

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 19 November 2015. The Company has established a place of business in Hong Kong at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 15 July 2016. In connection with such registration, Mr. Chan Wing Kai of Flat B, 7/F., Block 7, One Beacon Hill, 1 Beacon Hill Road, Kowloon, Hong Kong and Mr. Ng Ming Ho of 3/F., 70 Bute Street, Mong Kok, Kowloon, Hong Kong have been appointed as the authorised representatives of the Company for acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles of Association. A summary of certain provisions of the Company's constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of the Company

- (a) As at the date of incorporation, the Company had an authorised share capital of HK\$390,000 divided into 39,000,000 Shares with a par value of HK\$0.01 each.
- (b) On 19 November 2015, Mr. Craig Fulton subscribed for the first fully paid subscriber's Share which was transferred to Mr. Chan immediately.
- (c) On 8 December 2015, Mr. Chan transferred his fully paid Share to Speed Development for the consideration of HK\$0.01.
- (d) On 18 May 2016, in consideration of the transfer of all issued shares of Knit World from Mr. Chan to Speed Apparel BVI, Speed Development allotted and issued one share to Mr. Chan on 18 May 2016 which is in consideration of the Company allotting and issuing one Share to Speed Development.
- (e) On 24 May 2016, the Company allotted and issued 8,998 fully paid Shares to Speed Development for the consideration of HK\$0.01 each.
- (f) On 23 January 2017, the authorised share capital of the Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 961,000,000 Shares.
- (g) Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), 500,000,000 Shares will be issued fully paid or credited as fully paid and 500,000,000 Shares will remain unissued.

Save as disclosed in this prospectus, there has been no alteration in the Company's share capital since its incorporation.

3. Changes in share capital of the subsidiaries

The subsidiaries of the Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the section headed "History, Reorganisation and corporate structure — Reorganisation" in this prospectus, there has been no alteration in the share capital or registered capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the sole Shareholder passed on 23 January 2017 and 8 May 2017

Under the written resolutions of the sole Shareholder passed on 23 January 2017 and 8 May 2017, among other things:

- (a) the authorised share capital of the Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional of 961,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;
- (b) the Company approved and adopted the amended and restated Memorandum with immediate effect and the amended and restated Articles conditionally with effect from the Listing;
- (c) conditional on (i) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus including the Shares that may be allotted and issued pursuant to the exercise of the options that may be granted under the Share Option Scheme; (ii) the execution and delivery of the Underwriting Agreements on the date as specified in this prospectus; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Bookrunner (for itself and on behalf of other Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:
 - (i) the Share Offer was approved and the Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer subject to the terms and conditions as stated in this prospectus; (bb) implement the Share Offer and the listing of Shares on GEM; and (cc) do all things and execute all documents in

connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as the Directors may consider necessary or appropriate;

- (ii) conditional upon the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to capitalise an amount of HK\$3,749,910 from the amount standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 374,991,000 Shares for allotment and issue to the Shareholders whose names appear on the register of members of the Company at the close of business on 8 May 2017, or as each of them may direct in writing, in proportion (or as near as possible without involving the issue of fractions of Shares) to their then existing respective shareholdings in the Company and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares;
- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in this appendix, were approved and adopted and the Board or any committee thereof established by the Board were authorised at its sole discretion, to (1) administer the Share Option Scheme; (2) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (3) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares upon the exercise of subscription rights attaching to any option granted thereunder and (4) take all such actions as it considers necessary or desirable to implement or give effect the Share Option Scheme;
- (iv) a general unconditional mandate was given to the Directors to exercise all powers of the Company to allot, issue and deal in (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles of Association, or upon the exercise of any options which may be granted under the Share Option Scheme, Shares with an aggregate nominal value not exceeding the sum of 20% of the aggregate number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by

the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of the Company to repurchase on GEM or on any other stock exchange on which the securities of the 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 number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first; and
- (vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

5. Reorganisation

The Group underwent the Reorganisation in preparation for the Listing. Please refer to the section headed “History, Reorganisation and corporate structure” in this prospectus for further details.

6. Repurchase by the Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on GEM to purchase their shares on GEM subject to certain restrictions.

(i) *Shareholders' approval*

The GEM Listing Rules provide that all proposed repurchases of securities (which must be fully paid in the case of shares) by a company listed 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 a written resolution of the sole Shareholder passed on 8 May 2017, the Repurchase Mandate was given to the Directors to repurchase on GEM, or any other stock exchange on which the Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, up to 10% of the aggregate of the nominal value of the share capital of the Company in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules, the Companies Law and other laws and regulations applicable to the Company. A company listed on GEM 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.

Under the Companies Law, any repurchase of Shares by the Company may be made out of profits, or out of the share premium account of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to the Companies Law, out of capital. Any premium payable on a redemption or repurchase over the par value of the Shares to be purchased must be provided for out of profits of the Company

or from sums standing to the credit of the share premium account of the Company or, if so authorised by the Articles of Association and subject to the Companies Law, out of capital.

(iii) *Status of repurchased shares*

All repurchased Shares (whether effected on GEM or otherwise) will be automatically cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Companies Law, a company's repurchased shares shall 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 as treasury shares prior to the purchase. If redeemed or purchased shares are cancelled, the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(iv) *Core connected persons*

The GEM Listing Rules prohibit the Company from knowingly repurchasing the Shares on GEM from a core connected person and a core connected person shall not knowingly sell Shares to the Company.

(v) *Trading restrictions*

The Company may repurchase up to 10% of the number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer. The Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, whether on GEM or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the Company to issue securities, which were outstanding prior to that purchase of its own securities), without the prior approval of the Stock Exchange. The Company is also prohibited from repurchasing Shares on GEM if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by the Company to effect a repurchase of Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.

In addition, the Company is prohibited from repurchasing its Shares on GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its Shares were traded on GEM.

(vi) *Suspension of repurchase*

Repurchase of Shares are prohibited after inside information has come to the Company's knowledge, or development which may constitute inside information has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of the Company for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for the Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the Company may not repurchase its Shares on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit the Company from making repurchase of Shares on GEM if the Company has committed a breach of any of the GEM Listing Rules.

(vii) *Reporting requirements*

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day following any day on which the Company makes a repurchase of Shares (whether on GEM or otherwise). In addition, the Company's annual report and accounts are required to disclose details regarding repurchase of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on GEM or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchase, where relevant, and the aggregate price paid by the Company for such purchases. The Directors' report is also required to contain reference to the repurchase made during the year and the Directors' reasons for making such repurchase.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) *Funding of repurchase*

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules, the Companies Law and other applicable laws.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared to the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Group which in the opinion of the Directors are from time to time appropriate for the Group.

(d) *General*

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately after the Listing, would result in up to 50,000,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force. None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company if the Repurchase Mandate is exercised.

The 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 Memorandum and Articles of Association, the GEM Listing Rules, the Companies Law and other applicable laws.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and 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 aforesaid, the Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

No core connected person of the Company has notified the Group that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary and usual course of business) have been entered into by members of the Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the Business Transfer Agreement 1 dated 31 December 2015 entered into between Speed Apparel as vendor, Speed Apparel HK as purchaser and Mr. Chan as warrantor, pursuant to which Speed Apparel agreed to sell and Speed Apparel HK agreed to purchase the business carried on by Speed Apparel as at the date of the Business Transfer Agreement 1 (the “**SA Businesses**”) and the assets and liabilities owned or held as security by Speed Apparel and utilised in the SA Businesses for a consideration of approximately HK\$8,167,788, being the sum of the carrying value of the items set out in clause 2.1 of the Business Transfer Agreement 1 as at a day which is three business days prior to the completion date of the Business Transfer Agreement 1;
- (b) the Business Transfer Agreement 2 dated 31 December 2015 entered into between Firenze Apparel as vendor, Speed Apparel HK as purchaser and Mr. Chan as warrantor, pursuant to which Firenze Apparel agreed to sell and Speed Apparel HK agreed to purchase the business carried on by Firenze Apparel as at the date of the Business Transfer Agreement 2 (the “**FA Businesses**”) and the assets and liabilities owned or held as security by Firenze Apparel and utilised in the FA Businesses for a consideration of approximately HK\$8,847,566, being the sum of the carrying value of the items set out in clause 2.1 of the Business Transfer Agreement 2 as at a day which is three business days prior to the completion date of the Business Transfer Agreement 2;
- (c) the sale and purchase agreement relating to 4,000,000 shares of Knit World International Limited dated 18 May 2016 entered into between Mr. Chan, Speed Development, Speed Apparel BVI and the Company, pursuant to which Speed Apparel BVI agreed to purchase all 4,000,000 issued shares of Knit World from Mr. Chan, in consideration of which Speed Development allotted and issued one share to Mr. Chan which is in consideration of the Company allotting and issuing one Share to Speed Development and Speed Apparel BVI in turn allotting and issuing one share to the Company;
- (d) the Deed of Indemnity dated 8 May 2017 executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for its subsidiaries) regarding certain indemnities as more particularly set out in the section headed “Other information — Estate duty, tax and other indemnity” in this appendix;

- (e) the Deed of Non-competition dated 8 May 2017 executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for its subsidiaries) regarding the non-competition undertakings as more particularly set out in the section headed “Relationship with the Controlling Shareholders — Non-competition Undertakings” in this prospectus; and
- (f) the Public Offer Underwriting Agreement.

2. Intellectual Property Rights of the Group

(a) Trademark

As at the Latest Practicable Date, the Group had registered the following trademark(s) in Hong Kong:

<u>Trademark</u>	<u>Registered owner</u>	<u>Class</u>	<u>Specification of goods</u>	<u>Trademark number</u>	<u>Registration date</u>	<u>Expiry date</u>
	Speed Apparel (HK) Limited	25	Clothing (knitting garments)	303204800	19 November 2014	18 November 2024

(b) Domain name

As at the Latest Practicable Date, the Group had registered the following domain name:

<u>Domain name</u>	<u>Registered owner</u>	<u>Registration date</u>	<u>Expiry date</u>
speedapparel.com.hk	Speed Apparel (HK) Limited	21 March 2001	1 November 2017

C. DISCLOSURE OF INTEREST

1. Interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations following the Share Offer

Immediately following completion of the Capitalisation Issue and the Share Offer, but without taking into account any Shares which may be allotted and issued pursuant to the Share Option Scheme, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange will be as follows:

(i) *Long position in Shares*

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Percentage of shareholding interest</u>
Mr. Chan	Interest in controlled corporation ^(Note)	375,000,000	75%

Note: Speed Development is beneficially owned as to 100% by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the Shares held by Speed Development under the SFO.

(ii) *Long position in associated corporation*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares in associated corporation</u>	<u>Percentage of shareholding interest</u>
Mr. Chan	Speed Development	Beneficial owner	101	100%

2. Interests and short positions of substantial shareholders in the Shares, underlying Shares and debentures of the Company and its associated corporations

Please refer to the section headed “Substantial Shareholders” in this prospectus for details of the persons (other than a Director or the chief executive of the Company)/entities which will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

3. Particulars of service agreements and appointment letters

(a) *Executive Directors*

Each of the executive Directors has entered into a service agreement with the Company pursuant to which he or she has agreed to act as an executive Director for an initial term of three years with effect from the Listing Date and the aggregate annual director’s fee payable to the executive Directors is HK\$2,886,000. Either party has the right to give not less than three months’ written notice to terminate the service agreement.

(b) *Independent non-executive Directors*

Each of the independent non-executive Directors has been appointed for a fixed term of three years with effect from the Listing Date and is entitled to an annual director’s fee of HK\$120,000. Save for the Directors’ fees, none of the independent non-executive Directors is expected to receive any other emolument for holding his or her office as a non-executive Director or an independent non-executive Director. Save as disclosed above, none of the Directors has or is proposed to have a service agreement or appointment letter with the Company or any of the subsidiaries (other than the contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. Directors’ emoluments

- (a) For the year ended 31 March 2017, the aggregate remuneration paid and benefits in kind granted by the Group to the Directors were approximately HK\$2.9 million.
- (b) Under the arrangements currently in force, the aggregate remuneration payable by the Group to and benefits in kind receivable by the Directors for the year ended 31 March 2018 are expected to be approximately HK\$3.2 million.
- (c) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the two years ended 31 March 2016 and the eight months ended 30 November 2016 (1) as an inducement to join or upon joining

the Company or (2) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 March 2016 and the eight months ended 30 November 2016.

5. Fees or commission received

Save as disclosed in the section headed “Underwriting — Commission and expenses” in this prospectus, none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix had received any agency fee or commissions from the Group within the two years immediately preceding the date of this prospectus.

6. Related party transactions

Details of the related party transactions are set out under Note 23 to Section A of the Accountants’ Report as set out in Appendix I to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) without taking into account of any Shares which may be taken up or acquired under the Share Offer or any options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of the Company) who will, immediately following the completion of the Capitalisation Issue and the Share Offer, have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either 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 the Group;
- (b) none of the Directors has any interest or short position in any of the Shares, underlying Shares or debentures of the Company or any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, in each case once the Shares are listed;

- (c) none of the Directors or the experts named in paragraph headed “Qualifications of experts” in this appendix has been directly or indirectly interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or any other member of the Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (d) none of the Directors or the experts named in the paragraph 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 the Group taken as a whole; and
- (e) none of the experts named in paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

D. SHARE OPTION SCHEME

The followings are the principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 8 May 2017:

1. Conditions

- (a) The Share Option Scheme is conditional upon:
 - (i) the Listing Division of the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit (as defined in paragraph 7(b)) to be allotted and issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and
 - (ii) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of the Shareholders.
- (b) If the conditions referred to in paragraph 1(a) are not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.
- (c) Reference in paragraph 1(a)(i) to the Listing Division of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfilment of any condition precedent or condition subsequent.

2. Purpose, duration and administration

- (a) The purpose of the Share Option Scheme is to enable the Company to grant options to the Eligible Participants (as defined in paragraph 3(a) below) as incentives or rewards for their contribution to the Group.
- (b) The Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the Share Option Scheme or their interpretation or effect shall (save for the grant of options referred to in paragraph 3(b) which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby.
- (c) Subject to paragraphs 1 and 13, the Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls 10 years (the “**Termination Date**”) after the date on which the Share Option Scheme is adopted upon fulfilment of the condition (the “**Adoption Date**”), after which period no further options may be issued but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.
- (d) An Eligible Participant who accepts the offer in accordance with the terms of the Share Option Scheme or (where the context so permits and as referred to in paragraph 5(d)(i)) his personal representative (the “**Grantee**”) shall ensure that the acceptance of an offer, the holding and exercise of his option in accordance with the Share Option Scheme, the allotment and issue of Shares to him upon the exercise of his option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an offer and allotting Shares upon an exercise of an option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as it may reasonably require for such purpose.

3. Grant of options

- (a) Subject to paragraph 3(b), the Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the Adoption Date to make an offer to any person belonging to the following classes of participants (the “**Eligible Participants**”) to subscribe, and no person other than the Eligible Participant named in such offer may subscribe, for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple

thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of an option, as determined in accordance with paragraph 4 (the “**Subscription Price**”), as the Directors shall, subject to paragraph 4, determine:

- (i) any employee (“**Eligible Employee**”) (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any entity in which any member of the Group holds any equity interest (the “**Invested Entity**”);
- (ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iv) any client of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Option Scheme, the offer may be made to any company wholly owned by one or more Eligible Participants.

For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

- (b) Without prejudice to paragraph 7(d) below, the making of an offer to any Director, chief executive of the Company or substantial Shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an option).

- (c) The eligibility of any of the Eligible Participants to an offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.
- (d) An offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the option and the "**Option Period**" (which means, in respect of any particular option, a period (which may not expire later than 10 years from the offer date of that option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the offer date to the earlier of (i) the date on which such option lapses under the provisions of paragraph 6; and (ii) 10 years from the offer date of that option) in respect of which the offer is made and further requiring the Eligible Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the offer date.
- (e) An offer shall state, in addition to the matters specified in paragraph 3(d), the following:
 - (i) the name, address and position of the Eligible Participant;
 - (ii) the number of Shares under the option in respect of which the offer is made and the Subscription Price for such Shares;
 - (iii) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the option comprised in the offer;
 - (iv) the last date by which the offer must be accepted (which may not be later than 21 days from the offer date);
 - (v) the procedure for acceptance;
 - (vi) the performance target(s) (if any) that must be attained by the Eligible Participant before any option can be exercised;
 - (vii) such other terms and conditions of the offer as may be imposed by the Directors as are not inconsistent with the Share Option Scheme; and
 - (viii) a statement requiring the Eligible Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme including, without limitation, the conditions specified in, *inter alia*, paragraphs 2(d) and 5(a).

- (f) An offer shall have been accepted by an Eligible Participant in respect of all Shares under the option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.
- (g) Any offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the option which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.
- (h) Upon an offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 3(f) or 3(g), an option in respect of the number of Shares in respect of which the offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the offer date. To the extent that the offer is not accepted within the time specified in the offer in the manner indicated in paragraph 3(f) or 3(g), it will be deemed to have been irrevocably declined.
- (i) The Option Period of an option may not end later than 10 years after the Offer Date of that Option.
- (j) Options will not be listed or dealt in on the Stock Exchange.

- (k) For so long as the Shares are listed on the Stock Exchange:
- (i) the Company may not grant any option after inside information has come to the knowledge until it has announced the information. In particular, the Company may not grant any option during the period commencing one month immediately before the earlier of:
 - (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (bb) the deadline for the Company to announce the results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement; and
 - (ii) the Directors may not make any offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

4. Subscription Price

The Subscription Price in respect of any option shall, subject to any adjustments made pursuant to paragraph 8, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (c) the par value of the Share,

except that for the purpose of calculating the Subscription Price under paragraph 4(b) above for an option offered within five Business Days of the Listing Date, the price at which the Shares are to be offered for subscription under the Share Offer shall be used as the closing price for any Business Day falling within the period before the Listing Date.

5. Exercise of options

- (a) An option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any option granted to such Grantee to the extent not already exercised.
- (b) Unless otherwise determined by the Directors and stated in the offer to a Grantee, a Grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.
- (c) Subject to, *inter alia*, paragraph 2(d) and the fulfilment of all terms and conditions set out in the offer, including the attainment of any performance targets stated therein (if any), an option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 5(d) and 5(e) by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the option remains unexercised is less than one board lot or where the option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within 21 days (seven days in the case of an exercise pursuant to paragraph 5(d)(iii)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors of the Company or the independent financial advisors pursuant to paragraph 8, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of option by a personal representative pursuant to paragraph 5(d)(i), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative as aforesaid) a share certificate for every board lot of Shares so allotted and issued and a share certificate for the balance (if any) of the Shares so allotted and issued which do not constitute a board lot.
- (d) Subject as hereinafter provided, an option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
 - (i) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the Grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within a period of 12 months following the date of cessation of employment which date shall be the last day

on which the Grantee was at work with the Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 5(d)(iii) or (d)(iv) occur during such period, exercise the option pursuant to paragraph 5(d)(iii) or 5(d)(iv) respectively;

- (ii) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 6(a)(iv) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 5(c) within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 5(d)(iii) or 5(d)(iv) occur during such period, exercise the option pursuant to paragraph 5(d)(iii) or 5(d)(iv) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;
- (iii) if a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, 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, the 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, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 5(c) at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;
- (iv) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the 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 paragraph 5(c) and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his option not less than one day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the 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; and

- (v) if the Grantee is a company wholly owned by one or more Eligible Participants:
 - (aa) the provisions of paragraphs 5(d)(i), 5(d)(ii), 6(a)(iv) and 6(a)(v) shall apply to the Grantee and to the options granted 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 paragraphs 5(d)(i), 5(d)(ii), 6(a)(iv) and 6(a)(v) shall occur with respect to the relevant Eligible Participant; and
 - (bb) 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 the 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.
- (e) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

6. Early termination of the Option Period

- (a) The Option Period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall lapse on the earliest of:
- (i) the expiry of the Option Period;
 - (ii) the expiry of any of the periods referred to in paragraph 5(d);
 - (iii) the date of commencement of the winding-up of the Company;
 - (iv) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group or the Invested Entity into disrepute);
 - (v) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (aa) (1) such Grantee or his close Associate has committed any breach of any contract entered into between such Grantee or his close Associate on the one part and the Group or any Invested Entity on the other part; or (2) such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (bb) the Option shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above; and
 - (vi) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph 5(a) by the Grantee in respect of that or any other option.
- (b) A resolution of the Directors to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraph 6(a)(iv) or that any event referred to in paragraph 6(a)(v)(aa) has occurred shall be conclusive and binding on all persons who may be affected thereby.
- (c) Transfer of employment of a Grantee who is an Eligible Employee from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a

Grantee who is an Eligible Employee is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

7. Maximum number of Shares available for subscription

- (a) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the issued share capital of the Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph 7(a) being exceeded.
- (b) The total number of Shares which may be allotted and 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 the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, i.e. 50,000,000 Shares (the “**General Scheme Limit**”) provided that:
 - (i) subject to paragraph 7(a) and without prejudice to paragraph 7(b)(ii), the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must 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 the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted; and
 - (ii) subject to paragraph 7(a) and without prejudice to paragraph 7(b)(i), the Company may seek separate Shareholders’ approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 7(b)(i) to Eligible Participants specifically identified by the Company before such approval is sought.

- (c) Subject to paragraph 7(d), the total number of Shares allotted and issued and which may fall to be allotted and issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a Grantee under the Share Option Scheme would result in the Shares allotted and issued and to be allotted and issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if such Grantee is a connected person) abstaining from voting.
- (d) Without prejudice to paragraph 3(b), where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares allotted and issued and to be allotted and 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 offer date of each offer, in excess of HK\$5 million;
- such further grant of options must be approved by the Shareholders in general meeting.
- (e) For the purpose of seeking the approval of the Shareholders under paragraphs 7(b), 7(c) and 7(d), the Company must send a circular to the Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

8. Adjustments to the Subscription Price

- (a) In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the auditors or an independent

financial advisor to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or
- (ii) the Subscription Price of any option; and/or
- (iii) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option, and an adjustment as so certified by the auditors of the Company or such independent financial advisor shall be made, provided that:
 - (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;
 - (ii) no such adjustment shall be made the effect of which would be to enable a Share to be allotted and issued at less than its nominal value;
 - (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

In respect of any adjustment referred to in this paragraph 8(a), other than any adjustment made on a capitalisation issue, the auditors or such independent financial advisor must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

- (b) If there has been any alteration in the capital structure of the Company as referred to in paragraph 8(a), the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 5(c), inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors of the Company or the independent financial advisor obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors of the Company or the independent financial advisor as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 8(a).

- (c) In giving any certificate under this paragraph 8, the auditors or the independent financial advisor appointed under paragraph 8(a) shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

9. Cancellation of options

- (a) Subject to paragraph 5(a) and Chapter 23 of the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of the Directors.
- (b) Where the Company cancels any option granted to a Grantee but not exercised and issues new option(s) to the same Grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the limits approved by the Shareholders pursuant to paragraph 7(b)(i) or 7(b)(ii).

10. Share capital

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any option.

11. Disputes

Any dispute arising in connection with the number of Shares the subject of an option, or any adjustment under paragraph 8(a) shall be referred to the decision of the auditors of the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

12. Alteration of the Share Option Scheme

- (a) Subject to paragraphs 12(b) and 12(d), the Share Option Scheme may be altered in any respect by a resolution of the Directors except that:
 - (i) the provisions of the Share Option Scheme as to the definitions of “**Eligible Participants**”, “**Grantee**”, “**Option Period**” and “**Termination Date**”; and
 - (ii) the provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles for a variation of the rights attached to the Shares.

- (b) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (c) Any change to the authority of the Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.
- (d) The amended terms of the Share Option Scheme and/or the options must continue to comply with the relevant rules, codes and guidance notes of the Stock Exchange from time to time.

13. Termination

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered 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 option (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the options granted under the Share Option Scheme, being 50,000,000 Shares in total. As at the date of this prospectus, no option had been granted by the Company under the Share Option Scheme.

E. OTHER INFORMATION**1. Estate duty, tax and other indemnity**

Speed Development and Mr. Chan (collectively the “**Indemnifiers**”) have executed the Deed of Indemnity in favour of the Company (for itself and as trustee for its subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any duty which is or hereafter becomes payable by any member of the Group by virtue of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of any transfer of property to any member of the Group at any time on or prior to the date on which the Share Offer becomes unconditional (the “**Effective Date**”);
- (b) any amount recovered (now or hereafter) against any member of the Group under provisions of section 43(7) of the Estate Duty Ordinance (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) in respect of any duty payable under section 43(1)(c) or 43(6) of the Estate Duty Ordinance by reason of any transfer of property to any member of the Group at any time on or prior to the Effective Date;
- (c) any amount of duty which any member of the Group is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) at any time on or prior to the Effective Date; and/or
- (d) any liability for tax falling on any member of the Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the Listing Date, whether or not such Taxation is chargeable against or attributable to any other person, firm or company, unless such liability to Taxation is also discharged by such other person, firm or company.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of the subsidiaries in the Cayman Islands and BVI and the estate duty under the laws of Hong Kong has been abolished.

The Indemnifiers shall be under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of members of the Group for each of the two years ended 31 March 2015 and 2016 and the eight months ended 30 November 2016 (the “**Accounts**”);
- (b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in the law or regulations or practice by the Hong Kong Inland Revenue Department or the tax authorities of the PRC or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any member of the Group which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Effective Date;
- (d) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date hereof or carried out, made or entered into pursuant to a legally binding commitment created before the Effective Date; and
- (e) to the extent of any provision or reserve made for such taxation in the Accounts which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers’ liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this paragraph to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

2. Litigation

As at the Latest Practicable Date, to the best of the Directors’ knowledge, there was no current litigation or any pending or threatened litigation or arbitration proceedings against any member of the Group that could have a material adverse effect on the Group’s financial conditions or results of operations.

3. Sponsor

The Sponsor has, on behalf of the Company, made an application to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sponsor's fees are HK\$4.9 million.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of the Company are estimated to be approximately HK\$43,000 and are payable by the Company.

5. Promoter

- (a) The Company does not have any promoter.
- (b) Within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to any promoter of the Company in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus, and have given and have not withdrawn their written consents to the issue of this prospectus with the inclusion of their letter, report, opinion and/or references to their names (as the case may be), all of which are dated the date of this prospectus, in the form and context in which they respectively appear in this prospectus:

<u>Name</u>	<u>Qualifications</u>
Messis Capital Limited	A corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	Legal advisers to the Company as to PRC law
Soga Law Office	Legal advisers to the Company as to Japanese law

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Share Registrar

The principal register of members of the Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, Tricor Investor Services Limited and may not be lodged in the Cayman Islands.

9. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on the Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasized that none of the Company, the Directors or the other parties involved in the Share Offer would accept 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 or exercising any rights attaching to them.

10. Miscellaneous

Save as disclosed herein:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of the Company or any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;
 - (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of the Company have been issued or agreed to be issued.
- (b) no share, warrant or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (c) the Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of the Group since 30 November 2016, being the date on which the latest audited financial information of the Group was reported in the Accountants' Report set out in Appendix I to this prospectus;
 - (d) the Directors confirm that there has not been any interruption in the business of the Group which may have or have had a significant effect on the financial position of the Group in the 24 months immediately preceding the date of this prospectus.
 - (e) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (f) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).