>
Trade and other receivables	(334)	(31,768)	4,329	28,078	8,791
Financial assets at fair value through profit or loss	—	(500)	219	218	—
Related companies	1,051	(37,853)	—	(9,985)	—
Immediate holding company	—	—	(17,946)	(7,971)	—
Other payables	706	252	(617)	105	555
<b>Cash (used in) from operations</b>	<b>(2,774)</b>	<b>(42,322)</b>	<b>10,503</b>	<b>10,945</b>	<b>13,249</b>
Bank interest received	41	13	8	1	2
Tax paid	—	—	(97)	—	(2,741)
<b>Net cash (used in) from operating activities</b>	<b>(2,733)</b>	<b>(42,309)</b>	<b>10,414</b>	<b>10,946</b>	<b>10,510</b>
<b>INVESTING ACTIVITIES</b>					
Dividends received from investments	—	7	4	—	—
Purchase of plant and equipment	(132)	(240)	(91)	(18)	(49)
Proceeds from disposal of available-for-sale financial assets	—	22,506	—	—	—
Proceeds from disposal of intangible assets	—	1,335	—	—	—
<b>Net cash (used in) from investing activities</b>	<b>(132)</b>	<b>23,608</b>	<b>(87)</b>	<b>(18)</b>	<b>(49)</b>

		Year ended 30 September			Period ended	
		2014	2015	2016	29 February 2016	28 February 2017
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>FINANCING ACTIVITIES</b>						
Contribution from Ultimate Controlling Party		—	35,000	—	—	—
Dividends paid	12	—	(11,000)	(13,326)	—	(7,300)
<b>Net cash from (used in) financing activities</b>		<u>—</u>	<u>24,000</u>	<u>(13,326)</u>	<u>—</u>	<u>(7,300)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		(2,865)	5,299	(2,999)	10,928	3,161
<b>Cash and cash equivalents at beginning of year/period</b>		<u>8,879</u>	<u>6,014</u>	<u>11,313</u>	<u>11,313</u>	<u>8,314</u>
<b>Cash and cash equivalents at end of year/period, represented by bank balances and cash</b>		<u>6,014</u>	<u>11,313</u>	<u>8,314</u>	<u>22,241</u>	<u>11,475</u>

**B. NOTES TO THE FINANCIAL INFORMATION****1. General Information and Reorganisation**

VBG International Holdings Limited (the “Company”, together with its subsidiaries is hereinafter collectively referred to as the “Group”) was incorporated in the Cayman Islands as an exempted company with limited liability on 5 February 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The principal place of business is situated at 18/F, Prosperity Tower, 39 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of corporate finance advisory services, placing and underwriting services and business consultancy services.

The Financial Information is presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company.

At the date of this report, the immediate holding company of the Company is Jayden Wealth Limited (“Jayden Wealth”), which is incorporated in the British Virgin Islands (the “BVI”). In the opinion of the management of the Company, the ultimate controlling party is Ms. Letty Wan (the “Ultimate Controlling Party”).

Pursuant to a group reorganisation (the “Reorganisation”), which was completed on 20 May 2016, as detailed in the section headed “History, Reorganisation and corporate structure” in the prospectus of the Company dated 15 May 2017 (the “Prospectus”) issued in connection with the initial listing of shares of the Company (the “Initial Listing”) on the Growth Enterprises Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the entities now comprising the Group.



# APPENDIX I

# ACCOUNTANTS' REPORT

At the end of each of the reporting periods and the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct/indirect interests are as follows:

Name of subsidiaries	Place of incorporation/ Date of operation	Issued and paid-up share capital/ registered capital	Equity interest attributable to the Company					Principal activities		
			As at 30 September			As at 28 February 2017	As at the date of this report			
			2014 %	2015 %	2016 %	2017 %	%			
<b>Directly held</b>										
VBG Company Limited ("VBG Company")	The BVI, 29 September 2015	United States dollars ("US\$") \$1	N/A	100	100	100	100	Investment holding	Note (i)	
<b>Indirectly held</b>										
VBG Capital Holdings Limited ("VBG Capital Holdings")	The BVI, 31 March 2008	US\$1	100	100	100	100	100	Investment holding	Note (i) & (iv)	
VBG Capital Limited ("VBG Capital")	Hong Kong, 16 June 2005	HK\$11,000,000	100	100	100	100	100	Carrying on Types 1 and 6 regulated activities	Note (ii)	
VBG Consulting Holdings Limited ("VBG Consulting")	The BVI, 17 October 2014	US\$1	N/A	100	100	100	100	Investment holding	Note (i) & (vii)	
VBG Asia Limited ("VBG Asia")	Hong Kong, 12 December 1962	HK\$1,000	100	100	100	100	100	Provision of business consulting services	Note (iii)	
VBG Properties Limited ("VBG Properties")	The BVI, 20 November 2008	US\$1	100	100	100	100	100	Leasing of properties	Note (i) & (v)	
建泉顧問(北京)有限公司 (VBG Consulting (Beijing) Co., Ltd*) ("VBG Beijing")	The People's Republic of China ("PRC"), 21 September 2004	US\$1,300,000	100	100	100	100	100	Provision of business consulting services	Note (vi)	
Gather Shine Investments Limited ("Gather Shine")	The BVI, 26 August 2016	US\$1	N/A	N/A	100	— (note 12)	— (note 12)	Investment holding	Note (i)	

\* For identification purpose only

Except for VBG Beijing, all companies comprising the Group have adopted 30 September as their financial year end date.

The financial year end for VBG Asia was changed from 31 March to 30 September in 2015. VBG Beijing adopted 31 December as its financial year end date because of local statutory requirement.

*Notes:*

- (i) No audited financial statements of these companies were issued as there is no statutory audit requirement of their respective places of incorporation.
- (ii) The statutory financial statements of VBG Capital for the years ended 30 September 2014, 2015 and 2016 were audited by Cheng & Cheng Limited, *Certified Public Accountants*.

VBG Capital was formerly known as Baron Asset Management Limited. Upon the issuance of Certificate of Change of Name from Registrar of Companies in Hong Kong and effective on 3 October 2013, 18 February 2015 and 15 December 2015, the name was changed from "Baron Asset Management Limited" to "Baron Global Financial Services Limited", "V Baron Global Financial Services Limited" and "VBG Capital Limited" respectively.

- (iii) The statutory financial statements of VBG Asia for the year ended 31 March 2015 and the 18-month period ended 30 September 2016 were audited by Cheng & Cheng Limited, *Certified Public Accountants*.

VBG Asia was formerly known as Cosmopolitan Properties and Securities Limited. Upon the issuance of Certificate of Change of Name from Registrar of Companies in Hong Kong and effective on 12 October 2015, the name was changed from "Cosmopolitan Properties and Securities Limited" to "VBG Asia Limited".

- (iv) VBG Capital Holdings was formerly known as Baron Global Asset Management Limited. Upon the issuance of Certificate of Change of Name from Registrar of Corporate Affairs in the BVI and effective on 26 November 2015, the name was changed from "Baron Global Asset Management Limited" to "VBG Capital Holdings Limited".
- (v) VBG Properties was formerly known as Baron Properties Holding Limited. Upon the issuance of Certificate of Change of Name from Registrar of Corporate Affairs in the BVI and effective on 12 October 2015, the name was changed from "Baron Properties Holding Limited" to "VBG Properties Limited".
- (vi) VBG Beijing was formerly known as 建勤投資顧問(北京)有限公司. Upon the completion of the registration with the relevant administrative authority for industry and commerce and effective on 20 May 2016, the name was changed from "建勤投資顧問(北京)有限公司" to "建泉顧問(北京)有限公司". No statutory audited financial statements have been prepared for the years ended 31 December 2014, 2015 and 2016.
- (vii) VBG Consulting was formerly known as Wan's Enterprises Limited. Upon the issuance of Certificate of Change of Name from Registrar of Corporate Affairs in the BVI and effective on 25 November 2015, the name was changed from "Wan's Enterprises Limited" to "VBG Consulting Holdings Limited".

## 2. Basis of presentation of Financial Information

The companies now comprising the Group engaging in investment holdings, provision of investment advisory and financial consultancy services were under common control of the Ultimate Controlling Party, immediately before and after the Reorganisation. Accordingly, the Reorganisation is regarded as a business combination under common control, and for the purpose of this report, the Financial Information has been prepared on a combined basis as if the current group structure had been in existence throughout the Relevant Periods or since their date of establishment or incorporation, where applicable.

The net assets of the combining companies were combined using the existing book values from the Ultimate Controlling Party's perspective. No amount is recognised in consideration for 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 business combination under common control, to the extent of the continuation of the Ultimate Controlling Party's interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

### **3. Significant accounting policies**

#### ***Statement of compliance***

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of the Financial Information, the Group has consistently adopted all these new/revised HKFRSs that are relevant to its operations and are effective during the Relevant Periods.

A summary of the principal accounting policies adopted by the Group in preparing the Financial Information is set out below.

#### ***Basis of measurement***

The measurement basis used in the preparation of the Financial Information is historical cost, except for available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value as explained in the accounting policy set out below.

#### ***Basis of combinations***

The Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, incomes and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

1) *Merger accounting for business combination involving entities under common control*

The combined financial statements incorporate the financial statements 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 Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for 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 contribution of the Ultimate Controlling Party's interest. The combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the date of incorporation/establishment 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 combined financial statements are presented as if the entities or businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

***Subsidiaries***

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it has power over the investee; when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as per above.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

*Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvement	10 years or over the lease term, whichever is shorter
Computer equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicle	5 years

An item of 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 disposal or retirement of the asset (calculated as the difference between the net sales proceeds and the carrying amount of the item) is recognised in profit or loss in the period in which the item is disposed or retired.

*Intangible assets**Club membership*

Club membership has an indefinite useful life and no amortisation is charged because the Group has the legal rights with no definite period. It is carried at cost less any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Club membership is tested for impairment at least annually, and whenever there is any indication that they may be impaired by comparing their carrying amounts with their recoverable amounts. If the recoverable amount of club membership is estimated to be less than its carrying amount, the carrying amount of the club membership is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the club membership 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 those club membership in prior years. A reversal of an impairment loss is recognised in profit or loss.

*Financial instruments**Recognition and derecognition*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset. 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 is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

*Classification and measurement*

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling or repurchasing in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

2) Loans and receivables

Loans and receivables including trade and other receivables, amount due from a related company and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except

where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

4) Financial liabilities

The Group's financial liabilities include other payables and amount due to related companies. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

*Impairment of financial assets*

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Group assesses at each reporting period whether there is evidence that an available-for-sale financial asset is impaired. In the case of an equity investment, a significant or prolonged decline in the fair value below its cost is a factor in determining whether the asset is impaired. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. In assessing whether it is prolonged, the decline is evaluated against the period in which the fair value of the asset has been below its original cost at initial recognition.

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale



equity instrument after recognition of impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss.

### ***Cash equivalents***

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### ***Revenue recognition***

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Revenue from corporate finance advisory services, placing and underwriting commission, and business consulting services, are recognised when services are rendered or according to terms of the underlying service agreements.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Net income from the sale of investments at fair value through profit or loss is recognised on the transaction date when the relevant sale and purchase contract is entered into.

### ***Foreign currency translation***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information are presented in the currency of HK\$, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.



The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

#### ***Impairment of other assets***

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether there is any indication that its plant and equipment and intangible assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

***Leases***

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. 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.

***Employee benefits******Short term employee benefits***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

***Defined contribution plans***

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

***Long service payments***

The Group's net obligation in respect of long service payments under the Hong Kong Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

***Taxation***

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### ***Related parties***

A related party is a person or entity that is related to the Group, that is defined as:

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (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 holding company 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 and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

### ***Segment reporting***

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

### ***Critical accounting estimates and judgements***

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

***Key sources of estimation uncertainty******Impairment of trade and other receivables***

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation by management of the collectability of the trade receivable. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance will be required.

***Impairment of available-for-sale financial assets***

The Group classifies certain equity securities listed in Hong Kong as available-for-sale financial assets and recognises movements of their fair values in investment revaluation reserve. A significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Group also takes into account financial information regarding the issuers/investees. At 30 September 2016 and 28 February 2017, HK\$3,760,000 and nil of the Group's available-for-sale equity securities were individually determined to be impaired respectively and therefore, impairment losses of HK\$3,760,000 and nil on these investments were recognised in profit or loss for the year ended 30 September 2016 and period ended 28 February 2017 respectively in accordance with the accounting policy set out in note 3 to the Financial Information. The determination of when a decline in fair value below its cost is not recoverable within a reasonable time period is also judgemental in nature, so profit or loss could be affected by differences in judgement.

***Future changes in HKFRSs***

The Group has not early applied the following new and revised HKFRSs that are relevant to the Group and have been issued but are not yet effective for the Financial Information:

Amendments to HKAS 7	Disclosure Initiative <sup>(1)</sup>
Annual Improvements Project	2012-2014 Cycle <sup>(2)</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>(1)</sup>
HKFRS 15 and Clarifications to HKFRS 15	Revenue from Contracts with Customers <sup>(3)</sup>
HKFRS 9 (2014)	Financial Instruments <sup>(3)</sup>
HKFRS 16	Leases <sup>(4)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2017 or 2018 where applicable

<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

The directors anticipate that the application of HKFRS 15 and HKFRS 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's Financial Information.

### ***HKFRS 15***

Currently, majority of revenue from corporate finance advisory services, placing and underwriting commission, and business consulting services, are recognised when services are rendered. Under HKFRS 15, it is required to identify the services promised (i.e. performance obligation) and recognise the revenue when the performance obligation is satisfied.

For **financial advisory and business consulting services**, usually the projects would last for a short to medium period of time and there would be various advisory/consulting results/deliverables passed to the customers according to the mandates. Currently the Group would make progress billings at pre-agreed intervals to the customers in accordance with the mandates. The Group would then recognise the revenue in accordance with the project progress over time.

Under HKFRS 15, the Group should determine what would be its performance obligation and would then determine whether the revenue should be recognised over time by measuring the progress towards complete satisfaction of the performance obligation. At the end of each reporting period, the Group shall re-measure its progress towards complete satisfaction of its performance obligation satisfied over time.

The management is of the view that under the current recognition method, revenue is recognised when services are rendered in accordance with the project progress over time and therefore, there is no significant impact on the financial results of the Group upon the application of HKFRS 15 on the condition that the Group's performance obligation is clearly determined and agreeable with the customers.

For **placing and underwriting commission income**, the Group helps the customers to solicit suitable investors and to subscribe/underwrite equity/debt securities upon request. The Group currently recognises revenue when the relevant securities are successfully placed/issued, i.e. when the transactions are successfully completed in accordance with the customers' instructions.

Under HKFRS 15, the Group's performance obligation appears to have been satisfied upon the successful placing and subscription of securities at a particular point in time and therefore, to a large extent, it coincides with the current practice of recognition of revenue. Therefore, no significant impact on the financial results of the Group is expected as a result of application of HKFRS 15.

**HKFRS 16**

HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated statement of financial position for the rights and obligations created by lessees. The Group is a lessee of various office premises which are currently classified as operating leases. The Group's current accounting policy for such lease is set out in note 3 to the Financial Information with the Group's future operating lease commitments in note 28, which are not reflected in the consolidated statement of financial position. As set out in note 28 to the Financial Information, total operating lease commitment of the Group in respect of office premises as at 30 September 2014, 2015 and 2016 and 28 February 2017 amounted to HK\$2,636,000, HK\$11,448,000 and HK\$7,318,000 and HK\$5,316,000 respectively. The directors of the Company do not expect the adoption of HKFRS 16, as compared with the current accounting policy, would result in significant impact on the Group's results and these lease commitments may be required to be recognised in the consolidated statement of financial position in future as right-of-use assets and lease liabilities.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated statement of financial position. In the circumstance of the Group in which it is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statement of financial position. As for the financial performance impact on the consolidated statement of comprehensive income, rental expenses will be replaced with straight-line depreciation expense on the right-of-use asset and interest expenses on the lease liability.

During the Relevant Periods, the Group incurred rental expenses from the leasing of office premises in Hong Kong and in the PRC. The total rental expense amounted to approximately HK\$4,226,000, HK\$4,265,000, HK\$4,586,000, HK\$1,963,000 and HK\$1,934,000 for the years ended 30 September 2014, 2015 and 2016 and periods ended 29 February 2016 and 28 February 2017 respectively. All leases are accounted for under operating leases.

The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year ending 30 September 2020, and management expects the impacts on the Group's financial results and position upon the adoption of HKFRS 16 are not material.

The management does not anticipate that the adoption of the remaining new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Group.

#### 4. Segment information

During the Relevant Periods, the Group principally engaged in the provision of investment advisory and financial consultancy services. The executive Directors and senior management have been identified as the chief operating decision makers.

The chief operating decision-makers assess the performance of the Group based on a measure of profit after income tax and revenue analysis according to the geographical location of the service rendered and consider the Group in a single operating segment, i.e. provision of advisory and consultancy services. Information reported to the chief operating decision-makers for the purposes of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated. Segment information is not presented accordingly.

##### *Information about geographical areas*

###### *(a) Revenue from external customers*

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	13,433	52,238	57,276	10,475	15,359
The PRC	—	3,717	101	—	—
	<u>13,433</u>	<u>55,955</u>	<u>57,377</u>	<u>10,475</u>	<u>15,359</u>

###### *(b) Specified non-current assets*

The following table sets out information about the geographical location of the Group's plant and equipment ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets.

	At 30 September			At
	2014	2015	2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,334	1,348	1,220	1,169
The PRC	<u>30</u>	<u>39</u>	<u>25</u>	<u>21</u>
	<u>1,364</u>	<u>1,387</u>	<u>1,245</u>	<u>1,190</u>



*Information about major customers*

Revenue from customers for the Relevant Periods individually contributing 10% or more of the total revenue of the Group is as follows:

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Customer A	4,527	—	1,653	—	—
Customer B	2,753	480	344	200	60
Customer C	2,550	—	—	—	—
Customer D	200	9,338	800	—	—
Customer E	1,700	—	—	—	—
Customer F	—	6,000	—	—	—
Customer G	—	—	2,170	2,170	—
Customer H	—	—	3,000	3,000	—
Customer I	—	3,000	3,000	—	2,285
Customer J	—	—	500	—	2,000
Customer K	—	—	1,700	—	2,500
Customer L	—	—	—	—	1,500
	<u>11,730</u>	<u>18,818</u>	<u>13,167*</u>	<u>5,370</u>	<u>8,345</u>

\* No single customer individually contributed 10% or more of the Group's revenue for the year ended 30 September 2016.

**5. Revenue**

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Corporate finance advisory services	6,360	22,200	33,502	5,075	12,969
Placing and underwriting services	2,456	8,518	984	—	—
Business consulting services	<u>4,617</u>	<u>25,237</u>	<u>22,891</u>	<u>5,400</u>	<u>2,390</u>
	<u>13,433</u>	<u>55,955</u>	<u>57,377</u>	<u>10,475</u>	<u>15,359</u>

## 6. Other income

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend income from investments	—	7	4	—	—
Net realised (loss) gain from sale of investments at fair value through profit or loss	—	(366)	89	89	—
Net unrealised (loss)/gain on financial assets at fair value through profit or loss	—	(150)	45	(14)	(19)
Interest income	41	13	8	1	2
Gain on disposal of available-for-sale financial assets	—	10,242	—	—	—
Gain on disposal of intangible assets	—	975	—	—	—
Others	4	17	7	7	14
	<u>45</u>	<u>10,738</u>	<u>153</u>	<u>83</u>	<u>(3)</u>

## 7. (Loss) Profit before income tax

(Loss) Profit before income tax has been arrived at after charging (crediting) :

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs:					
Salaries and allowances	9,408	18,138	16,336	6,615	8,115
Contributions to defined contribution plans	<u>260</u>	<u>376</u>	<u>418</u>	<u>162</u>	<u>198</u>
Total staff costs (including directors' remuneration)	<u>9,668</u>	<u>18,514</u>	<u>16,754</u>	<u>6,777</u>	<u>8,313</u>
Auditor's remuneration	18	24	22	13	32
Depreciation of plant and equipment	184	216	233	97	104
Exchange loss (gain)	131	145	(19)	—	90
Impairment loss on available-for-sale financial assets	—	—	3,760	—	—
Loss on disposal of plant and equipment	19	1	—	—	—
Listing expenses	—	—	8,092	—	197
Operating lease payments on premises	<u>4,226</u>	<u>4,265</u>	<u>4,586</u>	<u>1,963</u>	<u>1,934</u>

**8. Directors' emoluments**

The Company was incorporated in the Cayman Islands on 5 February 2016 and Wan Ho Yan Letty and Hui Ringo Wing Kun were appointed as executive directors of the Company on 5 February 2016 and 28 June 2016 respectively. Wan Chuen Fai was appointed as a non-executive director on 28 June 2016. Kam Cheuk Fai David, Tsang Wing Ki and William Robert Majcher were appointed as independent non-executive directors of the Company on 4 May 2017.

Certain directors of the Company received remuneration from the entities now comprising the Group during the Relevant Periods for their employment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Relevant Periods are set out below.

**Year ended 30 September 2014**

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Wan Ho Yan Letty	—	—	—	—	—
Hui Ringo Wing Kun	—	1,268	—	17	1,285
<i>Non-executive director</i>					
Wan Chuen Fai	—	200	20	11	231
<i>Independent non-executive directors</i>					
Kam Cheuk Fai David	—	—	—	—	—
Tsang Wing Ki	—	—	—	—	—
William Robert Majcher	—	—	—	—	—
	<u>—</u>	<u>1,468</u>	<u>20</u>	<u>28</u>	<u>1,516</u>

## Year ended 30 September 2015

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Wan Ho Yan Letty	—	—	—	—	—
Hui Ringo Wing Kun	—	1,640	1,000	18	2,658
<i>Non-executive director</i>					
Wan Chuen Fai	—	60	40	5	105
<i>Independent non-executive directors</i>					
Kam Cheuk Fai David	—	—	—	—	—
Tsang Wing Ki	—	—	—	—	—
William Robert Majcher	—	—	—	—	—
	—	1,700	1,040	23	2,763

## Year ended 30 September 2016

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Wan Ho Yan Letty	—	—	—	—	—
Hui Ringo Wing Kun	—	1,890	—	18	1,908
<i>Non-executive director</i>					
Wan Chuen Fai	—	—	—	—	—
<i>Independent non-executive directors</i>					
Kam Cheuk Fai David	—	—	—	—	—
Tsang Wing Ki	—	—	—	—	—
William Robert Majcher	—	—	—	—	—
	—	1,890	—	18	1,908

## Period ended 29 February 2016

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Wan Ho Yan Letty	—	—	—	—	—
Hui Ringo Wing Kun	—	770	—	8	778
<i>Non-executive director</i>					
Wan Chuen Fai	—	—	—	—	—
<i>Independent non-executive directors</i>					
Kam Cheuk Fai David	—	—	—	—	—
Tsang Wing Ki	—	—	—	—	—
William Robert Majcher	—	—	—	—	—
	—	770	—	8	778

## Period ended 28 February 2017

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Contributions to defined contribution plans HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Wan Ho Yan Letty	—	—	—	—	—
Hui Ringo Wing Kun	—	800	—	8	808
<i>Non-executive director</i>					
Wan Chuen Fai	—	—	—	—	—
<i>Independent non-executive directors</i>					
Kam Cheuk Fai David	—	—	—	—	—
Tsang Wing Ki	—	—	—	—	—
William Robert Majcher	—	—	—	—	—
	—	800	—	8	808

During the Relevant Periods, no emoluments were paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

## 9. Five highest paid individuals

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals				
	Year ended 30 September 2014	2015	2016	Period ended 29 February 2016	28 February 2017
Director	1	1	1	1	1
Non-director	4	4	4	4	4
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Period ended				
	Year ended 30 September 2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries and allowances	4,514	7,939	5,765	2,004	3,375
Discretionary bonus	921	1,800	1,186	1,186	200
Contributions to defined contribution plans	69	49	55	27	23
	<u>5,504</u>	<u>9,788</u>	<u>7,006</u>	<u>3,217</u>	<u>3,598</u>

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Period ended				
	Year ended 30 September 2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil to HK\$1,000,000	3	1	1	3	3
HK\$1,000,001 to HK\$1,500,000	—	1	1	—	1
HK\$1,500,001 to HK\$2,000,000	—	—	1	1	—
HK\$2,000,001 to HK\$2,500,000	—	1	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	1	—	—
HK\$3,500,001 to HK\$4,000,000	1	—	—	—	—
HK\$5,000,001 to HK\$5,500,000	—	1	—	—	—
	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>

During the Relevant Periods, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

**10. Income tax expense**

The group entities established in the Cayman Islands and the BVI are exempted from income tax.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong during the Relevant Periods.

The Group's entity established in the PRC is subject to Enterprise Income Tax of the PRC at a statutory rate of 25% during the Relevant Periods.

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Current tax</b>					
Hong Kong Profits Tax					
Current year	—	2,060	5,725	—	790
Underprovision in prior year/period	—	—	—	—	236
	<u>—</u>	<u>2,060</u>	<u>5,725</u>	<u>—</u>	<u>1,026</u>
<b>Reconciliation of income tax expense</b>					
(Loss) Profit before taxation:	<u>(4,359)</u>	<u>38,417</u>	<u>20,582</u>	<u>390</u>	<u>3,783</u>
Tax calculated at domestic tax rates applicable to (loss) profit in the respective tax jurisdictions	(817)	6,554	3,277	15	563
Non-deductible expenses	374	359	1,998	46	54
Tax exempt revenue	—	(162)	(7)	—	—
Underprovision in prior year/period	—	—	—	—	236
Unrecognised tax losses	461	—	329	712	179
Utilisation of previously unrecognised tax losses	—	(4,301)	—	(779)	—
Others	<u>(18)</u>	<u>(390)</u>	<u>128</u>	<u>6</u>	<u>(6)</u>
Income tax expense	<u>—</u>	<u>2,060</u>	<u>5,725</u>	<u>—</u>	<u>1,026</u>
Weighted average applicable effective tax rates ( <i>note</i> )	<u>—</u>	<u>5.4%</u>	<u>27.8%</u>	<u>—</u>	<u>27.1%</u>

*Note*

The weighted average applicable effective tax rates represent the weighted average of the effective rates of taxation prevailing in the territories in which the Group operates.

**11. Earnings per share**

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisation and the preparation of the results for each of the three years ended 30 September 2014, 2015 and 2016 and periods ended 29 February 2016 and 28 February 2017 is on a combined basis as disclosed in Note 2 above.

**12. Dividends**

	Year ended 30 September			Period ended	
	2014	2015	2016	29 February 2016	28 February 2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividends declared and paid to the equity holders of the entities now comprising the Group	—	11,000	24,420	—	10,828

Dividend per share is not presented as its inclusion, for the purpose of this report, is not considered meaningful as the preparation of the statements of profit or loss and other comprehensive income of the Group for the Relevant Periods is on a combined basis as disclosed in Note 2 above.

During the year ended 30 September 2016, dividends of HK\$13,326,000 were paid in cash and remaining dividends of HK\$11,094,000 were settled through current account with immediate holding company.

During the period ended 28 February 2017, interim dividends of HK\$7,300,000 were paid in cash and further dividends of HK\$3,528,000 were distributed in specie with the entire interest in Gather Shine. Gather Shine was then ceased to be a subsidiary of the Company and no gain or loss was recognised in respect of the disposal of Gather Shine. The carrying amount of assets and liabilities of Gather Shine as at the date of distribution are disclosed in note 25 to the Financial Information.

**13. Intangible assets**

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At cost</b>				
Beginning of the year/period	360	360	—	—
Disposal	—	(360)	—	—
Balance at end of the year/period	360	—	—	—

The intangible assets represented the club membership. The Group disposed of the membership to an independent third party for a net consideration of HK\$1,335,000 during the year ended 30 September 2015 and recognised a net gain on disposal of intangible assets amounted to HK\$975,000.



## 14. Plant and equipment

	Leasehold improvement HK\$'000	Furniture, fixtures and office equipment HK\$'000	Computer equipment HK\$'000	Motor Vehicle HK\$'000	Total HK\$'000
<b>Reconciliation of carrying amount —</b>					
<b>Year ended 30 September 2014</b>					
At 1 October 2013	1,220	141	74	—	1,435
Additions	—	6	126	—	132
Depreciation	(123)	(30)	(31)	—	(184)
Written off	—	—	(19)	—	(19)
	<u>1,097</u>	<u>117</u>	<u>150</u>	<u>—</u>	<u>1,364</u>
At 30 September 2014	<u>1,097</u>	<u>117</u>	<u>150</u>	<u>—</u>	<u>1,364</u>
<b>At 30 September 2014</b>					
Cost	1,230	166	210	576	2,182
Accumulated depreciation	(133)	(49)	(60)	(576)	(818)
	<u>1,097</u>	<u>117</u>	<u>150</u>	<u>—</u>	<u>1,364</u>
Net book value	<u>1,097</u>	<u>117</u>	<u>150</u>	<u>—</u>	<u>1,364</u>
<b>Reconciliation of carrying amount —</b>					
<b>Year ended 30 September 2015</b>					
At 1 October 2014	1,097	117	150	—	1,364
Additions	65	16	159	—	240
Depreciation	(127)	(33)	(56)	—	(216)
Written off	—	(1)	—	—	(1)
	<u>1,035</u>	<u>99</u>	<u>253</u>	<u>—</u>	<u>1,387</u>
At 30 September 2015	<u>1,035</u>	<u>99</u>	<u>253</u>	<u>—</u>	<u>1,387</u>
<b>At 30 September 2015</b>					
Cost	1,295	181	369	576	2,421
Accumulated depreciation	(260)	(82)	(116)	(576)	(1,034)
	<u>1,035</u>	<u>99</u>	<u>253</u>	<u>—</u>	<u>1,387</u>
Net book value	<u>1,035</u>	<u>99</u>	<u>253</u>	<u>—</u>	<u>1,387</u>
<b>Reconciliation of carrying amount —</b>					
<b>Year ended 30 September 2016</b>					
At 1 October 2015	1,035	99	253	—	1,387
Additions	—	—	91	—	91
Depreciation	(130)	(34)	(69)	—	(233)
	<u>905</u>	<u>65</u>	<u>275</u>	<u>—</u>	<u>1,245</u>
At 30 September 2016	<u>905</u>	<u>65</u>	<u>275</u>	<u>—</u>	<u>1,245</u>
<b>At 30 September 2016</b>					
Cost	1,295	181	460	576	2,512
Accumulated depreciation	(390)	(116)	(185)	(576)	(1,267)
	<u>905</u>	<u>65</u>	<u>275</u>	<u>—</u>	<u>1,245</u>
Net book value	<u>905</u>	<u>65</u>	<u>275</u>	<u>—</u>	<u>1,245</u>

	Leasehold improvement <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor Vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Reconciliation of carrying amount – Period ended 28 February 2017</b>					
At 1 October 2016	905	65	275	—	1,245
Additions	19	14	16	—	49
Depreciation	(54)	(16)	(34)	—	(104)
At 28 February 2017	<u>870</u>	<u>63</u>	<u>257</u>	<u>—</u>	<u>1,190</u>
<b>At 28 February 2017</b>					
Cost	1,314	195	476	576	2,561
Accumulated depreciation	(444)	(132)	(219)	(576)	(1,371)
Net book value	<u>870</u>	<u>63</u>	<u>257</u>	<u>—</u>	<u>1,190</u>
<b>Reconciliation of carrying amount – Period ended 29 February 2016</b>					
At 1 October 2015	1,035	99	253	—	1,387
Additions	—	—	18	—	18
Depreciation	(54)	(14)	(29)	—	(97)
At 29 February 2016	<u>981</u>	<u>85</u>	<u>242</u>	<u>—</u>	<u>1,308</u>
<b>At 29 February 2016</b>					
Cost	1,295	181	387	576	2,439
Accumulated depreciation	(314)	(96)	(145)	(576)	(1,131)
Net book value	<u>981</u>	<u>85</u>	<u>242</u>	<u>—</u>	<u>1,308</u>

**15. Available-for-sale financial assets**

	<b>At 30 September</b>			<b>At 28</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>February</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2017</i>
				<i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	<u>—</u>	<u>—</u>	<u>2,640</u>	<u>3,520</u>

In March 2015, 7,300,000 shares of a company listed on the Stock Exchange were purchased from a related company, Ping An Securities Limited, at a consideration of HK\$12,264,000 and classified as available-for-sale financial assets by the Group. The consideration was settled through current account with immediate holding company. The investments were subsequently disposed of at a consideration of HK\$22,506,000. The fair value gain on the available-for-sale financial assets before the disposal which are recognised in the investment revaluation reserve amounting to HK\$10,242,000 was then reclassified to profit or loss as a reclassification adjustment.

In January 2016, 40,000,000 shares of a company listed on the Stock Exchange were purchased from a related company at a consideration of HK\$6,400,000 by the Group and classified as available-for-sale financial assets. The consideration was settled through current account with immediate holding company. A fair value loss on the available-for-sale financial assets of HK\$3,760,000 was recognised in the investment revaluation reserve during the year ended 30 September 2016 under other comprehensive expense. Due to the significant decrease in fair value on the available-for-sale financial assets, an impairment loss of HK\$3,760,000 was recognised in profit or loss during the year ended 30 September 2016.

During the period ended 28 February 2017, a fair value gain on the available-for-sale financial assets of HK\$880,000 was recognised in the investment revaluation reserve under other comprehensive income.

The fair values of listed equity securities are based on quoted market price.

**16. Financial assets at fair value through profit or loss**

	<b>At 30 September</b>			<b>At 28</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>February</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2017</i>
				<i>HK\$'000</i>
Held for trading: Equity securities listed in Hong Kong, at fair value	<u>—</u>	<u>350</u>	<u>176</u>	<u>157</u>

The fair values of listed equity securities are based on quoted market price.

## 17. Trade and other receivables

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	80	31,420	25,659	13,744
Prepayment	501	646	2,261	2,351
Deposits and other receivables	2,082	2,365	2,182	1,980
	2,583	3,011	4,443	4,331
	2,663	34,431	30,102	18,075
Less: Long-term trade receivable	—	—	(3,236) <sup>#</sup>	—
	2,663	34,431	26,866	18,075

# The amount represented trade receivable in the form of consideration shares allotted by a customer which was issued in October 2016 and classified as available-for-sale financial assets. The fair value of the consideration shares amounted to HK\$3,528,000 and such shares were held by Gather Shine. During the period ended 28 February 2017, entire interests of Gather Shine, including the consideration shares of HK\$3,528,000 were distributed to the immediate holding company as dividend.

The settlement terms of trade receivable are determined in accordance with the contract terms, usually within 1 month after the provision of service.

At the end of each reporting period, the ageing analysis of the trade receivables by invoice date is as follows:

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
With 30 days	40	28,400	24,449	2,642
31 to 60 days	40	140	380	4,887
61 to 90 days	—	1,040	400	65
Over 90 days	—	1,840	430	6,150
	80	31,420	25,659	13,744

At the end of each reporting period, the ageing analysis of the trade receivables by due date is as follows:

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not yet due	40	28,400	24,449	2,642
Past due:				
With 30 days	40	140	380	4,887
31 to 60 days	—	1,040	400	65
61 to 90 days	—	40	30	—
Over 90 days	—	1,800	400	6,150
	40	3,020	1,210	11,102
	80	31,420	25,659	13,744

Before accepting a new customer, the Group assesses the potential customer's credit quality and determines credit limit. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group's trade receivables which are past due at the end of each reporting period but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default. The Group does not hold any collateral over the trade receivables.

#### 18. Due from/(to) related companies

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Name of related companies with common shareholders:</i>				
<b>Due from a related company</b>				
Baron Group Limited	—	11,183	—	—
<b>Due to related companies</b>				
Baron Group Limited	13,305	—	—	—
Wan's Group Limited	2,596	1,495	—	—
	15,901	1,495	—	—

The amounts due from/(to) related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

The amounts due from/(to) related companies of HK\$9,688,000 in net were settled through current account with immediate holding company during the year ended 30 September 2016.

## 19. Deferred taxation

Unrecognised deferred tax assets arising from

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unrecognised tax losses arising from				
— Hong Kong	64,299	41,812	41,812	41,812
— The PRC	2,154	—	1,316	2,029
	<u>66,453</u>	<u>41,812</u>	<u>43,128</u>	<u>43,841</u>

The unrecognised tax losses arisen in Hong Kong do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxation profit will be available against which the Group can utilise the benefits therefrom.

At the end of the reporting period, the Group has the following unrecognised tax losses arising in the PRC that can be offset against future taxation profits of the subsidiary for a maximum of 5 years from the year in which the tax loss was incurred:

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year of expiry				
2018	787	—	—	—
2019	1,367	—	—	—
2021	—	—	1,316	1,316
2022	—	—	—	713
	<u>2,154</u>	<u>—</u>	<u>1,316</u>	<u>2,029</u>
<b>At end of the reporting period</b>	<b><u>2,154</u></b>	<b><u>—</u></b>	<b><u>1,316</u></b>	<b><u>2,029</u></b>

## 20. Share capital

The Company was incorporated on 5 February 2016. The authorised share capital of the Company is US\$50,000 comprising 50,000 shares of US\$1 each and 1 share was issued to and paid up by the shareholder upon incorporation.

**21. Reserves**

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity on pages I-7 to I-9 of this report.

***Capital reserve***

Capital reserve of the Group represents the capital contribution from the Ultimate Controlling Party of certain subsidiaries now comprising the Group before completion of the Reorganisation.

On 8 April 2016, as part of the Reorganisation, VBG Asia entered into a transfer agreement with a related company in respect of the acquisition of the entire interest of US\$1,300,000 in VBG Beijing at a consideration of US\$1,300,000, which was settled through current account with immediate holding company. The said acquisition was completed on 20 May 2016.

During the period ended 28 February 2017, capital reserve of HK\$35,000,000 was transferred to retained profits to facilitate future distributions.

***Exchange reserve***

Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in Note 3 above.

***Investment revaluation reserve***

Investment revaluation reserve of the Group represents the accumulative net change in fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in Note 3 above.

**22. Financial information of the Company*****(a) Investment in a subsidiary***

Investment in a subsidiary represents 100% of the issued share capital of VBG Company.

***(b) Due from/(to) subsidiaries***

The amounts due are unsecured, interest-free and repayable on demand.

*(c) Movements of the reserves*

The movements of reserves from 5 February 2016 (date of incorporation) to 28 February 2017 are set out below:

	<i>Note</i>	<b>Accumulated profit HK\$'000</b>
Upon incorporation		—
Profit for the period and total comprehensive income for the period		24,420
Dividends	12	(24,420)
<b>At 30 September 2016</b>		<b>—</b>
Profit for the period and total comprehensive income for the period		11,283
Dividends	12	(10,828)
<b>At 28 February 2017</b>		<b>455</b>

**23. Retirement benefits scheme***Defined contribution plans*

The operating subsidiaries in Hong Kong joined a Mandatory Provident Fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at rates of 5% specified in the rules of the MPF Scheme, but subject to a cap. The only obligation of the Group with respect of MPF Scheme is to make the required contribution under the MPF Scheme. The retirement benefits cost charged to the combined statements of profit or loss and other comprehensive income represents contributions payable to the MPF Scheme by the Group. No forfeited contribution is available to reduce the contribution payable in the future years.

The PRC employees of the subsidiary in the PRC are members of the pension scheme operated by the PRC local government. The subsidiary is required to contribute a certain percentage of the relevant payroll of these employees to the pension scheme to fund the benefits. The only obligation of the Group with respect of the pension scheme is the required contributions under the pension scheme.



**24. Related parties transactions**

- (a) In addition to the transactions and balances disclosed elsewhere in the notes to the Financial Information, the Group had the following related party transactions during the Relevant Periods:

Name of related party	Nature of transactions	Year ended 30 September			Period ended	
					29	28
		2014	2015	2016	February 2016	February 2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Common shareholders — Ping An Securities Limited	Handling fee charges to a related company	100	—	—	—	—

- (b) The remuneration of directors who are the key management personnel of the Group during the Relevant Periods were set out in note 8 to the Financial Information.

**25. Distribution in specie of share in Gather Shine**

During the period ended 28 February 2017, dividends of HK\$3,528,000 were distributed in specie with the entire interest in Gather Shine together with the amount due from Gather Shine to the immediate holding company. Gather Shine was engaged in investment holding. Details of dividends are also set out in note 12 to the Financial Information.

The carrying amounts of assets and liabilities of Gather Shine as at the date of distribution are as follows:

	HK\$'000
Available-for-sale financial assets	3,528
Amount due to the Group ( <i>note</i> )	(3,528)
<b>Net assets attributable to the Group distributed to the immediate holding company</b>	<b>—</b>
<b>Net cash flow arising from the distribution in specie</b>	<b>—</b>

*Note:*

Upon completion of the distribution in specie, the Group recorded the amount due from Gather Shine as amount due from immediate holding company and the dividends of HK\$3,528,000 were finally settled through current account with immediate holding company.

**26. Financial risk management objectives and policies**

The Group's principal financial instruments comprise financial assets at fair value through profit or loss and amount due from (to) related companies and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and other payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are credit risk, market price risk and liquidity risk. The Group does not have any written risk management policies and guidelines. However, the management generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

***Credit risk***

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, amount due from a related company and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and other receivables	2,162	33,785	27,841	17,749
Amount due from a related company	—	11,183	—	—
Bank balances and cash	6,014	11,313	8,314	11,475
	<u>8,176</u>	<u>56,281</u>	<u>36,155</u>	<u>29,224</u>

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. Amount due from a related company of the Company are continuously monitored by assessing the credit worthiness of the counterparties, taking into account their financial position, payment history and other factors. Where necessary, an impairment loss is made for estimated irrecoverable amounts.

The management considers the credit risk in respect of bank balances and cash is minimal because the counter-parties are authorised financial institutions with high credit ratings.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

At 30 September 2014, 2015 and 2016 and at 28 February 2017, the Group had a concentration of credit risk as approximately 100%, 19%, 14% and 25% of the total trade receivables was due from the Group's largest customer, respectively, and approximately 100%, 69%, 54% and 75% of the total trade receivables was due from the Group's five largest customers, respectively.

None of the Group's financial assets are pledged.

#### ***Market price risk***

The Group is exposed to market price risk arising from the listed equity securities included under available-for-sale financial assets and financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to market price risk.

At 30 September 2015 and 2016 and 28 February 2017, if the quoted market prices of the listed equity securities held for trading had been 10% higher or lower while all other variables were held constant, the Group's profit before taxation for the year/period would increase/decrease by approximately HK\$35,000, HK\$18,000 and HK\$16,000 respectively. At 30 September 2016 and 28 February 2017, if the quoted market prices of the listed equity securities classified as available-for-sale financial assets had been 10% higher or lower while all other variables were held constant, the investment revaluation reserve would be credited/debited by HK\$264,000 and HK\$352,000 respectively.

#### ***Liquidity risk***

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The undiscounted contractual maturity profile of the Group's financial liabilities at 30 September 2014, 2015 and 2016 and 28 February 2017, based on the earliest date on which the Group is required to settle is, within 3 months or no fixed terms of repayment.

## 27. Fair value measurements

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the Financial Information on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

### (a) Assets and liabilities measured at fair value

	At 30 September			At 28
	2014	2015	2016	February
	HK\$'000	HK\$'000	HK\$'000	2017
				HK\$'000
<i>Assets measured at fair value and categorised at level 1</i>				
Available-for-sale financial assets	—	—	2,640	3,520
Financial assets at fair value through profit or loss	—	350	176	157
	<u>—</u>	<u>350</u>	<u>176</u>	<u>157</u>
	<u>—</u>	<u>350</u>	<u>2,816</u>	<u>3,677</u>

There is no transfer between the different levels of the fair value hierarchy during the Relevant Periods.

### (b) Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at the end of each reporting period.

**28. Operating lease commitments**

At the end of each reporting period, the Group had total future minimum lease payments in respect of office premises under non-cancellable operating leases in respect of office premise, which are payable as follows:

	At 30 September			At 28 February
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,625	4,624	4,804	4,598
In the second to third years inclusive	11	6,824	2,514	718
	<u>2,636</u>	<u>11,448</u>	<u>7,318</u>	<u>5,316</u>

**29. Capital management**

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividends to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Relevant Periods.

VBG Capital is regulated by the Hong Kong Securities and Futures Commission and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). VBG Capital is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of VBG Capital to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. VBG Capital has complied with the capital requirements imposed by the SF(FR)R throughout the Relevant Periods.

**30. Events after the reporting period**

Subsequent to 28 February 2017, except the Capitalisation Issue underwent by the Group as set out in the sections headed "History, Reorganisation and corporate structure – Reorganisation", there are no material subsequent event underwent by the Company or the Group.

**C. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared in accordance with HKFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 28 February 2017.

Yours faithfully,

**Mazars CPA Limited**  
*Certified Public Accountants*  
 Hong Kong

**Cheng & Cheng Limited**  
*Certified Public Accountants*  
 Hong Kong

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The information set forth in this Appendix does not form part of the accountants' report on the financial information of the Group for the three years ended 30 September 2014, 2015 and 2016 and periods ended 29 February 2016 and 28 February 2017 prepared by Mazars CPA Limited, Certified Public Accountants, and Cheng & Cheng Limited, Certified Public Accountants, the joint reporting accountants of the Company, as set forth in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information purposes 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 forth in Appendix I to this prospectus.*

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF OUR GROUP

The following unaudited pro forma statement of adjusted combined net tangible assets of our Group is prepared in accordance with Rule 7.31 of the GEM Listing Rules for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the combined net tangible assets of our Group as if the Share Offer had taken place on 28 February 2017.

The following is an unaudited pro forma statement of adjusted combined net tangible assets of our Group which is prepared based on the audited combined net assets of our Group as at 28 February 2017 as shown in the Accountants' Report as set forth in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted combined net tangible assets of our Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group at 28 February 2017 or at any future dates following the Share Offer.

	<b>Audited combined net tangible assets of our Group as at 28 February 2017 HK\$'000 (Note 1)</b>	<b>Estimated net proceeds from the Share Offer HK\$'000 (Note 2)</b>	<b>Unaudited pro forma adjusted combined net tangible assets of our Group HK\$'000</b>	<b>Unaudited pro forma adjusted combined net tangible assets of our Group per Share HK\$ (Note 3)</b>
Based on the Offer Price of HK\$0.68 per Offer Share	27,141	69,731	96,872	0.19
Based on the Offer Price of HK\$0.88 per Offer Share	27,141	93,595	120,736	0.24

*Notes:*

1. The audited combined net tangible assets of our Group at 28 February 2017 is based on the audited combined net assets of our Group at 28 February 2017 of approximately HK\$27,141,000, extracted from the Accountants' Report as set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on 128,300,000 new shares and the indicative Offer Price of HK\$0.68 and HK\$0.88 per Share respectively, being the low-end and high-end of the Offer Price, after the deduction of the estimated underwriting commissions and fees and other listing related expenses (excluding approximately HK\$8,289,000 listing related expenses which have been accounted for prior to 28 February 2017) expected to be incurred by our Group subsequent to 28 February 2017.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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3.      The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 513,200,000 Shares, being the number of Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer.
4.      No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 28 February 2017.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from the joint reporting accountants of our Company, Mazars CPA Limited, Certified Public Accountants and Cheng & Cheng Limited, Certified Public Accountants, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*

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



MAZARS CPA LIMITED  
瑪澤會計師事務所有限公司

42<sup>ND</sup> FLOOR, CENTRAL PLAZA, 18 HARBOUR ROAD, WANCHAI, HONG KONG  
香港灣仔港灣道18號中環廣場42樓



CHENG & CHENG LIMITED  
CERTIFIED PUBLIC ACCOUNTANTS

10<sup>TH</sup> FLOOR, ALLIED KAJIMA BUILDING, 138 GLOUCESTER ROAD, WAN CHAI, HONG KONG  
香港灣仔告士打道138號聯合鹿島大廈十樓

15 May 2017

The Directors  
VBG International Holdings Limited  
18/F, Prosperity Tower  
39 Queen's Road Central  
Hong Kong

#### **Report on the compilation of unaudited pro forma financial information included in a Prospectus**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of VBG International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group at 28 February 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 15 May 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 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 listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited by way of placing and public offer (the "Share Offer") on the Group's financial position at 28 February 2017 as if the Share Offer had had taken place at 28 February 2017. As part of this process, information about the Group's financial position at 28 February 2017 has been extracted by the Directors from the Group's financial information for the three years ended 30 September 2014, 2015 and 2016 and periods ended 29 February 2016 and 28 February 2017, on which an accountants' report set out in Appendix I to the Prospectus 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").



**Our independence and quality control**

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

We apply Hong Kong Standard on Quality Control 1 “*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*” issued by the HKICPA and accordingly maintain 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 did 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 report were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 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, in all material respects, 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 purpose 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 28 February 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled, in all material respects, 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.

We have no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Use of Proceeds" in the Prospectus.

### **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.

**Mazars CPA Limited**  
*Certified Public Accountants*  
Hong Kong,

**Cheng & Cheng Limited**  
*Certified Public Accountants*  
Hong Kong

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## APPENDIX III                      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE 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 5 February, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “Memorandum”) and its Amended and Restated Articles of Association (the “Articles”).

### 1.     MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

### 2.     ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 4 May 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

#### (a)     Shares

##### (i)     *Classes of shares*

The share capital of the Company consists of ordinary shares.

##### (ii)    *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(iii) Alteration of capital**

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(iv) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

***(v) Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

***(vi) Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

***(vii) Calls on shares and forfeiture of shares***

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies

uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(b) Directors**

**(i) *Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

**(ii) *Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.



The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

***(iii) Power to dispose of the assets of the Company or any of its subsidiaries***

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

***(iv) Borrowing powers***

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

***(v) Remuneration***

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.



Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

***(vi) Compensation or payments for loss of office***

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

***(vii) Loans and provision of security for loans to Directors***

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

***(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested

in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

**(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

**(d) Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(e) Meetings of members**

**(i) *Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

***(ii) Voting rights and right to demand a poll***

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

***(iii) Annual general meetings***

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

*(iv) Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) days and not less than twenty (20) business days. All other general meetings must be called by notice of at least fourteen (14) days and not less than ten (10) business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting, in the case of special business, the general nature of that business.

In addition notice of every general meeting, must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

*(v) Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

**(vi) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

**(f) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which be those of a country or jurisdiction other than the Cayman Islands.. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

**(g) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.



Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(j) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.



Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

**(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its

shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 12 July 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

**(n) Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(o) Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

**(p) Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

**(q) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(r) Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(s) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).



**4. GENERAL**

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 5 February 2016. Our Company has established a principal place of business in Hong Kong at 18th Floor, Prosperity Tower, No. 39 Queen's Road Central, Central, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 5 April 2016. Mr. Hui Ringo Wing Kun of Flat D, 25/F, Tower 1, Lake Silver, 599 Sai Sha Road, Ma On Shan, New Territories, Hong Kong and Mr. Ng Ka Ki of Room 3502, Tung On House, Lei Tung Estate, Ap Lei Chau, Hong Kong have been appointed as the authorised representatives 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 US\$50,000 divided into 50,000 shares of US\$1.00 each. One fully-paid share of US\$1.00 was allotted and issued to the subscriber on 5 February 2016, and was subsequently transferred to Jayden Wealth Limited on the same day.
- (b) Pursuant to written resolutions of the sole Shareholder passed on 26 April 2017, the authorised and issued share capital of Company were re-denominated by way of (i) an increase in our Company's authorised share capital by HK\$390,000 by the creation of 39,000,000 Shares; (ii) an issue of 780 Shares to Jayden Wealth at HK\$0.01 per Share; (iii) a repurchase from Jayden Wealth of the one issued share of US\$1.00 in the capital of our Company at an aggregate price of US\$1.00 (equivalent to HK\$7.80); and (iv) following the above repurchase, a diminution in the authorised but unissued share capital of our Company by the cancellation of all unissued shares of US\$1.00 each in the capital of our Company.
- (c) Pursuant to written resolutions of the sole Shareholder passed on 4 May 2017, the authorised share capital of our Company was increased from HK\$390,000 to HK\$20,000,000 by the creation of an additional of 1,961,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.
- (d) Immediately following completion of the Capitalisation Issue and the Share Offer, and taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, 513,200,000 Shares will be issued fully paid or credited as fully paid, and 1,486,800,000 Shares will remain unissued.

- (e) Other than pursuant to the general mandate to issue Shares referred to in the section headed “Written resolutions of the sole Shareholder passed on 4 May 2017” 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 the 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 other alteration in our Company’s share capital since its incorporation.

### **3. Written resolutions of the sole Shareholder passed on 4 May 2017**

On 4 May 2017, resolutions in writing were passed by the sole shareholder of our Company pursuant to which, among other things:

- (a) our Company adopted the Memorandum with immediate effect and conditionally adopted the Articles which will become effective upon the Listing Date, the terms of which are summarised in Appendix III to this prospectus;
- (b) the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each by the creation of an additional 1,961,000,000 Shares of HK\$0.01 each, ranking pari passu with the existing Shares in all respects;
- (c) conditional on (i) 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); (ii) the entering into the Price Determination Agreement between our Company and the Joint Lead Managers on the Price Determination Date; and (iii) on the obligations of the Underwriters under the Underwriting Agreement 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;

- (iii) conditional further on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of HK\$3,848,992.2 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par 384,899,220 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on 4 May 2017 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions and the Capitalisation Issue was approved;
- (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 the 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 an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue 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 the 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 the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue 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 the Shareholders in general meeting; and
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company 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 aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue 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. Please refer to the section headed “History, Reorganisation and corporate structure” in this prospectus for further details.

#### **5. Changes in share capital of subsidiaries**

The subsidiaries of our Company are set out 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 “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 two years immediately preceding the date of this prospectus.

#### **6. Repurchase of the 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 the sole Shareholder on 4 May 2017, a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which 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 aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue 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 the 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, out of our Company’s share premium account 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” (as defined in the GEM Listing Rules), 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 513,200,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, our Directors would be authorised under the Repurchase Mandate to repurchase up to 51,320,000 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 the 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 nor to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules) of any Director, 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 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 the 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 our 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 (as defined in the GEM Listing Rules) 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 OUR 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) a transfer agreement dated 8 April 2016 and entered into between VBG Asia and Baron Asia Limited (“**Transfer Agreement**”), pursuant to which Baron Asia Limited agreed to transfer US\$1,300,000 in the registered capital of VBG Beijing (representing all of its registered capital) to VBG Asia;
- (b) a supplemental agreement dated 20 May 2016 entered into between VBG Asia and Baron Asia Limited, pursuant to which the consideration for the transfer of the registered capital of VBG Beijing referred to in the Transfer Agreement was agreed to be US\$1,300,000;
- (c) a deed of indemnity dated 4 May 2017 and executed by Jayden Wealth Limited and Ms. Letty Wan in favour of our Company (for itself and as trustee for its subsidiaries) containing indemnities referred to in the section headed “Tax and other indemnities” in this appendix;
- (d) a deed of non-competition dated 4 May 2017 and executed by Jayden Wealth Limited and Ms. Letty Wan in favour of our Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed “Relationship with our Controlling Shareholders — Deed of Non-competition” in this prospectus; and
- (e) the Public Offer Underwriting Agreement.

### 2. Intellectual property rights of our Group

#### (a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong which we believe to be material to our business:

	Trademark	Registered owner	Class	Trademark number	Validity period
1.	VBG	VBG Company Limited	36	303579274	29 October 2015 to 28 October 2025
2.	建泉	VBG Company Limited	36	303624345	10 December 2015 to 9 December 2025



**(b) Domain names**

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:

Domain name	Name of registered proprietor	Date of first registration	Expiry date
vbg-group.com	VBG Capital Limited	13-07-2015	13-07-2018

**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 and the Capitalisation Issue, but taking no account of 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 “Further information about our Company” in this appendix, the interests and short positions of our 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 the 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 our Shares**

Name of Director	Capacity/Nature	Number of Shares held	Percentage of shareholding
Ms. Letty Wan	Interest of controlled corporation	384,900,000	75%

*Note:* These 384,900,000 Shares are held by Jayden Wealth, a company incorporated in BVI and wholly owned by Ms. Letty Wan. Therefore, Ms. Letty Wan is deemed to be interested in all the Shares held by Jayden Wealth for the purposes of the SFO.

**(ii) Long position in the ordinary shares of associated corporations**

Name of Director	Name of associated corporation	Capacity/Nature	Number of share held	Percentage of shareholding
Ms. Letty Wan	Jayden Wealth	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 taken up under the Share Offer, and Shares to be issued upon the exercise of any 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 Capitalisation Issue and 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:

<u>Name</u>	<u>Capacity/Nature</u>	<u>Number of Shares held</u>	<u>Percentage of shareholding</u>
Jayden Wealth	Beneficial owner	384,900,000	75%

*Note:* Jayden Wealth is wholly owned by Ms. Letty Wan. Under the SFO, Ms. Letty Wan is deemed to be interested in all the shares held by Jayden Wealth.

**2. Particulars of service agreements**

Each of the executive Directors has entered into a service agreement with our Company. The terms and conditions of each of such service agreements are similar in all material aspects and are briefly described as follows:

- (a) Each service agreement is for an initial term of three years commencing from the Listing Date and shall continue thereafter unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing.
- (b) The annual remuneration (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) payable to Ms. Letty Wan and Mr. Ringo Hui under their service agreements shall be HK\$738,000 and HK\$2,178,000, respectively.
- (c) Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the remuneration payable to himself or herself.

Each of the non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company under which each of them is appointed for a period of three years commencing from the Listing Date. The annual director's fee payable to Mr. Wan Chuen Fai, Mr. Kam Cheuk Fai David, Mr. Tsang Wing Ki and Mr. William Robert Majcher under their respective letter of appointment shall be HK\$120,000, HK\$120,000, HK\$120,000 and HK\$120,000, respectively. Save for the annual director's fees mentioned above, none of the non-executive Director or independent non-executive Directors is expected to receive any other remuneration for holding his office as Director.

Save as disclosed above, none of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (other than 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 30 September 2016 and the five months ended 28 February 2017 were approximately HK\$1.5 million, HK\$2.8 million, HK\$1.9 million and HK\$0.8 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 30 September 2017 will be approximately HK\$2.6 million.
- (c) None of our Directors or any past directors of any members of our Group or the five highest paid individuals has been paid any sum of money for each of the three years ended 30 September 2016 and the five months ended 28 February 2017 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection under the management of the affairs of any members of our Group.
- (d) There has been no arrangement under which a Director or any of the five highest paid individual has waived or agreed to waive any emoluments for each of the three years ended 30 September 2016 and the five months ended 28 February 2017.

### **4. Agency fees or commissions received**

Save as disclosed in the section headed “Underwriting — Underwriting arrangements and expenses — Commission, fees and expenses” of this prospectus, none of our Directors or the experts named in the section headed “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 24 to the Accountants’ Report of our Company set out in Appendix I to this prospectus.

### **6. Disclaimers**

Save as disclosed in this prospectus:

- (a) taking no account of any Shares which may be issued 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 “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 and the Capitalisation Issue, 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 “Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two 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 “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 “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, chief executives, or their respective associates (as defined under the GEM Listing Rules) 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 4 May 2017. 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) Summary of terms**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the sole Shareholder on 4 May 2017:

**(i) Purposes of the scheme**

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group.

**(ii) Who may join**

Our Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of our Company, any of its subsidiaries (“**Subsidiaries**”) or any entity (“**Invested Entity**”) in which our Group holds an equity interest (“**Eligible Employee**”);
- (bb) any non-executive directors (including independent non-executive directors) of our Company, any Subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of any member of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of our Group.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

**(iii) Maximum number of Shares**

- (aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not exceed 30% of the issued share capital of our Company from time to time.
- (bb) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the day on which dealings in the Shares first commence on GEM (i.e. not exceeding 51,320,000 Shares) (the "**General Scheme Limit**").
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group shall not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to Eligible Participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

*(iv) Maximum entitlement of each participant*

Subject to (v) (bb) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the issued share capital of our Company for the time being (“**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

*(v) Grant of options to connected persons*

- (aa) Without prejudice to (v)(bb) below, any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates (as defined under the GEM Listing Rules) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).
- (bb) Without prejudice to (v)(aa) above, where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
  - 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 must be approved by Shareholders of our Company in general meeting. Our Company must send a circular to the Shareholders. All proposed grantee, its associates and core connected persons of our Company must abstain from voting at such general meeting. Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of our Company or any of their respective associates must be approved by the Shareholders of our Company in general meeting.

*(vi) Time of acceptance and exercise of option*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

*(vii) Performance targets*

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

*(viii) Subscription price for Shares and consideration for the option*

The subscription price per Share under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

*(ix) Ranking of Shares*

- (aa) Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.
- (bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reduction of the share capital of our Company from time to time.



***(x) Restrictions on the time of grant of options***

No offer for grant of options shall be made after inside information has come to our knowledge until such information has been announced in accordance with the requirements of the GEM Listing Rules. In particular, our Company may not make any offer during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Board for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for our Company to publish an announcement of its results for any year or half-year (under the GEM Listing Rules), or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the announcement of the results, no offer may be made.

Our Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the required standard of dealings by listed issuers and their directors prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

***(xi) Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

***(xii) Rights on ceasing employment***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in subparagraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

***(xiii) Rights on death, ill-health or retirement***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with our Company, the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.



***(xiv) Rights on dismissal***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent and serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

***(xv) Rights on breach of contract***

If our Directors shall at their absolute discretion determine that (aa) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (bb) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever, then the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above.

***(xvi) Rights on a general offer, a compromise or arrangement***

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of our Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

***(xvii) Rights on winding up***

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his

option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

***(xviii) Grantee being a company wholly owned by Eligible Participants***

If the grantee is a company wholly owned by one or more Eligible Participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant Eligible Participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

***(xix) Adjustments to the subscription price***

In the event of a rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such adjustment; (ii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (iv) any adjustment must be made in compliance with the GEM Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the GEM Listing Rules and such other applicable guidance and/or interpretation of the GEM Listing Rules from time to time issued by the Stock Exchange.

***(xx) Cancellation of options***

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of our Directors. When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (iii) (cc) and (dd) above.

***(xxi) Termination of the Share Option Scheme***

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

***(xxii) Rights are personal to the grantee***

An option is personal to the grantee and shall not be transferable or assignable.

***(xxiii) Lapse of option***

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the period for exercise of the options referred to in paragraph (vi);
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi) and (xvii); and
- (cc) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) by the grantee in respect of that or any other options.

***(xxiv) Others***

- (aa) The Share Option Scheme is conditional on the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.

- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders of our Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules and other relevant guidance of the Stock Exchange.
- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of our Company in general meeting.

**(b) Present status of the Share Option Scheme**

***(i) Approval of the Stock Exchange required***

The Share Option Scheme, which complies with Chapter 23 of the GEM Listing Rules, is conditional on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

***(ii) Application for approval***

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

***(iii) Grant of option***

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

***(iv) Value of options***

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

**E. OTHER INFORMATION****1. Tax and other indemnities**

Our Controlling Shareholders, namely Jayden Wealth and Ms. Letty Wan (collectively, the “**Indemnifiers**”), have, under a deed of indemnity referred to in paragraph (c) of the section headed “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) resulting from or by reference to any income, profits or gains earned, accrued or received or deemed to be so earned, accrued or received on or before the Listing Date; or (ii) resulting from or by reference to any transaction, act, omission or event occurring or deemed to occur on or before the Listing Date (including but not limited to any regulatory and legal non-compliance by any member of our Group, as well as any fines or penalties that may be imposed due to non-registration or filing of the tenancy agreement for the leased PRC property with the relevant land and real estate administration bureau in the PRC); and (b) any claims, demands, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group 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 arising from any act, non-performance, omission of any members of our Group on or before the Listing Date. The Indemnifiers will, however, not be liable under the deed of indemnity to the extent that, among others:

- (a) provision, reserve or allowance has been made for such taxation liability in the audited accounts of our Company and its subsidiaries 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 Listing Date; or
- (c) the taxation liability falls on any member of our Group in respect of any accounting period commencing after 28 February 2017, unless such liability would not have arisen but for some act or omission of, or transaction entered into by the indemnifiers and/or any member of our Group otherwise than in the ordinary course of business of any members of our Group on or before the Listing Date.

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, no member of our Group is engaged 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. Sole Sponsor**

The Sole 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 Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor’s fee in relation to the Listing is HK\$4.2 million.

**4. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately HK\$29,000 and are payable by our Company.

**5. Compliance adviser**

In accordance with the requirements of the GEM Listing Rules, our Company has agreed to appoint Dakin Capital as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date, and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date, or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

**6. Promoter**

Our Company has no promoter for the purpose of the GEM Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

**7. 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>
Dakin Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Mazars CPA Limited	Certified Public Accountants
Cheng & Cheng Limited	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Tian Yuan Law Firm	PRC attorneys-at-law
China Insights Consultancy Limited	Independent industry consultant
Baker Tilly Hong Kong Risk Assurance Limited	Internal control adviser

**8. Consents of experts**

Dakin Capital Limited, Mazars CPA Limited, Cheng & Cheng Limited, Conyers Dill & Pearman, Tian Yuan Law Firm, Baker Tilly Hong Kong Risk Assurance Limited and China Insights Consultancy Limited have given and have not withdrawn their respective written consents to the issue of this prospectus, with the inclusion of their letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to their names included herein in the form and context in which they respectively appear.

**9. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

**10. Registration procedures**

The principal register of members of our Company in the Cayman Islands will be maintained by Cayman Islands by Vistra Cayman Trust Limited and a branch register of members of our Company 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.

**11. No material adverse change**

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 28 February 2017 (being the date to which the latest audited financial statements of our Group were made up) and up to the Latest Practicable Date.

**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) 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 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****(a) Save as disclosed in this prospectus:**

- (i) Within the two years immediately preceding the date of this prospectus:
  - (aa) no share or debenture 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 in 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 24 months immediately preceding the date of this prospectus;
- (iii) none of the persons whose names are listed in the section headed “7. Qualifications of experts” under this Appendix IV:
  - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the 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) our Directors have been advised that, Cayman Islands laws do not prohibit the use of a Chinese name or an abbreviation thereof by our Company for purpose of identification only on the market floor and on the computer screen at the Stock Exchange for trading purpose;
- (vi) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (vii) our Group has no outstanding convertible debt securities;
- (viii) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong; and
- (ix) the English text of this prospectus shall prevail over the Chinese text.

#### **14. Bilingual document**

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) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Summary of material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of CFN Lawyers at 27th Floor, Neich Tower, 128 Gloucester Road, Wan Chai, 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 of Association and the Articles of Association;
- (b) the accountants’ report prepared jointly by Mazars CPA Limited and Cheng & Cheng Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group prepared jointly by Mazars CPA Limited and Cheng & Cheng Limited, the text of which is set out in Appendix II to this prospectus;
- (d) the audited statutory financial statements of the companies comprising our Group for each of the two financial years ended 30 September 2016;
- (e) the material contracts referred to in the section headed “Summary of material contracts” in Appendix IV to this prospectus;
- (f) the service agreements and the letters of appointment referred to in the section headed “Particulars of service agreements” in Appendix IV to this prospectus;
- (g) the rules of the Share Option Scheme referred to in the section headed “Share Option Scheme” in Appendix IV to this prospectus;
- (h) the written consents referred to in the section headed “Consents of experts” in Appendix IV to this prospectus;
- (i) the Companies Law;
- (j) the letter of advice prepared by Conyers Dill & Pearman, the legal advisers to our Company as to Cayman Islands laws, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

- (k) the legal opinion issued by Tian Yuan Law Firm, the legal advisers to our Company as to the PRC laws;
- (l) the CIC Report; and
- (m) the internal control review report prepared by Baker Tilly Hong Kong Risk Assurance Limited, the internal control adviser to our Company.

**VBG International Holdings Limited**  
**建泉國際控股有限公司<sup>\*</sup>**